



**WOODS:** Peter, who the heck else am I going to have on?

**SCHIFF:** I don't know, there's not that many of us out there that you could talk to. But all the fools are on network television spewing off a bunch of nonsense, so at least you can have someone on your podcast who actually not only predicted what's happening now, but understands why it's happening and why everything that's now being proposed is simply going to make it worse.

**WOODS:** All right, so obviously, we've got on our hands a disaster of overwhelming proportions, both health-wise, potentially, and economically without a doubt. So let's start first of all with the overall picture that we're facing here. I mean, we have this indefinite amount of time ahead of us. People are saying a couple of weeks, end of March, but there's no guarantee they're going to stick to that. And a lot of people are stuck in their houses, and a lot of people who are economically very vulnerable are stuck in their houses, and nobody knows what's going to be done for them, except we're going to send you a check. But meanwhile, the question arises, of course, if for the purpose of public health we have no choice but to do this — let's stipulate that for the sake of argument — it's not clear then what are these people supposed to do. Honestly, what are they supposed to do?

**SCHIFF:** Well, they're not supposed to do anything. They're supposed to let the free market function. But the problem is not the coronavirus. The coronavirus is the pin, and I'm talking about economically, not health-wise. The coronavirus is the pin. The problem is the pin pricked the bubble, which is the entirety of the US economy. We have an economy that is completely dependent on debt and people going out and spending borrowed money and buying imported products. Well, they can't do that anymore, so the whole GDP is going to implode.

There's an old saying, and it's not even economics, it's just basic common sense: you've got to save for a rainy day, because it's not always sunshine. You've got to put some money away, so that you have a rainy day fund. The problem is we have no rainy day fund. We assumed it would never rain. See, a normal economy, if we all had to take a few weeks off and just stay at home and hang out with our kids and play board games and just not socialized, we could do that, if we have savings, if we didn't live paycheck to paycheck. If corporations weren't so levered up from buying back stock, if they actually had some cash reserves, they could afford to shut down for a few weeks. It could happen. But in America, we're not like that.

And why? Because the Federal Reserve artificially suppressed interest rates. As everybody kept borrowing, the government, consumers, businesses, the free market would have pushed up interest rates and put an end to all that borrowing and made sure that we rebuilt our savings. But the Federal reserve prevented that from happening, and they created this fragile bubble economy that has now popped, and everything they're trying to do to blow air back into it is not going to work. Just showering the economy with money, dropping it from helicopters is not going to solve the problem. We need more production. We need more entrepreneurship. We need more hard work. We need more resources. Just adding money does nothing. It just makes prices go up.

**WOODS:** Well, here's a question, before we get into the nitty gritty, just almost a philosophical question. In 2008, of course, we were talking about bailouts. And you hear calls

for bailouts periodically throughout modern American history. And generally what our side has said, or one of the things our side has said, is that bankruptcy can be a good thing. It generally is a good thing, because it takes resources away from people who have been bad forecasters and who have allocated resources poorly, and it puts them into the hands of people who are better at this. Now, I think the answer you gave me may point to the answer to my question, but in this case, here you have a once-in-a-lifetime, maybe a once-in-five-lifetimes global pandemic on our hands. Is this really a case where we say: you've been bad entrepreneurs not to anticipate that the entire world might be shut down and put on lockdown? Who could have anticipated that?

**SCHIFF:** Yeah. Well, first of all, it's not even only a question of what we should do but what we theoretically can do. I mean, when you're talking about bailing out one small industry, it's possible. I think it's wrong, but it's possible, because you can tax the rest of the country to provide for the bailout. But how do you bail out everybody? If all the industries are failing together, who does the bailing? I mean, where does the money come from? Again, they just think, well, we'll just print it. But it's not going to have any value if we just print it, and so it's not going to do the companies who are getting bailed out any good.

But beyond what's possible, let me just talk about what we should do in general, and this is for all bailouts, whether it's one company or another industry or the entire nation, that bailouts are wrong. The free market is the preferable solution. You keep hearing people on television saying we can't let these businesses fail. We can't let the airlines fail. We have to have air travel. We can't let Boeing fail. We need to make airplanes. Look, letting businesses fail doesn't mean that the businesses stop providing the services or producing the goods if there is a real market demand for those goods and services. I mean, if you have somebody with a bullsh\*\* company that never should have been started because there's no real demand for the product, yeah, they go bankrupt and the whole thing goes away and it gets dismantled, and the capital and the labor are freed up to be used someplace productively.

But look, Americans need air transportation. These are not crazy dotcom businesses. Delta, United, American, they're viable businesses. The planes aren't going to stop flying. All that happens if they go bankrupt is the ownership changes. The current owners lose. The bondholders takeover. They end up taking a haircut. They sell the assets to some other entrepreneurs that will run the airlines more efficiently, that will run them more prudently. So we reward smarter people. We punish bad actors. Could the airlines have predicted the coronavirus? No. I mean, not even I predicted the coronavirus. So nobody can predict the coronavirus, but you can predict that something bad will happen sometime. You know, Murphy has a law, right? Anything that can go wrong will. Things will go wrong. Had the airlines not levered up and bought all their stock and lived so high on the kite when times were good, they would have been able to weather any economic storm, even if it was the coronavirus.

But the other big problem, if you look at the conditions now that are going to be placed on these bailouts, because now you have the left which controls the House that has to approve any bailout, they're saying okay, if we're going to bail these companies out again, we need these restrictions. We need to do this, we need to do this, all kinds of terrible things. And what this is going to do is make sure that these companies will continuously fail and be in forever need of bailouts. I mean, they're trying to put conditions on there, like you can never fire your workers, you have to increase the wages for your workers, you have to put workers on the board of directors. I mean, all kinds of stuff that is going to mean that these companies will never be globally competitive.

If there's a downturn in your business — like the airlines. Maybe the airlines need to lay some people off. They don't have to lay everybody off, but they may have to lay somebody off. But if you accept these asinine conditions of a bailout, everybody is eventually going to be laid off. The reality is fewer people will lose their jobs if we allow traditional bankruptcy to work

than if we allow the government to entrench current management and put conditions on these companies that guarantee their future failure where everybody will lose their jobs.

**WOODS:** Let's talk about what they're proposing in terms of so-called stimulus. It is revolving, at least in terms of the headlines we're seeing, around something like an Andrew Yang series of checks going out in the mail. Have they got anything other than that, first of all? And secondly, what good does the — I mean, I understand the average American says: look, I'm stuck at home. I still have bills to pay. I need something, and a check with my name on it is coming in the mail, that sounds pretty good.

**SCHIFF:** Yeah, so Andrew Yang — Sanders may have lost the Democratic primary, but his theology is winning. Well, Andrew Yang is already winning over the Republicans. People want to follow his lead. But look, the stimulus checks didn't work when George Bush mailed them out. He mailed out \$600 stimulus checks. Well, since we've had a lot of inflation since then that the government doesn't want to talk about, I guess now we've upped the size of the stimulus checks to \$1,000. And I'm sure this is not going to be the last of the stimulus checks.

But the problem is: where does the money come from so that these checks don't bounce? Well, the bond market is crashing right now, because the bond market has finally woken up to the reality of massive government supply. The government doesn't have any money either. So if the public doesn't have money and the government doesn't have money, the government actually is borrowing the money that it needs to give it to the people, except there's no capacity to borrow because there's nobody to lend, because all the people that we normally would borrow from are having the same crisis as we are. The Germans, the Japanese, the Chinese, they've got the coronavirus. They need their money. They can't lend it to us. They've got their own problems. So the only source of the money is the Fed. The Fed is going to create it out of thin air, and all that is going to do is worsen the problem, because the coronavirus is reducing the supply of goods and services.

See, the real problem, other than the health problem of the coronavirus, is because so many people don't want to get the virus and don't want to spread the virus, they're all staying at home and they're not working. And so as a result of this, the supply of goods and services is being reduced. Right? So if all the government does is create more money and give it to people to now bid for a diminished supply of goods and services, all that happens is the prices go up.

If you remember, Tom, and I'm sure you do, the origin of the Federal Reserve, the initial goal was to provide an elastic money supply, because for some reason, people thought that consumer prices going down was not a good thing. I mean, they were wrong, but they thought that they preferred price stability. They just wanted prices to stay the same, not the current definition of stability, where they go up by more than 2% a year. They kind of meant where they don't go up at all; they just kind of stay the same. And so the Federal Reserve was supposed to achieve that with an elastic money supply.

And what that meant was when economic activity was improving, when the economy was doing well, there was more activity, the Federal Reserve would supply additional money to keep prices stable. But if the economic activity was declining, if we were going to a recession, then the Fed was going to remove money from circulation to maintain that stable price system. So the idea was that the supply of money would expand and contract along with the economy. But now, we're doing the exact opposite of what the Federal Reserve was created to do. We're seeing economic activity contracting sharply, and they want to expand money supply sharply. I mean, if they had said that that was their goal from the beginning, they never would have approved the Federal Reserve Act. Nobody was that dumb in 1913 to think something like that would be a good idea.

**WOODS:** The trouble with all this is, as sensible as what you're saying is, it's going to be hard to reason with desperate people. The government has put them in an impossible situation. And maybe it is the virus. Maybe there is no choice but to do this. I mean, what do I know? I'm

not an epidemiologist. But you and I have never experienced anything like this. Nobody alive has experienced in peacetime something like this. I don't understand how the economy is supposed to function, period. I mean, we're talking about businesses that could be disrupted for weeks, possibly months, and they all have bills to pay. And again, partly it is because they're running on a debt-based model. And if they weren't, which they'd been encouraged to do and they've never been punished for doing, they'd be in a sounder position. I mean, I suppose that's that, but it's hard to know what to think here.

**SCHIFF:** Well, look, the public has been brainwashed. They have no idea how an economy actually works. And this is fertile ground for the socialists, for the Bernie Sanders wing. Even though Sanders is not going to be the next president — that's going to be Joe Biden — he's going to be very influential in the Biden administration, as well as AOC and everybody of that ilk, because all of this, once again, will be blamed on capitalism, on deregulation, on tax cuts, on not enough government.

Donald Trump and the Republicans really helped in that regard by making the mistake of pretending that they had already made America great again, even though the only thing that Trump succeeded in doing was blowing a bigger bubble than the one he inherited and all the problems that he was elected to solve had actually gotten worse. It's just that we couldn't see them, because everybody was so giddy with the stock market being high and all the money we were able to borrow. So yeah, we're in a very precarious situation as a nation. I am very concerned about the future and well-being of the United States and that this experiment in freedom and liberty, which began over 200 years ago, is finally going to come to an end, and we're going to become more of a totalitarian state, and we're going to have a much, much lower standard living.

But I wanted to key in on one point that you made where you said that we haven't seen anything like this in peacetime. And of course, that makes me think of World War II. And what was going on then, because a lot of people are bringing up World War II as an analogy to this. And they're saying that we need a World-War-II-style effort. We all have to come together the way we did to fight World War II, and we have to fight the coronavirus.

**WOODS:** Yeah.

**SCHIFF:** Well, the people who are saying that have absolutely no idea how we fought World War II, what enabled the US government to fight World War II. You see, when World War II broke out, after the Japanese bombed Pearl Harbor, FDR didn't sit down and tell the Americans that they didn't have anything to worry about, that they weren't going to lose any money, that they weren't going to have to pay higher taxes, that their jobs were secure, that don't worry about paying your rent or your mortgage or your health care, the government's going to cover all that for you.

No, no, no. FDR didn't say that. He was the big New Deal guy. No, no, no. FDR leveled with the American public and said: *You know what? This is going to be difficult. We're going to have to raise your taxes substantially. The government needs money, and the only way it can get it is from you, the people.* And so they imposed all sorts of new taxes that never existed on consumer goods and the income tax, which had newly been active. When the war started in 1941, fewer than 3% of the American public actually paid the income tax. By 1942, better than 30% of the public paid it, and that's because we introduced it to the middle class. In fact, the withholding tax that people pay now, where income tax is taken from your pay, that started in 1942 as the Victory Tax.

So in the opposite, right now the government is talking about, hey, let's suspend the withholding tax. Let's send people money. During World War II, the government started taking money. Taxes tripled during World War II, but government spending increased sixfold. So where did the government get the difference? Because they didn't raise taxes as much as they raised spending; Well, they got it from the same source. They got it from the middle class. The government told the public or asked the public: we need you to buy these war bonds. We

have to pay for the war, and so we want you to lend us money. And so the American public stepped up and loaned to US government all of that money, bought the equivalent of trillions of dollars. So in order to fight World War II, the US government tapped into the pockets of the middle class. They asked them to pay higher taxes, and then they borrowed money from the middle class.

Well, where did the middle class get all this money? I mean, we had just come out of the Depression, yet the middle class was liquid enough to finance this massive war effort? Yes, they were, because they had savings. They didn't have credit card debt. They didn't have student debt. They didn't have auto loans. They had money. And what they also did during World War II is they stopped consuming. People weren't going out to bars and restaurants during World War II, just like they're not going now. People weren't taking vacations. Who was taking a vacation? The world was at war. We sent 16 million young American men to Europe and Japan. They weren't going out to bars looking for women. They weren't taking their girls out on a dinner date. No, everybody was staying home during the war. And prices went up. Food went up, because the food was being supplied to all the military. Clothing prices skyrocketed during the war, because we needed all the material to make uniforms. We were rationing goods and services. You couldn't get stuff.

So everybody collectively pulled their weight. That's not what they're saying now. I mean, could you imagine if Roosevelt had said to the American public:

Okay, yes, we're going to send 16 million men to war, but if you own a restaurant, don't worry. We're going to bail you out. If you own a bar, if you're in the travel industry, if you have a hotel, don't worry. You're not going to lose any money. If anybody loses their job, don't worry. We're going to give you money, and we're going to cut everybody's taxes to make it all easier for everybody. The war is nobody's fault. So why should anybody have to suffer? Don't worry, America, the government is going to ease your suffering.

How would we have paid for the war, just had the Federal Reserve print money? We would have lost that war before it even started. How could we fight a war with a printing press? Where would we get the resources that we needed? All the planes, all the tanks, all the guns, we had to produce those with our factories that we transformed from civilian production to wartime production. I mean, we really rolled up our sleeves. We were a nation of rugged individuals who were self-reliant and who could pitch in for a cause. Today, we're a nation of deadbeats who are looking to the government for a handout, and the government has nothing to hand out.

**WOODS:** How about this? Let me shift gears. I couldn't agree more with everything you just said. But I want to ask you, how should the average person understand these wild fluctuations in the stock market from one day to the next? What does it mean?

**SCHIFF:** Well, means that the stock market is a casino, number one. It's always been. But look, we're talking about World War II. Tom, I'll just ask you the question, not really to put you on the spot, but just to see if — so the war broke out in 1941. How much do you think the Dow Jones fell from the peak before the war to the trough during the war?

**WOODS:** Oh, I actually don't know that. What's the answer?

**SCHIFF:** That's why I asked. Just make a guess. I mean, what do you think?

**WOODS:** I wouldn't even know. I don't, because I don't know what the numbers were in those days.

**SCHIFF:** Yeah, well, okay, I'll tell you. So it fell by 30%.

**WOODS:** Okay.

**SCHIFF:** That was the entirety of the decline, 30%. A war, a world war. The Dow is already down by more than that because of the coronavirus, and it's going a lot lower. I mean, the Russell 2000 small-cap stocks are down by more than 40%. And this is just getting started. So

what does that tell you? Because think about it. I mean, what do you think was worse for the world: World War II or the coronavirus? What would you say?

**WOODS:** World War II.

**SCHIFF:** I mean, obviously. I mean, there isn't even a comparison. If somebody said, would you rather have another world war like World War II or have to deal with the coronavirus, I would take the coronavirus every time.

**WOODS:** Yeah, of course.

**SCHIFF:** I mean, what is more disruptive to the global economy, the virus or a world war that involves the entire world at war? So even with World War II completely decimating the global economy, the US stock market only dropped by 30%. It could drop by 50, 80% now, who the hell knows? And it would, because in 1941 as the US market was dropping, nobody was bailing anybody out. There were no circuit breakers. There was no government fund. The Fed wasn't coming out with facilities to buy commercial paper, to buy mortgages, to buy government bonds. It was just a free market. The market was allowed to do whatever it was going to do. And the most it declined was 30%.

But here, you have all this government aid and all this support, bailouts, money printing, one facility after another. Every day the Fed announces another 500 billion, another trillion dollars in bailout money, all to stop the stock market from falling. And it's falling anyway by more than it did during the Second World War.

And the reason for that is twofold. One, the market today is far more overvalued than it was during the Second World War, and it's far more leveraged because companies have so much more debt now than they had then, and so that accelerates the decline. But also, the economy is so much more fragile now than it was in 1941, because we had all that savings in 1941. We had the resources to fight the Second World War. We don't have the resources to fight this. The public is broke, and the government is broke too. And the government is the world's biggest debtor. How is it going to lend money to anybody? The government has to borrow. Borrow from who? There's nobody to borrow from. So all they could do is print.

And again, just printing paper money and dropping in from helicopters – you know, people are talking about that on TV, and they hear "helicopter money" as if it's a good thing. They don't realize that that's a joke, that it's supposed to poke fun. It's not good to drop money from helicopters, but they think it is. So this is the problem.

And I did want to say one other thing, too, about the coronavirus. Look, I understand it's a bad thing, and I'm doing my part in trying not to spread it, even though I doubt that I haven't. I think there's like three or five cases here in Puerto Rico. But despite that, we're on lockdown. There's mandatory curfews. Almost all the businesses have been ordered to close. So I mean, we're really acting as if this is a very, very serious thing.

But I understand that people die if they get the virus. I mean, not everybody. But I put out a tweet about this, and I think somebody responded to it. And I've been putting out a lot of stuff on Twitter, so your people should definitely follow me, because I've been writing a lot on there. But somebody responded and said, "Well, the experts are saying that the coronavirus could kill 60 million people." So like assuming that that's worse than World War II, killing 60 million people. And I don't know how many people may die from the coronavirus. Let's say it is 60 million. That's a lot of people. I mean, I feel sorry. I feel badly for those people and for their loved ones if 60 million people end up perishing from the coronavirus.

Except that 80 million people died in the Second World War, and the population today is triple what it was then. So to be on the equivalent of the Second World War in terms of death – I'm not talking about destruction of property, because we destroyed a lot of property in World War II when we were bombing cities. The coronavirus isn't going to destroy any property, so it's only going to destroy lives. I mean, not to downplay that. But for the economic impact, it's

lives. We're not losing any property. But if you adjusted it for population to be the equivalent of World War II, the coronavirus would have to kill a quarter of a billion people. And so it's not going to do that.

But there's another distinction that I want to get to, and I'm not being callous. I'm just being honest about it, and it's not that I don't have sympathy. But the vast majority of the people who will die from the coronavirus are in their 80s and their 90s. And I don't want to diminish the fact that people will die, but if you're in your 80s, you're going to die. I mean, we're all probably going to die in our 80s if we're lucky enough to make it to our 80s. The life expectancy for you when you turn 80 is not 90, it's less than 90. Most people never make it to 90. So when you're 80, you're going to die of something. You're much more fragile. You can fall out of bed when you're in your 80s and die. So there are a lot of things that happen to people who are in their 80s and they die. And that's bad. Maybe their lives are cut short by a few days, a few months, or even a few years. I don't know.

And again, I'm not unsympathetic. My mom is 79. I hope she lives to 100, although she doesn't claim that she wants to live that long. But when people in their 80s die, it's sad, but it's not a tragedy. I mean, we're going to die in our 80s. In the Second World War, young men were dying in their 20s. Some of them were dying in their teens. I mean, what is that? When we have all these young people dying before their lives even get started, you're talking about people that had to give their lives for their country. And they never had a life. They never got a chance to get married, to have kids, to grow old, to have grandkids, to have a career, to start a business. They didn't enjoy any of their lives. The people who are in their 80s lived full, long lives. They had their chance. Again, not to diminish the fact that they could die, and I would save them if we can. But to say that it's comparable, people in their 80s dying versus people in their 20s dying.

And yes, there were some old people who died in World War II as well. I mean, civilians, they got bombed in London or in Berlin. And what about all the people that were killed by Adolf Hitler in the concentration camps? But the degree of human suffering and the loss of life in World War II is so much greater than whatever we're going to deal with with the coronavirus, to try to think that we have it harder now, that this is worse than the coronavirus.

And if nobody got a bailout during World War II, if no one got a stimulus check during World War II, if everybody had to fend for themselves during World War II and suck it up and just be men and be women — what did the women do in World War II, when their husbands went off to fight? They went and worked? Who took care of their kids? Did the government say, "Oh, don't worry, Rosie the Riveter. We're going to take care of your childcare?" No, she figured out what to do. Everybody did it on their own. Everybody actually helped. But this is completely different. To try to act like we've never experienced anything like this, and the only way to get through it is with massive government spending to make sure that nobody suffers? This is completely ridiculous, and it should make everybody embarrassed to be an American.

**WOODS:** Well, let's say a quick thing about the political aspect of this, because you said that Bernie Sanders is obviously not going to be the next president; Joe Biden is. Now, I don't know if you meant the Democratic nominee or specifically the next president, because some people are saying that there's no way Trump can get reelected under these conditions.

But my thought is, we don't yet know necessarily — I mean, the severity of this thing varies from place to place, because in Germany, as of the time we're recording, they've got 9,500 cases, and they've had 26 deaths. Vietnam has had some cases; they've had zero deaths. Italy has many more deaths, and it's very unclear what exactly is — there's something very fishy here. And I'm not one of these people who says it's a hoax. I'm not taking an Alex Jones line on this. I mean, I don't even know what Alex Jones has said on this. I shouldn't have said that.

But the point is, I think this thing is very real, but I was just reading, and I will link on the show notes page, [TomWoods.com/1614](https://TomWoods.com/1614), to an article by a Stanford epidemiologist. I mean, no dummy, this guy, and everybody, even people disagree with him, admit he's got all the

credentials, saying: look, we are flying blind. We have no data to be going out there saying what the death rate is. We have absolutely no idea. He says it could be anywhere from 1% all the way down to 0.05%. We just don't know yet, because we don't know how many people have it and how many of them are going to die and all that. It's a wide range, but it could be extremely low.

So let's just suppose for the sake of argument that it is extremely low and that the US weathers this in a month or two months. Then Trump comes out victorious and says: Look, I'm the guy who said, 'Let's cut off immigration from China for the time being. And any opponent up here against me on the debate stage, would have been too afraid of political correctness to do that, and everybody in the country knows it.'" I mean, I'm just saying that's how he could pitch it. But the measures people would be upset about, being forced to stay home, having their business closed, these are all carried out by mayors and governors, not by Trump.

**SCHIFF:** Yeah, well, first of all, look: when the ship goes down, everybody blames the captain. That's how it goes in presidential politics. We haven't had a president get reelected during a recession. I mean, Jimmy Carter, George H.W. Bush, you have a recession during your term, you're gone. And Trump is not going to be an exception to that. I mean, Trump, probably his only chance is to delay this crisis and drag it out as long as possible to try to blame everything on the coronavirus. I think his original plan was to blame the recession on the Fed, but now that the Fed is printing all the money that he can possibly ask for, I think he needs a new scapegoat, and I think that's going to be the coronavirus/

But I don't think the public is going to buy that. And remember, a lot of people voted for Trump because he promised to make America great again and make their lives better. Well, their lives are not going to be better. The average voter in the Rust Belt, the average Reagan Democrat who crossed party lines and voted for Trump because Trump was being honest about how bad things were and how he was going to change things and how the government statistics were lies and they were being told a bunch of lies from the media and Wall Street — that message resonated because it was true. People were tired of being lied to. They wanted somebody honest, and they thought that was Trump. They thought he wasn't a politician, that he would actually drain the swamp.

Well, none of that actually happened. As soon as he took over, all the phony numbers became real. He was criticizing the stock market as a bubble, but as soon as he became president, it wasn't a bubble anymore. It was the greatest thing ever. And we should judge his presidency based on how high the stock market was.

Well, he's going to be running for reelection in a bear market. Stocks are going to be lower — in fact, the Russell 2000 is already way lower than it was when he was elected, and that's like the Main Street stocks. That's the most correlated. It's over a seven-year low. But by the time the election comes, all the major markets will be lower than when he was elected, not just when he took office. We will be in a recession. Voters are going to be in worse economic shape.

And who are they going to believe, right? Joe Biden is promising all these government solutions to problems that were obviously created by too much greed and tax cuts and billionaires and wealth inequality and the culture of bailouts and all that, just blaming the Republicans and Trump, and promising all kinds of painless solutions. Government programs for this, government programs for that. Or Donald Trump just promising for more years. I mean, I don't even know what he's going to promise, because he doesn't want free market capitalism; he just wants the government to give you stuff.

But I think if it's an auction over who can give you the most free stuff, Trump loses that auction. There's no way a Republican can out-promise a Democrat when it comes to free stuff. And that's what the debate is going to come down to. That's what the presidential election is going to come down to: who can give you the most free stuff because you're in so much pain? And Trump is going to lose the reelection. What I'm more concerned about is not



2020. I mean, that's pretty much a sure thing. It's 2024. Will Biden get reelected, or his protege if he has to step down? Because the real problem is: is the next president of the United States after Biden going to be AOC? Is that really how far we're going to take this?

**WOODS:** Yeah, that is indeed the question. Well, I know your time is extremely valuable. I'm going to let you go. But as I let you go, I want to do two things. First, everybody, if you want to be hearing in real time Peter's commentary about this stuff, of course you should listen to *The Peter Schiff Show* podcast, and I'll link to that on the show notes page also. But secondly, Peter, I would think, even though you're the expert here, that given that this is not going to go on forever, this will subside, I would think right now there are some major buying opportunities, and presumably you can navigate people through those. Can you just say a word about Euro Pacific capital?

**SCHIFF:** Oh, yeah. First of all, people should definitely listen to my podcast, SchiffRadio.com. I've been doing them now almost every day, because there's so much new information every day that I'm trying to keep people informed. So instead of doing two a week, I'm doing about five a week. And I can look at the listeners and the viewers on YouTube, and I can see that it's really going up, so a lot more people are listening. And I definitely would encourage the people who are listening already, encourage your friends, because they're getting complete nonsense on the mainstream media. So more and more people should be tuning into your podcast, my podcast, to really understand what's going on.

But when it comes to investing in the market, look, there are some incredible investment values right now all around the world. I mean, most of the stocks that I have been buying, not the gold stocks, but the non-gold stocks, the value stocks that pay dividends, they've all fallen by about the same percentage as the US stock market. Everybody's kind of gone down equally. They're throwing out a lot of babies with the bathwater.

But the big difference is the markets that I invested in never experienced the bubble. So they're dropping from much lower price levels and much better valuation points. So the stocks that I'm buying for my clients abroad are trading at prices equal to or below where they were at the bottom of the 2008 financial crisis. And so in order for the US market to get back to where it was back then, you still have another 60, 70% decline from here.

And the foreign stocks were fairly valued when they went down. I don't think they were dirt cheap, but they were they were fairly valued. They are now dirt cheap. There are some incredible bargains where you can buy stocks and get double-digit dividend yields. So in an area where yields on bonds are sub 1%, if you can get 10% yield on a quality company that's not going out of business, I mean, there's a lot of attractive ways to get yield, especially in currencies that are going to go up. And when you can buy stocks for less than 10 times their earnings – I mean, even if their earnings go down because of the coronavirus, they're not going to go down forever.

And a stock is supposed to discount all the earnings forever into the future, not just the next quarter, but you have so many analysts, that all they care about is: are you going to make your quarter? So you're having all this crazy selling. And there's not a lot of liquidity out there, so people who want out right now, they're not getting a good price, because nobody wants to buy. So stocks, forgetting about the underlying value of the businesses, the market value of the stock can diverge dramatically from the underlying value of the business in both directions. So if everybody is panicking to get out and they're willing to take any price, the stock could trade for much less than the underlying value of the company, and that's when you step up and buy. And don't worry if somebody else sells it at an even lower price than what you paid. Don't be a pig. If it's a great value, you just buy it, and you know in the long run you're doing the right thing.

But the problem is US stocks, even though they've fallen 30, 40%, they're still overpriced. There are no bargains in the US stock market. The stock market is just a little bit less

expensive than it was before. And on a short-term earning basis, it's actually much, much more expensive because the earnings are coming down.

And the other problem is all of the leverage that US companies have. A lot of US companies are going to go bankrupt, and the ones that don't go bankrupt are going to have to accept such horrible restrictions from accepting the bailout money, that that's going to dramatically undermine their competitiveness going forward, and so they're going to be lousy investments.

And I also think that under the Sanders administration, we're going to have big increases in corporate taxes and more regulation. So to the extent that you believe that Trump's tax cuts and deregulation were good for the market, well, tax increases and reregulation are going to be bad for the market. And the market is going down.

And just one point, too, to make about the market, because everybody is focusing on numbers, because the dollar has been depreciating — the real value of US stocks priced in gold are down over 70% so far in the last 20 years. The Dow Jones made its high during the summer of 1999. The Dow Jones was worth 42 ounces of gold. That was the price of the Dow in terms of gold. The price today is 13 ounces of gold. So you used to need 40 ounces of gold to buy the Dow Jones. Now you can buy the Dow Jones with just 13 ounces of gold.

What I've been saying the entire time is this bear market, this real bear market that's been going on beneath the surface is going to continue and it will bottom out around the same gold price that the market bottomed out in 1932 and in 1966 — or 1980 rather. That bull market ended in '66. But the two significant lows in the US stock market were 1932 and 1980, and those lows bottomed with the Dow Jones and gold being one to one, meaning you could buy the entire Dow with one ounce of gold. And I still think that's going to happen. And so one way that would happen would be the Dow Jones being 10,000, which is about half of where it is now, and gold being 10,000, which is about five times what it is now. So if gold goes to 10,000 an ounce and the Dow goes to 10,000, then we'll be at where the markets have bottomed in the past.

So that means there's still a lot of value for the Dow to lose, and obviously a lot for gold to gain, which is why people should not only be buying physical gold — and I sell that at Schiff Gold — silver is probably an even better buy. Silver right now is the cheapest it's ever been in history in terms of gold, not in terms of dollars, but you've never been able to buy so many ounces of silver with one ounce of gold. In fact, everything is falling in terms of gold. The price of every asset on the planet is going down. Even US Treasuries are falling in terms of gold, and they're going to fall a lot, because I think that bubble has popped too.

And so people should be buying gold stocks. We have a gold fund, Euro Pacific Gold Fund. People should be buying it if they can afford to speculate. I mean, there's a big difference between gold mining stocks and gold bullion. Gold bullion is to preserve your wealth. Gold stocks are a risky way to try to enhance your wealth. You're making a bet on what you think gold is going to do, and then you're making a bet on the individual companies, which is why I have Adrian Day, who's been doing this for 30, 40 years, managing my fund. I think he's the best in the business, and people should be buying my gold fund.

We have separately managed accounts that are gold, but we also have accounts that are not only in gold, gold is part of the portfolio, but we are snapping up these bargains all around the world on quality companies that have been around 50, 100, or more years that don't have debt, that are going to survive the coronavirus, that you can steal right now from panic investors who are not differentiating between the overpriced stocks that are highly leveraged and overvalued and good quality companies that have good balance sheets and are selling products that people are going to continue to buy. So there's always opportunities around the world to make investments, and so that's what smart people are doing now. They're not cowering under their desk; they're looking for what they could do, because there is an opportunity here. You could either take advantage of that opportunity, or you could let that opportunity to take advantage of you.

**WOODS:** So tell people the website for Euro Pacific Capital.

**SCHIFF:** Yeah, so Euro Pacific Capital is the US broker dealer, so if you're listening to this and you're an American, you can go Euro Pacific Capital, EuroPac.com. If you're not American, if you're living someplace else in the world, EuroPacificFunds.com is the website for Euro Pacific Asset Management. And there we take accounts for non-Americans. You can't buy my funds, but we can separately manage your accounts, and we can create a portfolio, again, of gold stocks. That is like the fund, because it's managed by the same person. So it's either Euro Pacific Capital for the Americans, EuroPacificFunds.com for non-Americans. Anybody can buy gold from me anywhere in the world at SchiffGold.com.

**WOODS:** All right, excellent. I'll link to those things at TomWoods.com/1614. I'll let you run, Peter, but thanks so much for your time today. Everybody appreciates it.

**SCHIFF:** My pleasure, Tom, and thanks for giving me some time and letting me speak to your listeners.