



Retirement *Lifestyle*
Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Jeffrey Tucker
American Institute for Economic Research

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Dennis Tubbergen:

You are listening to RLA radio. I'm your host, Dennis Tubbergen. I have the pleasure of being joined once again on the program this week by Mr. Jeffrey A. Tucker. Many of you probably recognize Jeffrey as the editorial director for the American Institute for Economic Research. He is the author of many thousands of articles and he has nine books published now in five languages. Most recently, the latest book is Liberty or Lockdown. And Jeffrey, welcome back to the program.

Jeffrey Tucker:

Well, it's good to be here. Thank you so much for having me, Dennis. I always enjoyed being on your show.

Dennis Tubbergen:

It's always a pleasure. So, Jeffery, you were on the program when your book, Liberty or Lockdown was just released. Talk a little bit to the listeners about what motivated you to do the book?

Jeffrey Tucker:

Well, I think the lockdowns happened to all of us in a way in which very few of us really anticipated. It was something that none of us really would have ever imagined in our lifetime that the governments would have shut our churches for Easter, closed our schools for such a long period of time, try to open them but can't open them because of the teachers' unions. That governors would declare emergency powers to tell you how closely you can stand next to your fellow human beings, to block your ability to travel. To make it very inconvenient to do normal things like go to the dentist or get a cancer screening. Be able to dictate to restaurants and bars, how many customers they're able to have at one time, if any at all. So this or divide the human population and to essentially non-essential, this is all new protocols for us.

Jeffrey Tucker:

I think people were so shocked by it. They didn't really know how to respond and they figured that this disease must be unprecedented. Maybe the bubonic plague or something like that, that there was some invisible terror out there. And so too many people acquiesced. Now I had been writing about this topic of pandemic response for 15 years, and I knew these powers were there. I never imagined they would actually be deployed to the extent that they were, but I was sort of mentally I've maybe intellectually prepared to kind of be a commentator on this. And so I began quite early on. Really my first article I think was written late January and I just kept ramping it up and following the unfolding of events. And really, I took it upon myself to try

to explain to people where all this stuff comes from. Why it's not mitigating the disease? Why this virus has got a lot in common with the textbook respiratory virus.

Jeffrey Tucker:

And I wrote it all up and published everything in September. Since that time, now I got to kind of tell you. Last January, I never imagined a year later that we'd be still in lockdown and large parts of the country, not all. And I never imagined it would go this long. For me, it's an illustration of just human folly. How humanity can just slip into this pit of error and just sort of stay stuck there for such a long period of time. I hope we're all learning from this. And my purpose in writing the book was just to provide a little bit of a guideline to help think through some of the problems that are affecting us and the social, cultural and economic consequences.

Dennis Tubbergen:

Jeffrey, I like your comment. I've always had a personal philosophy that whenever we give a group of politicians the power to draw the lines, even if you agree with where the lines are being drawn to start with, there will come a day that just about everyone will become very uncomfortable or vehemently disagree with where those lines are drawn. Is this educating people on that or is it just wishful thinking on my part?

Jeffrey Tucker:

I like to think that we're being educated, but the thing is that the madness happens and all at once, and that kind of a big collective. The rationality and clarity are coming back just one person at a time, but we are coming back. We're crawling our way out of it. And right now it's actually fascinating, Dennis, we're talking about this today because we're seeing governors and mayors trying to open up a little bit at a time in a way that allows them to save face. So they have to generate sort of the science behind the opening, but the science isn't cooperating, but they're opening anyway a little bit at a time. But they have to pretend as if they know what they're doing. It's actually quite funny.

Dennis Tubbergen:

So how do you see that this whole topic of lockdowns and different governors with different perspectives, how do you see this playing out? Is this going to be a new normal, a topic of conversation later this year? How do you see this playing out?

Jeffrey Tucker:

I think that there's got to be a growing rush to open. There has to be. So here's the problem. We have several case studies right here in the United States. I live in new England, by the way. And the New England perspective is that nobody else exists other than themselves, they know how to do everything right and nobody else matters. I don't know if you know that about New England. It's funny because New England imagines that everybody here is smarter than everybody else in the planet earth, forget the United States. But actually in fact, they're very provincial people. So if you say, "Yeah, but Florida has been open a long time." They're like, "Florida? Florida, huh." how about that, but at some point it becomes impossible to deny that we have three states that have been open for a very long time. One state that never closed, namely South Dakota. And now they have very low unemployment, a huge immigration problem. Everybody's moving there.

Dennis Tubbergen:

Yeah, I have to confess, I looked at some property on Zillow in Rapid City. I mean, we've all done it.

Jeffrey Tucker:

I did that too. It looks like a charming town, I must say. It's a lovely place, yeah, right. And then Florida has been open, I guess, since something like July and people living a normal life. And Georgia has been open since, more or less open since April and more or less gone back to normal in all those places. I think probably South Dakota and Florida, the most normal life. Spent some time in Texas two weekends ago and it's pretty interesting actually, the way in which people are kind of performing a certain level of compliance, but people don't really quite believe in it anymore. It was pretty interesting, Dennis, because I went to... So I was giving a talk in a big auditorium and before hand was cocktail party. So we went upstairs to the cocktail party. Eric has his handshakes, pats on the back, sharing food, clinking drinks, life's completely normal. This is in Dallas.

Jeffrey Tucker:

And they said, okay, now it's time for you to speak. I said, "Okay." So we went to the auditorium. Well, the auditorium had every... Only every third seat was open. So even married are required to sit apart for purposes of social distancing. And the reason is that, I don't know if you know this, but the coronavirus is very smart. So the coronavirus figured out that we were going to be in the auditorium. And so it was hanging around there ready to get to us. But we confounded and foiled the coronavirus by putting two chairs between all of us and then it didn't know what to do.

Jeffrey Tucker:

And then after my talk, they said well, now it's time to go to the bar across the street. We went across the bar and sure enough everybody was back at it. Handshake there, kisses, hugs crank your drinks, share your food and blah, blah, blah. Everybody's back to normal again. So that's kind of Texas, but there's still a bit a performative disease fear going on there, but that's not true in South Dakota. It's not true in Florida. So anyway, my point is that California, New York, Massachusetts, Connecticut, Rhode Island, and these other states are experiencing an exodus of not just people, but capital. And it's a problem. Their tax bases are shrinking. They're losing residents. They're losing investor interest and they're losing it to open states. Texas, South Carolina, Florida, even the Dakotas of all places. So there is a rush to open now in New Jersey, in New York and Connecticut and other places and California even finally, because they're actually panicked about what they've done to their capital base and to their residents and to the population.

Jeffrey Tucker:

So this is going to intensify. The problem is they have to have a rationale. So they're like, "Wow, cases are down." Well, cases are down because testing is down. I'm sorry, but that's just the reality. So they can cite the science all they want, and that there's growing political panic. And I think that's good, because we have got to open up. We've got to get back to things like the constitution, the bill of rights, human freedom, human dignity, and the start with repairing the damage that we inflicted upon ourselves in 2020. It has to happen sooner rather than later.

Dennis Tubbergen:

Jeffrey, we have just time for one more question in this segment. From your perspective, did the lockdowns and the precedent that these lockdowns set, is this a dangerous precedent? Have we permanently damaged Liberty?

Jeffrey Tucker:

It is a very dangerous precedent. And it depends on how we respond to it now. I mean, if we say never again. If we establish, for example, public interest law firms that are ready to strike the minute they try to close your church. Now your church has a public interest law firm they can call up and say, "I want to sue." We've got to get educational organizations out there. We've got to get community activism. People have to, in every peaceful way, resist lockdowns and learn from this example, but I don't think it's going to be a precedent that anybody's going to want to cite. I actually... My hope is that there's certain things that we do as a country that we never return to. For example, the leisure suit in the 1970s. I don't think those will ever come back.

Dennis Tubbergen:

I happen to concur. I happen to agree.

Jeffrey Tucker:

So there are things that happen that are regrettable and then we move on. And I hope that that masks, social distancing and school closures and business closures and travel restrictions and quarantines will be something we won't do again. We swore we would never do that after 1918, it was such a disaster. But a hundred years later, we forgot. So I think that's sort of the nature of human folly. We keep making the same mistakes over and over again. I just hope, Dennis, that in our lifetime, we'll never make this one again.

Dennis Tubbergen:

Well, my guest today is Mr Jeffrey Tucker. He is the editorial director for the American Institute for Economic Research. I will return after these words and continue my conversation with Jeffrey, stay with us.

Dennis Tubbergen:

I'm Dennis Tubbergen. This is the Retirement Lifestyle Advocates radio program. I'm chatting today with the editorial director for the American Institute for Economic Research, Mr Jeffrey A. Tucker. His most recent book is Liberty or Lockdown. And Jeffrey, I want to shift gears just a moment in this segment, because we talked about lockdowns in the last segment. Certainly, that's a topic that is at the top of everyone's consciousness these days. But the other thing that is probably a very close second in the minds of those who aspire to a comfortable stress-free retirement is the fact that we have a massive amount of money creation taking place. And I know you look at things from an Austrian perspective, as far as economics is concerned. Can you speak a little bit to first of all, what the policy is and how you think it ends up?

Jeffrey Tucker:

Well, this is a much more difficult problem if you can imagine that, because structurally from a monetary and fiscal point of view, what we did in 2020 violates every canon of sound economics. You can right now go to the federal reserve bank in St Louis's database called Fed and observe the money creation, the M1, M2 over the course of 2020. It looks just like a hockey stick. It was terrifying. It looks like Weimar-level inflation. It's a little deceptive, but the numbers are real. But where is the money? Well, the money is designed to buy all the debt that Congress is spending to give out all these checks and all the outrageous level of spending. So we've got a

kind of borrow and print regime going on, and it's extremely dangerous to capital formation in the future and potentially very distorted.

Jeffrey Tucker:

We're starting to see the effects of the distortion on the stock market on Tuesday. It's like that GameStop nonsense we saw the other day with Redditors doing a huge pump of a single stock that just went through the roof, thereby foiling the hedge funds that had some shorts on it. So where's this coming from? It's coming from people that are bored out of their minds, sitting home in their laptops. Smart people burning through the government checks continue to get money from their businesses because they're barely open, but they're still open and they're gambling. That's what's going on. So that's a direct consequences of this kind of monetary policies. There's money everywhere. And by the way, I don't know if you looked at the savings rate, but we're seeing a huge increase in savings.

Jeffrey Tucker:

I think the last time I was on your show, I predicted this. That there would be a huge decline in the velocity of money, which is another way of saying a huge increase in the personal savings rate. And we have that to thank for the fact that we haven't seen more price inflation that we've seen, because these things kind of work at counter purposes. And people are holding onto the money, they're not spending it then there's no mechanism by which the price get a push forward. And similarly, if people are not investing because they're afraid of another lockdown or they're too disoriented from the last one, they're not borrowing from the banks, there's no way for the money to leave the vaults of the banks and enter at the top, money in the streets. So far, we've been spared and they seem to like what would otherwise look like a Weimar situation, it's so bad.

Jeffrey Tucker:

And so long as that remains true, we're probably safe. The problem is that once we open up and we get a little regime stability, and people started investing again, spending money again, we're going to see a lot of push on prices in every sector. And that includes financial markets also. And that could be very distorting and very disorienting in which case the Fed... So here's my problem. If the Fed were smart, they would start to sop up a lot of this liquidity now, but the Fed is not very smart as far as I can tell right now, because they don't even see that there's a problem.

Jeffrey Tucker:

So if we start seeing dramatic increases in prices in particular sectors, whether it's capital goods, consumer goods or in anything that affects people on the ground, this is the kind of the Biden regime is the kind of a regime that would immediately impose national price controls the way Nixon did back in the early '70s. They're not adverse to this. They will do that in a heartbeat. These people don't care a thing about economics. So that, I think is a genuine threat. And you talked about chaos once we get into price controls, and we get into shortages. And anyway, that's a really grim forecast, but I don't think it's entirely out of the question.

Dennis Tubbergen:

So Ludwig von Mises talked about a crack-up boom, and basically that's when you have a... And you would I'm sure be able to describe this with a better degree of eloquence than me, but essentially you have monetary failure or hyperinflation coupled with an economic slowdown. And if I've read my von Mises correctly, it's an inevitable consequence if this policy continues.

Jeffrey Tucker:

Yeah. And that's the thing. Your qualifier there, if the policy continues, then yes, we will end up in a crack-up boom. And there's a funny way in which these crack-up booms happen. You get declining investment, but increasing levels of sort of what you might call just sheer economic activity. There's jobs for everybody who wants it. People are running around working longer and longer hours. Everybody's making money. And then at some point, things really get out of control and the inflation kicks in and it can happen very quickly. And Weimar had happened over the course of just several months where the money was just went from normal to kind of speedy and a little bit chaotic. And then it ended up in the utter destruction of the entire currency unit. So that's an extreme case, but something like that could happen.

Jeffrey Tucker:

Again, the proviso, if the present policy continues, I think it can't continue. I mean, something has to be done. And I hope that cooler minds prevail over the course of this year. There are some smart people in governments and I hope that they have some influence with the Biden administration because otherwise we're looking at a potential calamity. A couple of other points though, to consider. One concerning real estate and the other concerning economic activity in general. On the second point, lockdowns have suppressed economic activity over 2020 and we have a tremendous amount of savings and pent-up energy. If the opening happens right away, we're

going to see a big turnaround on that. And we can see a big boost on paper in GDP. However, pushing against that is what I'm expecting there to be a big real estate bust in both residential and commercial real estate in large cities.

Jeffrey Tucker:

And I mean, Los Angeles, San Francisco, New York, Newark and so on. Large cities, people are fleeing them. We have yet to see the markets adjust. I'm telling you, the skyscrapers of New York city are empty. What is that going to do to real estate prices for commercial real estate in New York? And there's a 70% vacancy rate in rentals in some parts of the New York City. What's that going to do to rents? They're already down a third and probably going to fall another third. I mean, it's unbelievable the potential deflationary effects that are going to happen from the demographic shifts out of the cities and to the suburbs and that's happening right now. Even though you're not reading about it, it's going on right now.

Dennis Tubbergen:

Well, and Jeffrey, don't you think there's an argument to be made that we're repeating the same mistakes of the real estate market 15 years ago and arguably this time around could be worse because we didn't have 30-year mortgages of 3% or maybe under 15 years ago. So haven't we extended this bubble a little bit further than we did 15 years ago? And then on top of that, we have this whole issue of migration, nobody wants to live in the city anymore.

Jeffrey Tucker:

Yeah. So that's an amazing thing. We don't learn anything. We learned nothing from 2008. I remember that bust. People were like, "Well, we shouldn't have subsidized all those mortgages. We got really carried away, the housing boom was too... We went too far and it's naturally obvious." Oh sure. Oh, sure, we really learned. What did we learn? We learned nothing. We learned nothing.

Dennis Tubbergen:

Yeah. I mean, here we are all over again. What did Yogi Berra say? Deja vu all over again.

Jeffrey Tucker:

Oh yeah. We've learned absolutely nothing. I mean, nobody remembers that, that was 10 years ago. Yeah its what it is, humanity, we just forget everything. We have to learn everything all over again every 100 years. I'm not sure what's going on, but the amount of economic amnesia and cell

biology amnesia that we're living now, let's try now, it's absolutely shocking. You think that nobody can do anything at all. So it's frustrating. It's frustrating for you, me, our listeners, to sit here and see this train wreck coming, knowing it's about to happen and feeling powerless to stop it. All you can really do is protect yourself and keep yourself from being over-leveraged and invest wisely. And read, educate yourself and prepare to rebuild civilization. If we're really going to collapse, we're going to have a big rebuilding job go in the future.

Dennis Tubbergen:

So Jeffrey, if you were running things, what would be the appropriate policy or policy changes to make moving ahead?

Jeffrey Tucker:

In fiscal policy, the spending needs to stop. It just has to stop. And well, actually, the two really important prior things that have to be done. One is open up free trade again. We have to do that. Biden is not doing that. He's already reimposed Trump's tariffs incredibly. So we need to get back to rebuilding supply chains internationally, that's even the first part. And second one is opening up travel again. We've got to do that. Eliminating all of the lockdowns and the curfews and all the closures and the business limits and all that. Get the schools back open. And all of these things have to happen from a congressional point of view. They need to stop the spending and stop the nonsense and start paying back some of this debt. The Fed needs to stop the printing immediately and decline to do it.

Jeffrey Tucker:

And that's going to be the only way Congress is going to be controlled. The Fed has to say, "No more. We're done. We're not going to support. We're not going to continue to cover up for your flawed, failed policies. We're going to use rational monetary policy going forward, and you guys have to shape up." So all those things have to happen. And I had a minor little bit of optimism when Biden was first inaugurated that we would go through summer this way, so far, Dennis, there's not a shred of evidence that my optimism is warranted.

Dennis Tubbergen:

Well, we're going to have to leave it there. Our guest today has been Mr Jeffrey A Tucker. He is the editorial director for the American Institute for Economic Research, and Jeffrey, always a pleasure to have you on the program. Love to have you back down the road again.

Jeffrey Tucker:

Thank you so much, Dennis and I've always enjoyed talking to you. All the best to you.

Dennis Tubbergen:

We will return after these words.