# Peter Schiff Was (and Is) Correct on Economy

One of the steadiest, most reasoned and articulate contrarian voices during this period of mass delusion belongs to Peter Schiff, president of Euro Pacific Capital. Over the past decade he has been one of the few economic experts to appear regularly on the major network television news programs to challenge the reigning orthodoxy of the managed economy and fiat (unbacked) currency.

Over and over again, Peter Schiff warned investors, consumers, and voters that the fiscal and economic policies of the Federal Reserve and politicians (both Republican and Democrat) were unsustainable and would bring about calamitous results. He accurately predicted the housing bubble and mortgage debt bomb while the so-called "smart money" folks were telling America: "Don't worry, be happy, borrow some more." While the other "experts" were singing the praises of the overheated stock market gambling casino, Schiff was warning that the crash was coming.

In addition to his sound economic sense, Peter Schiff also understands that our founders established this country as a constitutional republic (not a democracy) and that we are perilously close to losing our political freedoms along with our economic prosperity because we have unshackled government from the chains of our Constitution.

Television viewers of business news programs on NBC, Fox, CNN, and other channels are used to seeing Schiff being tag-teamed by two or three other guests, as well as the hosts and co-hosts. They are used to seeing him dismissed as a gloom-and-doom Cassandra who is raining on the parade, while everyone else is talking sunshine, bliss, and profits. However, they are also used to seeing him proved right, as economic realities invariably overtake the smoke and mirrors illusions of artificial prosperity driven by government intervention that is ultimately destructive.

Incredibly, many of the same talking heads who repeatedly ridiculed Peter Schiff's proven record on the housing bubble, the devaluation of the dollar, the recession, the stock market collapse, the Fannie Mae and Freddie Mac debacles, the calamitous policies of the Fed, etc., still refuse to listen to his appeals to common sense and free market fundamentals concerning the enormous dangers of the bailouts and the other government "solutions" that are now being put in place.

Fortunately, thanks to YouTube, Google Video, and other websites, the obstinate economic idiocy of the smug prima donna "experts" is easily exposed. The following video clips provide some excellent examples of Peter Schiff jousting with purveyors of "borrow and spend" prosperity.

https://www.youtube.com/watch?v=qeSbK_f-bs0

All too typical is this clip from June 26, 2008, in which a haughty Stuart Varney, sitting in for Neil Cavuto on Fox Business Report, repeatedly interrupts Schiff and chides him as a gloomy "superbear." Varney points to "existing home sales and GDP, both rising better than expected," as "evidence there is not a recession." Varney is obviously simpatico with his other guest, Gary B. Smith of Exemplar Capital, who says "the bones of the economy are still in pretty good shape." "People are out there spending dollars," says Smith, "plus, you have the billions on top of it that the Fed poured into it, and the Fed has never been wrong!" Which provided Schiff with the perfect opportunity to explain that the Fed has always been wrong.

In the next clip from August 28, 2006 edition of CNBC's *Kudlow & Company*, Schiff debates economist Arthur Laffer on whether or not we are headed toward a recession. Schiff explains that we are headed into a recession because the American economy has too much borrowing and consumption and not enough savings and production. A recession is inevitable, he argues, and necessary to correct this imbalance. Laffer finds this view laughable. "The United States' economy has never been in better shape … monetary policy is spectacular," he claims. Laffer is usually (and wrongly) described as a "free market" economist, but is actually very much in favor of government interventionism that is anathema to genuine free marketers. Laffer tells CNBC that Schiff is all wrong; our economy is humming along, the beneficiary of "good economic policies, good monetary policies, good trade policies, and it's working beautifully."

https://www.youtube.com/watch?v=IU6PamCQ6zw

In the next video, Peter Schiff takes on Steve Forbes, CEO of Forbes, and economist George Gilder on Fox TV. Forbes says it is "preposterous" to get concerned over the size of the federal government and how much it is spending. After all, he says, the federal government has been consuming "about 20-21 percent of GDP" for quite some time, and that doesn't particularly bother him. According to Forbes, "the size is what it is," and we might as well accept it. Gilder concurs. "I'm not vaguely concerned about the size of the federal government," he says. According to Gilder it is ridiculous and "perverse" to worry about the growth of entitlement obligations, because "the world's going to be completely different twenty years from now." He's not at all concerned about American economic decline, triumphantly announcing that "we have 5 percent of world population, about a quarter of world GDP, and 50 percent of world market cap[italization]." Peter Schiff then proceeds to pop all those hyper-inflated balloons.

https://www.youtube.com/watch?v=JGdj3Gx4A8w

The following is a combination of video clips from Fox, CNBC, and other channels from 2006 and 2007. It provides a number of enlightening, entertaining (and maddening) moments. It is astounding how horribly wrong the "experts" can be over and over again – and yet continue broadcasting the same discredited bilge.

https://www.youtube.com/watch?v=2I0QN-FYkpw

And this next video clip, from CNBC's "Kudlow & Company" on June 27, 2007, begins with hosts Bob Pisani and Becky Quick in an effervescent mood over market news that, Pisani tells viewers, shows "a great start to the 3rd quarter. The trend is clearly back up, and other data in the last few days have reinforced the bull story." Also enthusing over the stock market are guests Don Luskin and Jim Awad. Peter Schiff is the lone bear in the group, throwing a wet blanket on their celebratory predictions of profits and prosperity from an equity market that will go up and up, saecula saeculorum, amen. At one point Schiff tells the giddy group that the figures they are touting are illusory, as the dollar is losing more value than the markets are gaining.

https://www.youtube.com/watch?v=jZFmtvXPER8

Jim Awad responds: "The gradually declining dollar is in our interest … We have a corporate sector here that is in terrific shape … Bernake is right."

The irony is that "Kudlow & Company," like other similar business news and market analysis programs, promotes itself as a champion of "free market capitalism," while defending statist intervention and manipulation of the markets. Becky Quick begins the program by stating, "This show believes that free market capitalism is the best path to prosperity." However, the show never questions the inherent incompatibility between free market economics and the enormous, unconstitutional power that has been placed in the hands of the Federal Reserve and other federal agencies.

Our final video clip is from a CNBC program on November 3, 2008, the day before Obama's election-day victory. Peter Schiff explains basic economics (and constitutional government) to CNBC's "Squawk Box" stock market analyst Joe Kernan and co-host Michelle Caruso-Cabrera and gives his take on why an Obama administration is likely to make our economic crisis even worse. Schiff, who supported Ron Paul for president, makes it clear that he does not favor McCain's economic policies either, which would be a continuation of the disastrous Bush, Paulson, Bernanke policies.

In one of the exchanges that illustrates the incredible idiocy of the so-called economic intelligentsia who daily dispense financial misinformation to consumers, Caruso-Cabrera scoffs at Schiff's preference for gold and other hard commodities. She tells Schiff that "gold has no inherent value … it only has value insofar as I want to believe it has value." Schiff has to do a quick Econ 101 lesson, explaining that she has it completely reversed; it is paper currency that has no inherent value. But the lesson is lost on the invincibly ignorant duo, who chuckle at Schiff's beliefs, as if humoring some delusional uncle. "I love this guy," says Kernan, "he's provocative, if nothing else. I disagree with you, but I love talking with you." "It was fun," his ditzy co-host adds condescendingly, as if Peter Schiff had just posited a new flat-earth theory.

Peter Schiff seems unperturbed. Let them laugh; he's laughing all the way to the bank. He and his clients have done very well.

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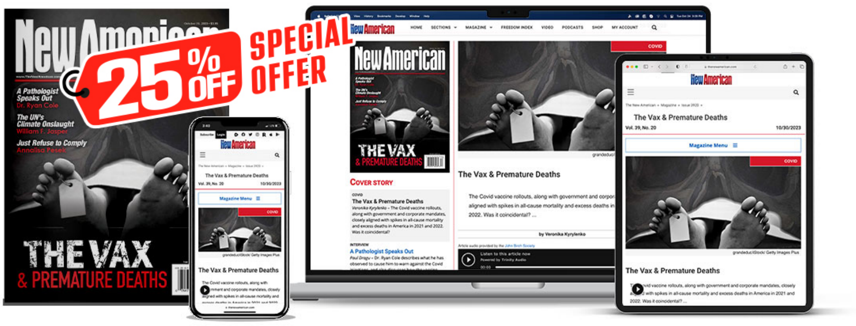


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