"A Debt & Dollar Crisis is Inevitable"

Peter Schiff is the CEO of Euro Pacific Asset Management and the host of the Peter Schiff Show. Schiff explains why inflation is out of control, gold and silver prices are booming, and the pending debt and dollar crisis is inevitable. Visit Peter Schiff's Euro Pacific Asset Management: https://europac.com/ Follow Prof. Glenn Diesen: Substack: https://glenndiesen.substack.com/ X /Twitter: https://x.com/Glenn_Diesen Patreon: https://www.patreon.com/glenndiesen YouTube: https://www.youtube.com/@GDiesen1 Support the research: PayPal: https://www.paypal.com /paypalme/glenndiesen Buy me a Coffee: buymeacoffee.com/gdieseng Go Fund Me: https://gofund.me/09ea012f Books by Prof. Glenn Diesen: https://www.amazon.com/stores/author/B09FPQ4MDL

#Glenn

Welcome back to the program. We're here with Peter Schiff, the CEO of Euro Pacific Asset Management and host of The Peter Schiff Show. Thank you very much for coming back on. I see that you recently criticized what you described as a “Trump-anon mix.” Sorry—and President Trump hit back on his tweet, or on Truth Social, calling you a loser and a jerk, lashing out and writing, and I’ ll quote: “He—that is, Peter Schiff—thinks prices are going up when, in fact, they are coming down substantially.” Then he made a reference to gasoline prices as evidence.

And he then suggested that Fox should check whoever booked you, which seems somewhat petty. But, you know, on some level, it was a funny exchange. Still, I thought it reflects a very important discussion to be had. Trump was elected to fix the economy. He argues that it is being fixed, while others, including yourself, obviously disagree. So not only do you disagree on the policy, but also on the actual direction of the economy. I was wondering if you could speak to that—how would you explain Trumponomics and where you and Trump kind of clashed?

#Peter Schiff

Well, obviously, I think I struck a nerve. Maybe he realizes that what I said was true, and I guess he doesn't like the Fox News audience being told the truth, because a lot of his supporters watch Fox News. But, you know, it's pretty obvious that the president is wrong about what's happening to prices. It's true that oil prices are down a bit, but that's just one price. The overall price level is going up. I mean, even the Fed acknowledges that inflation is about 50 percent above its target. So prices are rising. The president is just flat-out wrong to say that they're coming down at all, let alone substantially.

They're not even down slightly—they're up. And in fact, I think they're up a lot more than the CPI suggests, because I don't think that's an honest methodology for computing price increases. As for Trump fixing the economy, he hasn't fixed anything. If anything, he helped break it, because he was president for four years prior to his recent term, and during that time he ran up the debt. The deficits got bigger, the COVID policy was horrible, and the things they implemented there made it worse. So I think a lot of the inflation we suffered under Biden had its roots under Trump and the policies he implemented.

So, you know, so far, Trumponomics—if you want to call it that—is not much different from Bidenomics. It's about running huge deficits, spending a lot of money, then getting the Fed to cut interest rates and print money to try to inflate asset bubbles. I mean, that's pretty much what happened under Biden, and that's what's happening under Trump. The only difference is that Trump has tariffs, and those create their own problems. And, you know, he's trying to micromanage the economy more than Biden, which is problematic. I'd rather have the free market allocating capital than the president trying to decide where the capital should go.

#Glenn

Yeah, well, I think this is where he and Elon Musk went separate ways too. Elon Musk was quite worried about the U.S. running itself into bankruptcy. But I thought it was interesting that Trump referred to you as a "Trump-hating loser." That's a direct quote. It's a bit over the top, though, given that you actually voted for him. But again, I guess this isn't about him personally—even though he takes it personally—but rather about advocating for better policies. So, in the unlikely scenario that Trump is listening, what would you advise him now on how to improve the economy?

#Peter Schiff

Well, you know, I didn't have any hateful words for the president during that interview. He just assumed that if I think inflation is still a problem, then I must hate Trump. Which, you know, whether I like or dislike the president has nothing to do with my observations about inflation and what's happening, and the efficacy of his policies—certainly with respect to inflation. Yeah. But, yeah, I mean, I did vote for him, not enthusiastically. It was more of a "lesser of two evils" thing. And my vote didn't really count because I cast it here in Puerto Rico. But I did vote for him the first time he ran, from Connecticut.

You know, that was when he won the first time. I didn't vote at all the second time—I was here in Puerto Rico, and we didn't even have the mock election we had the last time. But look, I don't know that Trump would listen to me, as far as any advice I'd have for him, if he's listening to this. I don't think so. I know he watches Fox News. In fact, I was on Fox News—it was like six-thirty in the morning—and the president was already awake on a Saturday, watching Fox News.

The advice I'd give him is pretty much to fire almost all of his current economic advisers, because they're giving him really bad advice. What we need are massive reductions in government spending. You know, he needs to bring Elon Musk back—not just for show—but we need real cuts to entitlements like Social Security and Medicare. We need to cut defense spending. He hasn't done any of that; he's increased spending in all those areas. I'd also want to get rid of the tariffs. I think the tariffs are unconstitutional the way they've been enacted, and they're also destructive. There are better ways to raise revenue.

But the important thing is to cut government spending. He also has to stop bashing the Fed. In fact, I think I'd probably advise him to pick somebody different for FOMC chair than whoever he's got in mind, because we need higher interest rates. We need tighter money. We don't need more rate cuts. We don't need a return to quantitative easing. All the things Trump is trying to get the Fed to do are dangerous for the U.S. economy. Yes, they're designed to try to prop everything up, but they actually make all the real problems that underlie the economy worse.

#Glenn

But are there still paths to recovery? As you mentioned, Elon Musk recently gave an interview—I think it was on Joe Rogan—where he said he doesn't think it's possible anymore. He seemed to see the Trump administration as the last possible shot. Do you see any pathway to recovery? If not, what are we actually looking at here? What are we...

#Peter Schiff

No, I don't see any pathway to avoid the economic crisis that's coming. We're going to get a crisis—a dollar crisis, a sovereign debt crisis. That's inevitable. And, you know, that's what you're seeing now in the gold market: forty-three-hundred-dollar gold, sixty-six-dollar silver. The fact that precious metals are reacting like this—they're sniffing this crisis out. It's coming. There may have been some hope that we could avert it with the Republicans and a commitment to really cut government spending and get our fiscal house in order, but clearly that's not going to happen. So nothing is going to be done to prevent this crisis. It's inevitable. And the only question is, how much longer do we have before it hits?

#Glenn

Yeah, you recently tweeted that we're teetering on the brink of the biggest economic crisis of our lifetime. Would this, as you've argued, primarily be about debt and the dollar? Or do you see it also including bank failures? Would it involve other powers decoupling? Is it only the financial area, or do you also see other countries breaking away from U.S. supply chains or technologies? I guess, what are the different variables you'd look at now?

#Peter Schiff

Well, it's not just financial. And whether or not banks fail, it's hard to say. What will fail is the value of your deposits. So even if your bank doesn't fail, the money will—you know, you won't be able to buy very much with that money. I mean, that's going to be the issue: a dramatic loss of purchasing power of the dollar. And you're going to see prices rising dramatically—much more so than we saw during the Biden years. Yes, we had a big increase in consumer prices, but that's nothing compared to what we're going to get. If we have a real dollar crisis, a sovereign debt crisis would also push up long-term interest rates, because people would no longer be willing to loan money to U.S. borrowers in dollars at low rates of interest, given how rapidly the dollar would be losing value.

So I think we're going to see a crisis that leads to a significant reduction in the standard of living of typical Americans—much more so than what happened during the financial crisis of 2008, when living standards were pretty much intact. Some people might have lost money because their investments went down, or maybe they lost equity in their homes, but overall living standards really weren't impacted. But this time, I think there's going to be a significant decline in the standard of living for Americans, when we can no longer rely on the productivity of the rest of the world to produce the goods we consume and to loan us the money that we borrow and spend.

#Glenn

Well, I'm glad you mentioned gold and silver, because it took a long time for gold to reach 2,000, but then the jump up to 4,000 happened in a relatively short period of time. And with silver, if you look at the chart of where gold and silver have been heading, it's only recently that it really doubled in price again, which is quite a drastic leap upward. But is it, I guess, too late for people to buy in at the peak, or do you see this rapid escalation continuing?

#Peter Schiff

No, I mean, obviously the pace could slow down a bit, or maybe even speed up—I don't know for sure. But it's certainly not too late, because you're not really getting into gold or silver; you're getting out of the dollar. And the dollar is going to lose a lot more value, so it's never too late to get out of the dollar. Obviously, the sooner you get out, the better. So why wait any longer than you already have? If you didn't get out a year or two ago, that's unfortunate, but you need to get out now. You need to recognize that the dollar is going to lose a lot of value.

And so you shouldn't hold on to them. You should spend them as quickly as you get your hands on them. And whatever you don't spend—whatever you want to save—you should get it out of the dollar. You can buy gold and silver. You know, my company, Schiff Gold, sells physical gold and silver. You can also invest. I mean, at Euro Pacific Asset Management, we help people invest in foreign stocks. That's another great way to get out of the dollar—non-dollar assets paying non-dollar dividends. But the last thing you want to do is hold on to dollars, because the longer you hold them, the less they'll be worth and the fewer goods and services you'll be able to buy.

#Glenn

What foreign markets, though? Because I'm sitting here in Europe, and things are looking quite gloomy. The former economic locomotive—Germany—that used to pull Europe forward is now breaking down at a rapid speed and deindustrializing. So where would you put your money now? Is it China through Hong Kong, or is it Africa, India?

#Peter Schiff

Well, we have it—you know, we spread it around. We have a lot of exposure to the emerging markets, to China. But we also have money in Europe. It depends on the company and the business, and, you know, where their earnings are being generated. But I want to own real assets. I don't want to own paper, because it's the paper that's losing value. It's not the actual assets—you want to have businesses that have real plant and equipment, that generate income, that pay dividends, because that gives you some protection from inflation.

But if you're just sitting with paper—if you've got cash in the bank, you've got a bond—you are the primary victim of inflation. Inflation transfers purchasing power from creditors to debtors, from people who own paper to people who own real assets. And so, you know, you want to be in the assets. You don't want to have money in a bank account, or in government bonds, or corporate bonds, or the cash value of an insurance policy. That's the stuff that gets destroyed through inflation.

#Glenn

Any government wants to present itself as fiscally responsible, and I guess Trump is no different. But you've also been arguing for many years that the official economic data reporting on inflation, as you mentioned before, isn’t accurate. So what’s the main evidence now that actual inflation isn’t reflected in the numbers provided by governments?

#Peter Schiff

Well, it's never been reflected because, you know, the government comes up with the methodology for keeping track. And the goal of the government is to present a rosy picture of the economy, even if it's not looking so good. One of the ways they do that is by how they calculate the numbers. Inflation numbers are designed to be low, unemployment numbers are designed to be low, and economic growth numbers are designed to be high. So that's what they end up getting, because they've built a model that's predisposed to a particular outcome. Right now, you know, it's not that the whole thing is just a fraud.

It's just the way they've done it. There's a bias built into the mechanism. So you're always going to get inflation that's understated, unemployment that's understated, and economic growth that's overstated. That serves the interests of the governments, and the governments obviously created these indexes in a way that would help them put the best possible spin on the economy. Because, you know, they want to go to the voters and claim credit for a good economy. So they get fake data, basically, that allows them to do that.

#Glenn

I remember reading in your book that the whole concept of inflation itself has been corrupted to some extent — that it should actually refer to the inflation of the money supply. The price increases are just the symptom of that inflation, if I'm not mistaken.

#Peter Schiff

Well, yeah, I mean, that's what inflation is. That's what the word literally means—inflate, right? To inflate is to expand. Inflating something doesn't make it go up or down; it makes it expand. And what's being expanded when you have inflation is the money supply and also credit. Right, it's money and credit growth—that's inflation. And a consequence of that is that prices go up. But the government, of course, redefined inflation so people wouldn't know the source. You know, if they say inflation is an expansion of the money supply, well, we know who expands the money supply. But when they say it's rising prices, now we blame whoever's raising prices instead of the government.

#Glenn

Well, it looks like we're coming toward this crisis—not if, but when—the crisis you've been talking about. The Federal Reserve will likely be faced with a dilemma: either fight inflation, meaning scale back the cheap money, or accept, if not a collapse, then at least a serious downturn in the economy. What do you think they'll choose? Would they fight inflation, or would they try to prevent an economic collapse?

#Peter Schiff

Well, I mean, they're obviously going to try to prop up the economy by creating inflation. Now, their intention isn't for inflation to get out of control, but they may not have any ability to contain it once they unleash it. But yeah, you know, the Fed is already showing that. Right? What is the Fed doing now? In the face of what they claim to be mixed economic data—where inflation is higher than they want, but economic growth or employment is somewhat weaker than they want—they're erring on cutting rates. They're ignoring the inflation threat and focusing on the employment threat, as they claim to perceive it. So that already shows you where their motivation is. What they really should be doing is paying more attention to inflation.

But I think the other reason is that their real agenda isn't just about employment or inflation. It's about supporting the government and its ability to keep servicing its debt, and also propping up the banking system and the financial markets that rely on credit and artificially low interest rates. So I think it's more than just them looking at employment—they're looking at the viability of the entire system, which might be threatened by higher interest rates, or even by rates staying where they were. So the Fed feels compelled now to lower rates because it thinks that if it doesn't, there could be a financial or government crisis. And they're probably right. But by cutting rates and returning to quantitative easing—which they've effectively done—they're actually setting the stage for something much worse.

#Glenn

Well, you've also argued—and written in your books—that you consider inflation a form of taxation. That is, the government creates new money and, by doing so, reduces the value of the money already out there. But for the United States, holding the world's reserve currency, it also enables the U.S. to some extent to tax the entire world. By creating new dollars, anyone holding dollars around the world would then see those dollars diminish in value. Now, it seems that many countries—China, Russia, India, Brazil, and others—have started to experiment more and more, not just experiment but move to a large extent toward using national currencies. How significant will this be, this alternative, once a crisis actually hits?

#Peter Schiff

Yeah, well, inflation is a tax, you know, because it's enacted by the government. And the government has a couple of ways it can take money from us to cover its expenditures. One way is to legitimately impose a tax, where my money goes to the government—so the government just takes my money and then spends it. But if they don't want to do that, because I might not vote for them if I see them taking my money, then instead they just print new money and spend that. Well, I still have all my old money—they didn't take any of it—but because they created new money and spent it into circulation, prices go up, and now my money doesn't buy as much.

And the lost purchasing power amounts to a tax. So by creating inflation, the government takes my purchasing power. Well, that's just like taking my money. I end up in the same situation—I end up buying less stuff. Right. And that's why it's a tax. The government benefits, just like with a legitimate tax. The government spends the money it creates, the same way it would spend it if it took it from me. But at least if it took it from me, it wouldn't cause prices to go up. When it doesn't take it from me and just prints it, and now I get to spend the same money the government is spending, we bid up prices.

Right. There's more spending now, so prices have to go up. And, you know, that's why it's a tax. And yes, it's a tax on dollars—or holders of dollars, wherever they may reside. So if you happen to live in Europe and you own dollars, you're covering some of the costs of the U.S. government, even though you may not get any of the benefits of the U.S. government. You don't get any services because you don't even live in the United States, but you're still picking up the tab for the inflation tax because the value of your dollars has gone down.

#Glenn

But these other great powers now—or at least large economies—are getting out of the dollar in terms of their trade. Are those dollars coming back to the United States then? Because it looks as if, well, I might be reading it wrong, but for any country that practices a lot of fiscal irresponsibility, they'd have natural problems. But now that the U.S. has been exporting these dollars for so many years, if those dollars begin to come home, wouldn't that just accelerate the problem?

#Peter Schiff

Well, yes, that's exactly what's going to happen. The inflation chickens are coming home to roost. And that's part of the danger of the Trump tariffs—it's going to accelerate that process where more of our funds stay here, and a lot of the money we sent abroad comes back. As foreign central banks move out of dollars and into gold, they're not going to hold dollars either. So those dollars come back.

You know, we have these huge trade deficits. But if, instead of our trading partners investing those dollars in financial assets, they just decide to spend them on stuff, then that's really going to bid up prices. The money's going to come back, and whatever stuff we have, we'll send out. But that will reverse the process. Right now, money goes out and stuff comes in, and that keeps prices low. But when that reverses—when the money comes back in and the stuff goes out—you know, now we have much higher prices.

#Glenn

It seems that inflating the money supply is very attractive to politicians, especially during economic hardship, because you can still promise all the free stuff and promise to lower taxes.

#Peter Schiff

Yeah, I mean, the public—there's not a lot of, you know, good information out there. The public is pretty much clueless when it comes to understanding inflation, and so they're very fooled. They think they can get something for nothing from the government, that the government somehow has this horn of plenty that can just give out whatever it wants, without realizing the government doesn't have anything. I mean, all the government can do is give what it takes. So before it can give something to somebody, it has to take something from somebody else.

Now, sometimes they take and give to the same person, except the person doesn't realize their left pocket's been picked when the government puts something in their right pocket. But in many cases, they take more out of the pocket they pick than what they put into the other one. So you end up as a loser, but you just don't realize it because you don't see what's going on behind your back. But yeah, politicians love inflation. It's their silent partner. It's what enables them to play Santa Claus.

Nobody wants to raise taxes, but hey, okay, we'll just print money. And then when prices go up, we'll blame that on greedy businessmen or whoever they want to blame it on, and we'll use that as an excuse to get even more power—so that we can get re-elected again.

#Glenn

Well, let me just ask my last question. As we now seem to be moving toward a dollar crisis, how does this play out? Because often you hear that it will be a gradual decline, as countries—not just the U.S., but others too—try to manage an organized slowdown. Others suggest it'll be slow until it suddenly becomes very fast, like an avalanche. When you talk to different experts, both sides speak as if it's common sense: some say, of course, it's going to be a slow decline of the dollar; others argue, no, once the ball starts rolling, the whole thing will unravel very quickly. How do you see the situation? What would be the mechanisms or developments that cause the dollar's decline to speed up?

#Peter Schiff

Well, you know, I think another leg down is coming soon. We had a drop in the dollar in the first part of this year, and then the dollar kind of stabilized, recovered somewhat, but it's still lower than where it started the year. I think we're going to see another big leg down in the dollar, probably in the first part of 2026. Maybe it'll start here in the waning weeks of the year—we'll start to see some dollar weakness. I mean, we're seeing a lot of gold and silver strength, particularly silver right now, and that's a reflection of weakness in the dollar. But how the dollar crisis is going to unfold, it's hard to know.

I mean, you could try to speculate, but I'd imagine that once it really starts to happen, it's going to be pretty quick. That's probably what will define a crisis. It's not just that the dollar keeps slowly going down—which it has been doing—but that it suddenly sees a rapid decline, and that's what creates the crisis. It's about how much value the dollar is losing and how quickly it's losing it. The impact that will have on consumer prices, interest rates, asset prices, and the economy, I think, is going to be very profound.

#Glenn

Sorry, let me just squeeze in one last question. Of all the assets, which do you think are the most distorted right now? Because we hear a lot about the AI bubble—that they're all just lending money around in a big circle. What bubbles are you most worried about?

#Peter Schiff

Well, you know, there are a lot of bubbles. I mean, the Fed has been forever blowing bubbles—that's been the problem. Anything that's really affected by interest rates and monetary policy has bubbled up because we’ve kept rates too low. That’s also caused a lot of speculation in those assets. So I think tech stocks, AI stocks, housing, bonds, you know, just the overall stock market—these are all overvalued, if not in outright bubbles. Cryptocurrencies, I’d definitely put in the bubble category. But the air is going to come out of all these bubbles. And even if it’s not a bubble but just an overvalued market, it’s still vulnerable to a big price reset. I think that’s coming. The assets that aren’t in bubbles are things like gold and silver. Even though they’ve gone up a lot, they’re just reflecting the loss of value in the dollar.

#Glenn

Well, thank you for letting me pick your brain. Where can people find you?

#Peter Schiff

Well, I'm here at Schiff Radio. The Peter Schiff Show is my podcast, so people can tune in on my YouTube channel, at Schiff Radio, or anywhere they get podcasts. If you're interested in getting some gold and silver before the prices go significantly higher, you should do that. Schiff Gold is my gold company, so, you know, give us a call and buy some gold and silver. If you want to get involved with my broader strategies in asset management, where I manage portfolios of global equities for our clients, you can reach us at Euro Pacific Asset Management at Europac.com.

And also, if you're a do-it-yourselfer, I have five mutual funds that I manage. You can get information on all five of those funds on my website, and you can also buy them all, no-load, at any of the discount brokerage houses. Or if you have a full-service broker, you can tell your broker, “Hey, I want to get the Euro Pacific Fund,” whether it’s my gold fund, my emerging markets fund, my foreign value fund, or my dividend payers fund. I even have a foreign short-term bond fund. So those are the five funds—be on the lookout for those. And I also put out a newsletter via email; you can sign up for a free subscription at SchiffSovereign.com.

#Glenn

Well, thanks again for being so generous with your time. All right, take care.

#Peter Schiff

You too. Bye.