



Retirement *Lifestyle*
Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Jeffrey 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, Mr. Jeffrey Tucker. Many of you recognize Jeffrey as a prolific author and commentator. He is also the founder and president of the Brownstone Institute. I'd encourage you to check out their website @brownstone.org. And Jeffrey, welcome back to the program.

Jeffrey Tucker:

It's always good to be here, Dennis. Thank you for having me.

Dennis Tubbergen:

So, Jeffrey, before we jump in and talk a little economics and Fed policy, why don't you let the listeners know what motivated you to found the Brownstone Institute and what you're all about?

Jeffrey Tucker:

I was disappointed after the lockdowns happened that there wasn't more of public moral outrage and also not enough serious examinations of the science behind lockdowns, which from my observations had no scientific basis whatsoever. We knew for sure that there would be immense damage to people's lives, to children's educations, to public health, to business enterprise, small business to workers. I mean, we knew this. We knew for sure that student violation of things like the freedom of religion when they shut our churches and commercial ethos, when they closed our businesses and normal rules of civilized living when they quarantined us crossing states from one border to the next. People were actually afraid to drive for a while. Anyway, I was disappointed that we didn't seem to have an information infrastructure in this country to get the word out in a way that would have rallied people against these orders.

Jeffrey Tucker:

So, after a year of this, I thought, this is the moment of our lives. This is our World War I, this is our civil war. This is it. This is the war of the roses or however you want to analogize this going back and it's going to affect the world for the next 10 years, if not longer. And we needed some dedicated researchers and writers to get the truth out about this. And I have had a long experience in digital media and in website design and creation and editorial affairs. And I thought, well, I'm the one to do it. So,

I put it together. We opened the doors August one of the website in 2021. And in that time, I don't know what our page views are up to, I stopped looking, but it could be 30 million, plus add another zero to that after you consider all the reprints on epoch times, the zero hedge and you name it, all over the place.

Jeffrey Tucker:

And so, I'm just speaking to the issues of the day and we've been cited in dozens of court filings and it's just made a big difference. The attention we've been getting given our size is actually quite remarkable, but that's mainly because we try to be very strict about the science and try to connect things to people, this is a big problem, Dennis. I think a little bit hard for people to draw the cause and effect between things, what's the relationship between the lockdowns, the spending, the inflation, the war, the supply chain snags, the depression among children, all these things are related to the compulsion and coercion that we experienced on an unprecedented level starting two years ago. And I wanted to draw that connection. So that's what we do every day. We try to document what's happening, draw the relationship, and hopefully develop a public opinion, pressure our political leaders to never do it again, and then somehow make the necessary reforms to make sure that it never happens again.

Dennis Tubbergen:

Well, congratulations on your success. And just to maybe continue along that line, certainly the massive quantitative easing, or we can call it what it is, currency create in response to the whole COVID situation has certainly contributed to inflation. Also, there's significant supply chain interruptions. So, give me your take on the primary cause of inflation and where do you see it going? And maybe just touch on how this is all related, maybe connect the dots for some listeners.

Jeffrey Tucker:

Yeah. As you suggest, there are myriad forces at work here, the supply chain breakages cause a reduction of supply. And therefore, according to normal economic laws, increases prices. And housing has its own issues here having to do with demographic upheaval and the search of money for a return and so on. But I think it's important for people to realize something, that none of this would be happening nearly at the scale it is happening without the incredible policies that were pursued

starting in the spring of 2020, and continuing really up to now in which it goes like this, basically when you shut down an economy, the economy shuts down, okay?

Dennis Tubbergen:

Imagine that.

Jeffrey Tucker:

Yeah. So that means an instant imposed depression. I mean, that goes to that thing. Shut down, the economy is wrecked. Washington has this obsession with never wanting to see the data show anything real. And so, Congress made this catastrophic error within two weeks of the shutdown to approve the so-called cares act, which is something like \$1.7 trillion in subsidies. Now, Dennis, why was this so bad? Well, it was bad because it allowed governments to avoid the consequences of their actions. So immediately every state government in the country and every county, every city, and then towns of businesses and workers got flooded with cash in the federal government. Now, I've been around a while, we don't normally open up our bank accounts and find a check from the treasury department.

Jeffrey Tucker:

That was a weird moment. And they're like, well, maybe the government is not so bad after all. So suddenly the pressure to end the lockdowns went away and it was like, well, this is kind of a good deal. If the government's going to continue to fund this stuff, let's just see how long we can keep this going. Well, they did all the way up to, I don't know, the numbers differ, but just like straight up COVID bailout money is something on the order of \$6 trillion. Now, this is a little bit weird from a household point of view. If you are spending beyond your means, you're going to have to deal with the debt. And at some point, the bank's going to say, hey, you've got too much debt. We don't think you deserve this, the services, it doesn't match your income, it doesn't match your credit or history.

Jeffrey Tucker:

Congress doesn't face any of those limitations. They just can go, go, go, go, go. The only real limitation on them is the market for the debt might start to panic about the prospects of default. And that's where the federal reserve comes into play. So suddenly Congress is dishing out the big bucks and all funding it with

creation of new treasuries of various maturities. The federal reserve goes in and buys them all and ballooned its balance sheet far higher than it's ever been. I mean, it makes 2008 look like nothing. So how does the Fed do this? Well, there's a kind of a weird rule about central banks. Their checks don't bounce because they always cover them with newly created money. So, if you look at the charts and this is what I find utterly bizarre, sometimes people think central banking, monetary theory is complicated.

Jeffrey Tucker:

Well, in this case, it is pretty simple. Congress spent the money; the Fed bought the debt. And if you look at the monetary aggregates, like you don't have to look at the money base or anything complicated, or the balance sheets or anything, just look at M2, it's almost a dollar-for-dollar relationship between what Congress spent and the money that the Federal Reserve created. \$6 trillion over two years. And unlike 2008, where the Fed created a lot of money, but it dumped it in to shore up the balance sheets of the banking industry and kept it off the streets by paying banks. The Federal Reserve paid a higher rate to banks to hold that money in the vault, then they would otherwise get on the market.

Jeffrey Tucker:

So, the hot money never went out. Now, some people and I was one of them, was predicting inflation back in 2008. It didn't happen because of the little trick but paying a really nice interest on reserves. So, this time was completely different instead of doing that ... And by the way, as you know, the central bankers are very cocky. They're like, wow, we can create a lot of money and it doesn't seem to have any really bad macroeconomic event. So, this time came around that I ... Let's do it again. But this time instead of putting it into the vaults of the Fed, they dropped it from helicopters all over the country.

Dennis Tubbergen:

Jeffrey, I'm going to have you leave it there, because we're coming up at the end of the segment. But I would love to pick this up again in the next segment. My guest today, Mr. Jeffrey Tucker, founder, and president of the Brownstone Institute, go to brownstone.org and check out their work. I do. I'd encourage you

to do that as well. I'll return after these words with Mr. Jeffrey Tucker.

Dennis Tubbergen:

Welcome back to RLA radio. I'm your host, Dennis Tubbergen. I have the distinct pleasure of chatting once again today with Mr. Jeffrey Tucker, he's the founder and president of the Brownstone Institute. You can learn more @brownstone.org. Tremendous success the Brownstone Institute has enjoyed in the short time that has been in existence. So, Jeffrey, we were talking prior to the break when the clock so rudely made me stop about helicopter money and how now this time around that the Fed created this currency, it got dropped on main street. So, let me just ask you, what do we have to do moving ahead from a policy perspective to write the ship, or can it even be done?

Jeffrey Tucker:

Well, the public is very aware that inflation is running a lot higher than 8.5%. It's one of the things you notice from the way the CPI is calculated by the department of labor, they're doing it in an old-fashioned way. They have employees that go from store to store. So, it's always behind the times and we live in a digital age, so there's tools out there. What I have really come to trust is called true inflation. I think the site is trueinflation.com. And they measure prices based on real-time reports using APIs from retail establishments and wholesalers all over the country. And they have clocks inflation running as high as 13.8 and food prices up 25%. And that sounds a lot more realistic and consistent with what people are experiencing. So, people are very angry about this.

Jeffrey Tucker:

Now, the Fed faces a choice right now. And I'm not sure if it's ... But anyway, this is what they believe their choice is. They can sell bonds and get their balance sheet fixed up, which has the effect of reducing the rate of increase or even sort of sopping up a lot of excess liquidity that's out there. But that's a very dangerous strategy because then it could kick the economy into recession, which we're already facing anyway. So, the Biden administration and the Federal Reserve is looking at this, there's two buttons on a dial, it's like continue the inflation or cause the recession, which one are you going to press? And for now, it seems as if the Fed Reserve, even though they're inching enough

interest rates a little bit here and there, 50 basis points, I think is the next schedule, it's nowhere near where it needs to be.

Jeffrey Tucker:

And they're going to try to soft land the situation, so we get no recession and reduction of inflation. I, Dennis don't really believe that that's going to be possible. I don't see how that happens, anything's possible, I suppose. But the logic of the situation doesn't point to that as a good solution. I think the only thing you could really do right now is come to terms with reality, start sopping up this liquidity, bump up that interest rate, the federal fund rate dramatically. I mean, dramatically, we're not talking about 50 basis points, but you've got to have a normal shaped yield curve with interest rates that approach inflation levels in order to fix the situation.

Jeffrey Tucker:

And that would immediately tank a lot of companies and cause tremendous problems around the country, which I don't welcome. You don't welcome. But that's the reality. We need to face this reality and we're not facing the reality. And I don't believe that the Biden administration is going to do it because here's the terrible thing Dennis, this is happening right before midterm elections. So, taking the economy into recessionary state right now, even if it cools off inflation, it's going to guarantee political losses at the federal level and all over the country. So, this is what we're faced with right now.

Dennis Tubbergen:

Well, and Jeffrey to jump in there. I mean, if we face this reality and follow the course of action that you've just suggested, doesn't that impose fiscal discipline on Washington? And that's something they're really not that interested in.

Jeffrey Tucker:

I think that Washington would panic actually under those conditions and maybe pull back a little bit in the spending. I mean, these guys are dangerous, but they're not utterly and completely insane.

Dennis Tubbergen:

Well, that's a relief to know.

Jeffrey Tucker:

Yeah. And I do worry too. And you remember this, I think it was about 10 years ago, in the U.S. there was talk about default and that's the D word, right? I mean, that's a very dangerous thing for the market, for U.S. debt all over the world. At the same time, Dennis, you're seeing real pressure on the status of the dollar as the international reserve currency. Now the dollar is up relative to other currencies because it's the least destroyed currency probably in the world, but with these international conflicts where they're going right now, and if you get in an alliance between Saudi Arabia, Iran, China, and Russia, to move to a different currency, that could create absolute havoc. And so, I think that prospect alone might cause some pullback in spending under those conditions.

Dennis Tubbergen:

Well, and Jeffrey, the scenario you just described seems to be a reality in response to the U.S., the EU and the UK freezing Russian assets, it seems that the move away from the U.S. dollar as a reserve currency, at least in that part of the world and the BRICS countries, that all seems to be accelerating at this point.

Jeffrey Tucker:

Yeah. Well, I think the U.S. made a disastrous decision and effectively, how would you say? Weaponizing the dollar and demonetizing the dollar in Russia, that was completely unnecessary. And what did they think was going to happen? Of course, to reduce the market for the dollar under those conditions. If the federal government can just say, I don't care how much dollar reserves you hold, or in this case, Russia, those were SDRs are so-called special drawing rights with the IMF that the U.S. pressured the IMF just not to recognize to demonetize effectively the dollar for a major part of the world, is going to have effects profound effects on future perceptions of the stability of the dollar. Dennis, I mean, you and I talk all the time. And I think one of the mistakes, sometimes all of us make is to assume that governments operate with some degree of foresight and intelligence. That appears not to be the case.

Jeffrey Tucker:

And it's weird to say that; it's very strange to say that. But sometimes I just think these institutions are so different from anything else that's in our lives. They're simultaneously sadistic

and masochistic. Like they don't mind hurting us and also, they don't even know what's good for them. So that seems to be the moment in which we find ourselves.

Dennis Tubbergen:

So, Jeffrey in the four and a half minutes we have left, assuming we see this pullback in spending, assuming, we see a more responsible course of action here, in your view, what does that do to the cause of liberty, which is something obviously near and dear to both of our hearts.

Jeffrey Tucker:

You know, we're faced with really a situation without precedent in my lifetime. And it's a real struggle between the general demands of regular people to live their lives and be left alone. And I'm not talking about wild libertarian doctrine, I'm just talking about a normal expectation that we can keep our businesses open, go to church, travel, count on our money, it's going to be there, just have basic stability in our lives on one hand. And then on the other hand, you've got this crazy administrative state that just believes that anything is possible and that there are no limits to their power. And we're really living in the midst of this. And this is kind of no better encapsulated than with great struggle over the transportation mask mandate. The judge in Florida said, this is dumb. You can't just tell everybody to wear a certain piece of clothing and call it public health.

Jeffrey Tucker:

And I had assumed at that point that the Biden administration would say, oh, good point, and move on. Especially when they saw videos of people all over the country, especially workers for airport cheering and the TSA stopped enforcing it. Well, sure enough I was amazed with the department of justice. Well, the Biden administration said, well, we don't know what to do, let's ask the department of justice. And then CDC said, oh, now we got a problem. So, they assigned some committee and CDC said, well, we have to protect ... Here's where it's interesting. We have to protect our authority. So, they said the authority of public health. Now keep in mind, they didn't say public health. They said the authority of public health. And so, they kicked it back to the DOJ and said, you've got to appeal this decision.

Jeffrey Tucker:

So that happened just last night. Now, that's just a completely remarkable and devastating thing. It reminds me a little bit like ... What happens now because every airline has announced the end of mandate. What happens now is the Biden administration puts it back into place. I mean, I don't know. It reminds me of 1957 with chairman Mao saying, let a thousand flowers bloom. And then he used that occasion to fair out all his political enemies. So now the Biden administration will have videos of people celebrating the end of the mask mandate. And they're going to use that for political retaliation, I don't know. So, things are heating up very, very quickly. And these are going to be an interesting few months ahead of us.

Dennis Tubbergen:

Well, Jeffrey, we've got about a minute and a half left in this segment. So, for someone who maybe wasn't with us at the beginning of the first segment, can you do about a 40 second commercial for what the Brownstone Institute does?

Jeffrey Tucker:

Yes, sir. So, we're covering every area from economics to public health, to issues of war and peace and everything. And all from the perspective of the dramatic reforms we need to make as a country and the world towards a more rational, more intelligent embrace of liberty for everyone. Liberty, equality democracy. These kinds of things are really important. And they sound maybe like cliches, or maybe two years ago, they sounded like cliches, now we know they're not. They're the most important things we have, and they can be taken away at any time if these people so desire it. And we can't live like this. And that's what Brownstone is dedicated to, investigating and looking at ... And we're not going to let this moment pass, we face a real crisis, and we need institutions out there to stand up for what we've always believed in, which is limited government and freedom for ourselves, our families, our communities. So that about sums it up.

Dennis Tubbergen:

That's terrific. Well, my guest today has been Mr. Jeffrey Tucker. I will return after these words.