



Retirement *Lifestyle*
Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Karl Denninger
Market-Ticker.org

Date Aired: August 15, 2021

Produced by:

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Dennis Tubbergen:

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen I'm chatting once again today with returning guests, popular guest, Mr. Karl Denninger. Karl is a prolific commentator, and you can read his work market-ticker.org. The website again is market-ticker.org. And Karl, welcome back to the program.

Karl Denninger:

Thank you very much.

Dennis Tubbergen:

Karl there is an infrastructure plan that is now being discussed, proposed, even voted on in the Senate, I believe. Let's talk a little bit about the current status of that infrastructure program.

Karl Denninger:

Well, it's a monster grab bag bill that has, as is usually the case in Washington, a lot less to do with whatever it is that they claim they're doing and a whole lot to do with whatever grab bag goodies a particular political party wants in this case, the Democrats, of course. There's several things that are rather amusing. One of them is, well, these are all kind of two are tied together. One is, and that's the fact that there is a mileage tax proposal that is being put into the bill as a pilot study. Okay, in other words, a way to figure out how to track, how far you drive and tax you based upon the number of miles you drive.

Karl Denninger:

Okay? Now, one of the reasons that everybody is getting all interested in this, and one of the reasons that it's in this bill is because what's also in the bills and attempt to essentially force the end of internal combustion engines. All right, so they want gas powered cars and trucks off the road, basically. Well, if you do that, how do you pay for the roads because the way we pay for them now is gas tax.

Dennis Tubbergen:

Right. So, is that addressed in the bill, Karl? I mean, I'd read about the mileage tax pilot program, but let's talk... Let's back up here a minute to just for our listeners benefit, is this thing going to become law? I mean, at this point, my understanding is it's passed the Senate and it's not passed the house. Is that a correct understanding?

Karl Denninger:

Yeah, but only because the house is out of session. They're on recess. It is absolutely going to become law when they come back.

Dennis Tubbergen:

So, talk about this mileage tax proposal. How much do you know about it? How would it work and is this really to replace the gas tax? Is that the idea?

Karl Denninger:

Well, that's the theory because there won't be... If all your cars are electric and obviously they don't pay a gas tax, right?

Dennis Tubbergen:

So is there a timeframe that all cars will be electric that they want to just get gas powered cars off the road?

Karl Denninger:

Well, what Biden has said is he wants car makers to stop making internal combustion vehicles by 2035 or something like that. 2030 or 2035. Which is, I mean, that's 10 years. Now of course, the ones that are still out there are, who knows what they're going to do with that, but that's not really that far down the road.

Dennis Tubbergen:

Right.

Karl Denninger:

Think about it. And as I pointed out and I've written several articles on this, there are some very serious problems that come from this. And, I raised a very large stink with the local county commission here about it because in an electric vehicle world where that's all there is, you're going to have a very serious problem with anywhere that is a drive to destination and where I live is. How do you do that with something that, well, this car has a 300 mile range on a battery pack, but then it has to be plugged in for six to eight hours to charge. Well, so basically take your city or your town or whatever draw a circle. And that's the range of the people who can potentially be tourists and visitors in your region. That's it.

Karl Denninger:

The craziness and the just up ending of the entire economy of huge parts of this country, it's not even being contemplated in terms of the damage that this is going to do. I mean, I drive around here and there's plates from

almost every state in the union that I see. 90% of them are not going to be able to get here. It's not possible.

Dennis Tubbergen:

Well Karl, when I go back and I found a piece, this is in as a 2,700 page bill. And, you have to wonder if any Senator that voted on this either way actually had a chance to read it. But, from the bill, it says that one of the objectives, or excuse me, the objectives of the pilot program are A, to test the design, acceptance, implementation, and financial sustainability of a national motor vehicle per mile user fee.

Karl Denninger:

Right,

Dennis Tubbergen:

So, this smacks of another federal bureaucracy, and it just smacks of really more tax.

Karl Denninger:

Well, and then the obvious question becomes, how do you do this? I would assume that there, I mean, there's the not very intrusive way to do it. And there's the ridiculously intrusive way. The not very intrusive way is that when you go to get your tags renewed, they record your odometer and you get a bill. So, you pay once a year or whatever have you. The really intrusive ways to use all the connected car stuff to get the data in real time. And, that's bad news because that potentially doesn't just include how far you're going. It's where you're going.

Dennis Tubbergen:

Well, and I had read some commentators that my understanding was anyway, that that's what was potentially being considered.

Karl Denninger:

Yeah.

Dennis Tubbergen:

So, that seems to be a violation of privacy. Certainly an infringement on rights, which we've seen no shortage of.

Karl Denninger:

Oh yeah. And, that's exactly where I think they would like to go with this. I don't know that that's where they will go, but it's yeah, exactly. So, here's another interesting thing that's in there and I doubt anybody... Well, not anybody. I found it. There's probably a few other people that have too. Within the next three years, I believe, all new vehicles must have a drunk driving, inner lock that's passive and built into the car.

Dennis Tubbergen:

So if you've had a couple of too many, you can't start the car?

Karl Denninger:

You can't start the car. When you get in and you don't have to blow in a thing or whatever. I didn't know that this technology existed, but apparently it does. And, there is a mandate in this bill to develop, implement and have this out there in all new vehicles.

Dennis Tubbergen:

Interesting. So, that seems to be that takes somebody that doesn't drink. That seems to me, they're going to be paying for technology that they would never have any reason to use.

Karl Denninger:

Well, .

Dennis Tubbergen:

To keep them safe.

Karl Denninger:

Well, that's right. I mean drunk driving is no joke. It's a serious problem, but let's not kid ourselves there's an awful lot of people out there that never consume any alcohol and to force them to buy a device that has absolutely zero applicability to their life is crazy. This is way beyond stuff like airbag mandates and stuff like that. Because, I mean, there were a lot of people complained about that too and with cause because okay, airbags save lives, they help prevent crashes from turning into fatalities and things like this. And, that's all fine and well, except they're expensive. And, they add weight to the vehicle, so as a result, your mileage goes down a little bit. I mean, there's cost involved. Well, here's another one. This is all costs. And for somebody who doesn't consume alcohol at all, it can't possibly provide any benefit to either them or anybody else.

Dennis Tubbergen:

So Karl, getting back to this infrastructure bill, is there anything in it related to infrastructure?

Karl Denninger:

Oh yeah. Oh yeah. Those there's money in there for roads and bridges and broadband, which is okay. I mean, this is, I mean, it is what the name is, okay. But like all bills over the last 20 or 30 years, and it's gotten so much worse since Obamacare. The PPACA was bad enough. But, then what happens is all these lobbyists and in these various pressure groups have their three paragraphs that they want, right? And they find something that they can stick it into and it gets stuck into whatever that particular piece of legislation is.

Karl Denninger:

And, this infrastructure bill, how the ignition interlock thing has been something that MADD has wanted Mothers Against Drunk Driving. They've wanted that for decades. Now, how they managed to figure out a way to get somebody in the negotiating team to stick this in there, I have no idea, but they did. And I'm willing to bet that not one Senator in 50 knows it's there.

Dennis Tubbergen:

Well, my understanding is this was actually brought out and voted upon in a timeframe that would've made it impossible for someone to read all 2,702 pages.

Karl Denninger:

Yeah. Well, I mean, it was... When Obamacare started, when that was being debated and voted on, the bill text was released. I actually stayed up all night and read the whole thing. Now, I'm a little crazy, but I did that because I wanted to know what was in the bill. This would have been in given the timeframes involved, this would have been physically impossible.

Dennis Tubbergen:

Even a speed reader could not get through it.

Karl Denninger:

No, and I read very, very fast. I'm very good at it. But no, not a snowball's chance in Hades that I would be able to have told you. I mean, I couldn't have looked at it given the time and told you what was actually in it. I might've gotten a third of the way through it or something like that. About it.

Dennis Tubbergen:

Well, my guest today is Mr. Karl Denninger. He is a prolific commentator. You can read his blog at market-ticker.org. The website again is market-ticker.org. And, I'll continue my conversation with Karl when RLA Radio returns. Stay with us.

Dennis Tubbergen:

I'm Dennis Tubbergen, you're listening to RLA Radio. I'm chatting today with Mr. Karl Denninger, who is a returning guest. Karl's work can be read at market-ticker.org. The website again is market-ticker.org. And, Karl in the last segment, we were talking about the infrastructure package and to pick up there where we left off, and then maybe to expand on that a bit, what is the total cost of this package? And over what timeframe?

Karl Denninger:

You know, I've seen different estimates, but their latest one, I think was 1.7 trillion. And, of course the way they put these together is it's a ten-year deal. So, but then again, I'm not sure that that's actually completely true because just this morning, supposedly, this is now they're saying a trillion dollars. So, I don't know. And, this is part of the problem is, is that, was there stuff stripped out with amendments and stuff like that? I don't know.

Dennis Tubbergen:

So Karl, regardless of over how many years and what the actual total cost might end up being. The reality is that we're sneaking up on \$30 trillion of debt nationally. That doesn't count the unfunded liabilities of Social Security, Medicare, and other programs. Professor Lawrence Kotlikoff, who's been a past guest here on the program would estimate that the fiscal gap now is approaching \$200 trillion. I mean, that those numbers are never going to be funded. So, does all this get funded by more currency creation and credit expansion like we've been seeing?

Karl Denninger:

Well, I think that's what they're going to try to do, but as we have always seen and as Friedman was known to say, "Inflation is always and everywhere, a monetary phenomenon." And at some point, I mean, anyone who thinks there's no inflation, well, you haven't been to the store.

Dennis Tubbergen:

Yeah, for sure.

Karl Denninger:

Okay. So, I don't think anybody today can deny that there is a serious inflationary problem that we have in the United States, today. And we also need to be a little concerned about something else that's going on too, which is that there is a tremendous issue arising today with regards to supply dislocations and labor shortages. In the fact that we have a tight labor market like this is especially nasty because one of the things that people have often said is, "Well, cost push inflation, doesn't really come into play. Doesn't really get bad because it doesn't get to wages, yada, yada." How's that looking now?

Karl Denninger:

When you've got a huge percentage of the businesses out there with help wanted signs up and nobody's coming in to take them. What's that going to do? So, when you start driving the wage base higher then at the same time you drive prices higher, right? Because, what's the biggest element that goes into just about any business? It's human resource.

Dennis Tubbergen:

So, when you look at labor shortages, I mean, you look at the job openings that are out there, and you look at the number of people that are not in a labor force. To what extent do you attribute these generous federal unemployment benefits to this predicament?

Karl Denninger:

Well, a great deal. And, one of the problems is that humans are very much like Pavlov's Dogs. We don't ever like to talk about that because we're supposed to be better than animals. And, ne, ne, ne you know? Okay, pull the other one folks. The problem that we have now is that over the last year and a half, we've trained people that you can be paid to do nothing. You don't have to pay your rent. You can't be evicted. Biden just extended that illegally, by the way, knowing full well that it was illegal because the Supreme Court had thrown it out. Did it anyway.

Karl Denninger:

And, so I don't know. I mean, it doesn't stick on every person within the country, obviously. But, those kinds of lessons do stick for some percentage of the people in the country. So, what percentage do you have to impact before you start producing really serious dislocations throughout the economy in the United States? And, I think that's what you're seeing right now. I think that's where the problem is. And, the stress level is going up dramatically within businesses and within the employee base. You have mandates to do this and do that, some of it related to COVID, some of it not.

And, yet at the same time, you have an awful lot of people that are thinking, "Well, gee, why do I want to work harder or work smarter work at all for that matter?" Because, the federal government has been turning around and just handing out money.

Dennis Tubbergen:

Karl, I read a statistic that floored me that revolving credit card debt jumped the most last month than I think any point in 30 years, as I recall. It was a big jump. And, it just seemed to me that that was indicative of the fact that it's been a while since there's a stimulus check. So, that pattern, that trajectory obviously can't continue for too many months. So, do you see another stimulus package coming down the pike? Or do you think that the eviction moratorium will expire? That's got to happen here, because as you said, the Supreme Court has said that you can't do it. And, then we've got these generous, federal unemployment benefits set to expire in September, which we're just a few weeks away from that. And, the student loan moratorium expires the first part of October. So, do all these things get extended? Do we have another stimulus package. I mean, just, we're on a course here that obviously is not sustainable.

Karl Denninger:

Yeah. I don't know whether they'll try to continue to extend and pretend and keep going with this. I mean, frankly I find this ludicrous. There was an argument back in March and April of 2020 for a short-term bridge when essentially the entire country locked down, which was stupid. We should've never done it, but having done it, okay, over the space of 30 days or 60 days, give everybody, throw some money out there. But, we did that. We handed out these stimulus checks, right? I mean, that was, we did that.

Karl Denninger:

And, then everything just kept getting rolled forward and rolled forward and rolled forward. And I just, I look at this and I say, there is a point at which if you train a dog that every time that you ring the bell, there's going to be food. Well, what happens when you ring the bell and there's no food? He might bite you.

Dennis Tubbergen:

Well, and it seems like we're on that path. So, if all of a sudden these federal unemployment benefits go away, if you've got an eviction notice, and now you got to start making student loan payments, that's a lot of stress on a lot of Americans. So, how do they act?

Karl Denninger:

Well, I don't know, but I don't think it's going to be anything good. I mean, how long does it take to disabuse people of the idea that this kind of thing is something that they can consider to be normal? Look at the squad, oh, UBI, we've got to give everybody free money. Universal, basic income, give everybody free money all the time, every month. Who's going to go to work if you do that?

Dennis Tubbergen:

Yeah. And, it's really, I mean, when you look at what's going on in the economy, by some measures, our economy is certainly an inflation adjusted dollars. Our economy is contracting. And, certainly that's a big contributing factor rather.

Karl Denninger:

Well. Yeah. And, you're seeing, you're seeing really weird stockout type stuff, too. There's all kinds of bizarre things that are just not available. I mean, a personal example, there's two adjusters that go on my lawn mower, I have cheap Chinese bearings in them every couple of years they fail when they lock up and so I have to buy another one. Okay, no big deal. I'm not junking a perfectly good lawnmower for \$25 worth of parts. So normally I just, I go order these things. And, in a few days they show up no big deal. Right? Well, I attempted to buy these things a month and a half ago, and they still don't know when they're going to come in.

Dennis Tubbergen:

And I read a piece too, this past week that when you start looking at a shipping costs. A 40 foot shipping box three weeks ago, I think to ship it from China was like a 10 grand. And now it's 22 grand. So, that's all related to what we're just talking about. And, it seems to be getting worse.

Karl Denninger:

Absolutely. And, shipping costs I mean, I have some friends of mine that are involved in moving and in transport on an ocean going basis and things like this. And they're saying that the cost of a standard container, oh boy. I mean, just to get it from one place to another now is just insane. And so, although another interesting thing is that the lumber situation that was going bananas in the north direction is starting to relax.

Dennis Tubbergen:

Well, and that was, when you look at lumber that that price move was parabolic. So, having it pull back some certainly was expected. It's still significantly higher than it was. But, I want to in the time we have left Karl, get your take, I mean, are we headed as Ludwig von Mises, the Austrian economist said, are we headed for a crack-up boom? I mean, are we going to see a hyperinflation and then a collapse?

Karl Denninger:

I don't know. I hope not. But I mean, is the possibility out there? Yeah. And if people don't pull back from this, I mean, you would hope that even if our so-called fearless leader, Biden, doesn't recognize the danger that he's in, but there'll be some saner heads that will prevail. But, I don't know that we can actually count on that happening.

Dennis Tubbergen:

Well, my guest today has been Mr. Karl Denninger, his website is market-ticker.org. I'd encourage you to check it out. He is a prolific commentator and enjoy reading his work. And, Karl always a pleasure to chat with you. You're one of the easiest guys I interview. So, I'd love to have you back down the road. Thanks for joining us today.

Karl Denninger:

Anytime. Thank you.

Dennis Tubbergen:

We will return after these words.