# Retirement Lifestyle Advocates

## RADIO PROGRAM

Expert Interview Series

Guest Expert: Mr. John Rubino
**DollarCollapse.com**

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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. John Rubino.

John is a prolific author, in fact, he wrote a book called The Money Bubble: What to Do Before It Pops, it is a literal prophecy of what's going on right now. You can read John's current work at rubino.substack.com. The website again: rubino.substack.com. I'd encourage you to do that.

John, welcome back to the program.

**John Rubino:**

Hey, Dennis. Good to talk to you, again.

**Dennis Tubbergen:**

John, let's just jump in. Let me ask, are we in a recession?

**John Rubino:**

No, but we're close. There's a lot of things going on that point to a slowing economy.

There are these things called manufacturer's reports out there where each Fed office puts out a report for their region, and a lot of those are really slowing down.

But I think the big one that determines everything else that's happening is that the money supply is shrinking, and that's something you don't hear about much in the US anymore, the money supply. But the reason for that is that the Fed has kept the amount of new money being pumped into the system growing, literally since the 1970s. The M2 money supply, which is a fairly broad measure of money, has literally never gone down since that time. But today it's going down and it's going down pretty dramatically.

So, what that means is that the concept of a Ponzi scheme is going to get very popular out there, so I'll define that really briefly. A Ponzi scheme is a financial fraud where, let's say, I promise you a 15% return on your money if you invest with me, and then I go out and promise that to everybody else, and I use the new money that comes in to pay you. Everything works great as long as lots of new investors are signing up. But as soon as the new investors stop signing up to the point where I can't pay the original investors, the thing breaks down and just falls apart.

Well, a fiat currency system, which is a system where the currency isn't backed by anything and it just depends on our faith in the government to manage it honestly and competently, and where because of that, the government ends up creating lots of new dollars each year, requires a supply of new dollars each year, because that's how Ponzi schemes work.

This year for the first time, like I said, since the 1970s, we've stopped doing that. We had to tighten dramatically because inflation went way up. Now we've got a shrinking money supply and we've got all these people out there who have to pay those higher interest rates or have to roll over debt at higher rates. Or the government has all kinds of expenses like Medicare, social security, and the military empire that are all going up.

So, there's demand for lots of dollars out there, but the supply is inadequate, which means lots of people who need to do those things I just mentioned will be unable to do it because there won't be enough dollars in the system. They'll start failing and it'll kind of start at the periphery. Weaker players will start to fail, and then their failures will cause their creditors to fail and so on, until the trouble at the periphery starts working its way to the core, to where even something like JP Morgan Chase is in trouble. That's how Ponzi schemes fail and that's what we're headed for if we keep the money supply shrinking.

So sometime in the next year, maybe much less than the next year, the government's going to be confronted with a dilemma: does it ramp up the money supply again at the cost of possibly reigniting inflation and causing all kinds of the instability that flow from rising inflation, or does it let a large number of entities fail out there and just hope for the best?

Normally, historically, governments always choose inflation over deflation and collapse. So, we're looking at something like that in probably the not-too-distant future if the money supply keeps shrinking, and it's almost certain that it will because nothing is happening right now to increase the money supply.

**Dennis Tubbergen:**

John, when you first mentioned that the M2 money supply was contracting really for the first time since the dollar became a fiat currency, I immediately thought about the fact that one of the things that happened that just prior to the Great Depression was that we had the money supply contract. So, are we headed for a recession that could be that deep, in your view?

**John Rubino:**

Yeah. Two things have happened.

One is a huge amount of new debt has been taken on in the last 10 years. Everybody's over-leveraged out there, which makes us really financially vulnerable because if you have money in the bank and you're debt free, you can handle a crisis, your roof can leak or something like that, and you've got the ability to take care of it because you have money in the bank and you're debt free. But if you're over-leveraged, if you borrowed way too much money, then an illness or a lost job or a leaky roof can be a catastrophe because you don't have the ability to borrow more, you don't have any new cash coming in.

So, we're kind of in that situation as a society right now. If the government's not cranking out new cash, all the leveraged players out there don't have on their own the wherewithal to handle any kind of a crisis. So, a garden variety equities bear market followed by a garden variety 1 or 2% drop in GDP, which is how a typical recession goes, could easily metastasize into something a lot more serious because there are so many leveraged players out there that might go bust and then might pull down their creditors and so on.

The government knows this, and they're terrified of what even a modest recession might do to the leverage-speculating community, which is everybody now. So, you'll get a response from the economy that's exaggerated, it might be way more serious way faster than anybody expects, and you'll get an exaggerated response from the government that knows what could happen if they let it go on.

So very interesting times that will look like an exaggerated version of the past couple of crises, but those crises were so serious that an exaggerated version of them could be just something we've never seen in our lifetime.

**Dennis Tubbergen:**

John, one of the other big news stories I've seen over the past few weeks is that credit is contracting. There auto dealers that have closed dealerships because their floor plan financing got pulled. Car loans are getting more difficult to get. This certainly is a symptom of this contracting money supply. Do you see this whole trend continuing? Do you see as a situation where I've talked to some experts who can even envision that credit contracts to the point that it's almost nonexistent, and that would be just hugely detrimental to the economy?

**John Rubino:**

That blows up everything, if that happens. Yeah, you're right.

You saw that happen in one sector of the economy where lenders, who normally cover car inventories for car dealers just said, "Nah, we're not doing that anymore," and all of a sudden, a category of credit just ceased to be available. That's kind of a specialized category, but it's easy to envision it broadening out to kinds of mortgages and business loans and things like that, and were that to happen, that would be catastrophic.

Yeah, we're headed in that direction as the money supply shrinks because there literally then isn't enough credit to cover everything, and we have to have triage. Some borrowers who need to roll over debts or need ongoing inventory credit or whatever, just get stiffed, they just don't get it anymore. They fail and so on.

So, we're headed for something like that, and the question is, at what point does the government step in and try to do something about it? Which will then probably cause inflation to pick back up, which means when that starts to happen, you kind of want to be in inflation hedges like gold and silver or other kinds of real assets.

There's an investment thesis here that seems to say, "Go to cash" or "Go short stocks" and things like that in the short run, and then be prepared to shift gears big time into gold and silver, et cetera, et cetera, when the government starts stepping back in.

Yeah. Like I said, it's something that's going to be familiar. We've seen this pattern play out before, but the numbers are liable to be a lot bigger.

**Dennis Tubbergen:**

I'm chatting today with Mr. John Rubino. You can subscribe to his work at rubino.substack.com. The site again is rubino.substack.com.

John, there's another factor here, and that is we've got this debt ceiling fight going on in Washington that in the past has meant theatrics. Everybody knows how it ends, we raise the debt ceiling and there's some negotiating that goes on. But depending upon the timing of all this, could the government's hands be tied just a bit, unless this debt ceiling situation is resolved, that they're not going to be able to step in?

**John Rubino:**

Well, I think you're right about how this is theatrics. It allows everybody to make their point and threaten a lot, but it's not in anybody's interest to be the cause of the government defaulting on debts in the middle of an incipient financial crisis.

So, I don't think we need the government to have this kind of a debt limit crisis for bad things to start happening, so they will probably pull back as soon as the other stuff starts happening, and I think we'll get an increase in the debt level or the allowed debt level pretty soon, just because nobody wants to be the guy that causes what will happen if the debt level doesn't get raised. So, I don't think that's a big part of the story, although it might be a temporarily headline-grabbing part of the story. Because while everybody's posturing its news and the fact that it's a good, easy-to-write news story will give it a lot of play, and it might spook some people and stuff like that, but I don't think it's a long-term part of this story at all.

**Dennis Tubbergen:**

Well, we have about a minute left in this segment. John, maybe you could explain to the listeners if they go to rubino.substack.com, what they'll find.

**John Rubino:**

Yeah, I'm covering stuff like what we just talked about, but with a focus on the actionable part of it. In other words, all this stuff is happening, but what can we do about it?

My subscribers and I are building portfolios of, for instance, junior mining stocks and uranium stocks and things like that, that might do really well in what's coming. Yeah, it's an interesting process. You can check in by signing up for free and see how a lot of this goes.

Then the real nitty-gritty, portfolio-building stuff is happening behind the paywall. You can sign up for that, I do think it's worth it. And so far, so good.

**Dennis Tubbergen:**

Well, I have checked it out. I'd encourage the listeners to do the same. It's rubino.substack.com and I'll continue my conversation with Mr. John Rubino when RLA radio returns. Stay with us.

I'm Dennis Tubbergen. You are listening to RLA Radio. My guest on today's program is Mr. John Rubino. You can read John's work at rubino.substack.com you can sign up for his newsletter for free. That's rubino.substack.com.

John, let's just talk a little bit about moving ahead. You mentioned that at rubino.substack.com, that one of the things you do with your subscribers is build portfolios. So, moving ahead, there's an old saying that change does create opportunity, where do you see the opportunities and where do you see the pitfall that listeners should avoid?

**John Rubino:**

Oh, I think the coming change will produce a lot of opportunities because it's going to be so chaotic.

But one of the obvious opportunities is that people are going to... Well, let's say we're tapering the Ponzi scheme, it leads to a crash, the government steps back in with lots of new versions of stimmy checks and things like that, and the money supply starts going back up and inflation happens. Well, obviously you want to be in precious metals then.

So the question is, how do you buy gold and silver? If you want to branch out into the equities part of this, how do you buy gold and silver mining stocks and which ones do you want?

Precious metals mining is a specialized sector that has kind of a character of its own because it's very exciting to people, so it's very easy to lie and to make things up that might or might not be true, but you say it, things like that. The old saying from... I forget who said it, I used to know that, but "The definition of a gold mine is a hole in the ground with a liar standing next to it." So, if you want to invest in gold and silver mining stocks, you've got to be incredibly careful. So, we're working on that in the substack.

Well, how do you identify legit junior gold and silver miners, as opposed to the ones who have great stories but are probably not going to turn out to be much of anything? So, we've got a portfolio of the former kind, the kind that are actually finding gold and silver and look like they have a chance to become something much bigger than they are.

Then among the bigger gold and silver miners, what categories are the most interesting? There are different types of gold and silver mining-related stocks. Some have great business models, some have questionable business models, and how do you separate the two? Things like that; those are the questions we're trying to answer and build portfolios around.

And what else does well? For instance, the uranium story is very interesting. Because over the last 20 or so years, especially since the Fukushima nuclear accident in Japan, a lot of countries had been phasing out nuclear power and replacing it with solar and winds, and to an extent, natural gas. But it turned out very recently that those things had some pretty big flaws of their own.

For instance, Germany went big time into natural gas from Russia and solar and wind. But solar and wind don't actually work that well in a cloudy, not very windy country, so it's not living up to expectations. Then meanwhile, as everybody knows now, I guess, the dependence of Germany on Russian natural gas turned out to run headlong into geopolitical crisis, and the big pipeline that was shipping natural gas to Germany got blown up. So, they're in kind of an energy crisis right now. The whole world is looking at this and seeing what it means for them, and they're concluding that a lot of them want to go back to nuclear. So, they're taking nuclear plants out of mothball, and they're contracting for new nuclear plants.

It looks like going forward, regardless of the state of the economy, there will be a lot of new nuclear plants that have to be fed with uranium. But there isn't that much uranium out there being mined right now, so the price of uranium will have to go up to incent new mines to be opened.

So very straightforward investment thesis that starts with, for instance, China's plans for massive, new nuclear power plant build-out and flows through to the price of uranium and to the best uranium stock. So, we're kind of building portfolios around that thesis, too.

Same thing with oil and gas. It looks like the death of fossil fuels is premature and that we will be using oil and gas going forward at today's levels or higher, which means a lot of oil companies that pay good dividends are pretty cheap right now.

Same thing with a lot of natural gas companies.

In other words, there are a lot of opportunities out there being created by the decisions and the mistakes of the past that can be turned into portfolios. So, if you want to create an investment portfolio that is set up to take advantage of what's coming, it's completely possible to do it. There are a lot of opportunities out there. You really should be looking to do things like that because the opportunities that'll be created will come at the expense of a lot of the things that people own now, like government bond funds and money market funds and bank stocks. A lot of things that are in the average person's IRA, for instance, your retirement depends on these things. A lot of them won't do very well going forward if it plays out the way it looks like it's going to.

So, we can't just coast on what worked in the past. We have to be willing to look at how things are changing and shift accordingly.

**Dennis Tubbergen:**

John, I want to get your take. I read a piece... and if you think the numbers are different than this, please correct me. But I read a piece that around 2000, at the turn of the century, the US dollar was used in 73% of international transactions. Last year, the article I wrote quoted a number of 47%. Is this a slippery slope that we're going to see now the move away from the dollar accelerate? And if so, what does that mean for our average listener?

**John Rubino:**

Well, there's a thing that you might have seen in headlines lately called de-dollarisation that's going on. The basic story is that, yeah, the US has the world's reserve currency, everybody wants dollars, everybody needs dollars to buy oil and to trade with countries that have currencies that aren't as solid as the dollar. Therefore, everybody's holding dollars in their foreign exchange reserves, and there's 10 or 15 trillion out there in the world that aren't needed in the US economy.

At the same time, though, the US has been abusing this privilege. We've been blundering around the world, punishing everybody who steps out of line and using the dollar as a weapon for that punishment. In other words, if a country makes the US mad, we might kick them out of the SWIFT international banking settlement system, so their banks can't participate in trade anymore. Or, for instance, they just confiscated some of Russia's foreign exchange reserves that were stored in a bank, in dollars, in London, I think it was.

So, the countries around the world are worried about this. They don't want to be the US' next victim, so they're looking for ways to bypass the dollar, and they're cutting trade deals. China and Brazil, for instance, just decided to trade with each other in their own currencies, completely bypassing the dollar. Saudi Arabia has announced that it will take other currencies, besides the dollar, for oil, which is new. Since the 1970s, Saudis have only taken dollars.

As this accelerates, assuming it does accelerate, it looks like it has the momentum now, that means fewer and fewer dollars will be needed out in the world and they'll be dumped, which means the value of the dollar will be pushed down because of selling pressure, which will probably push up inflation in the US and push up interest rates, et cetera, et cetera.

So, it's a dangerous thing for the US and it's one more big problem. We would have huge financial problems regardless, because of all the debt we're taking on. But to the extent that the world is shifting out of dollars, even if it's just at the margin and into yuan or rupees or rubles or whatever, that means that we have another problem on top of our existing problem.

It’s possible that they all kind of come to a head at the same time, possibly after the US steps back in and reliquefies the economy because the Ponzi scheme broke, like we were talking about earlier. It could end up being just too many things on our plate at one time to be able to solve coherently. We might end up with a really disorderly decline in the value of the dollar, which won't be easy to manage at all when the time comes.

**Dennis Tubbergen:**

In the time we have left, the BRICS countries, Brazil, Russia, India, China, South Africa, have been talking about developing a currency to bypass the dollar, perhaps backed by something tangible. Any updates on that? And do you think that that will be a reality? And if so, when?

**John Rubino:**

Well, they're threatening to do something like that. It's not an easy thing to do, technically, so it's not something where tomorrow they're just going to announce it and launch it. But the threat of it is important enough to cause other countries to want to diversify away from the dollar. And it is possible that at some point they'll be able to do something like that because Russia and China have been buying lots of gold in the last few years, which gives them the ability to partially back a new currency with gold. India has been loading up on silver, which may or may not be part of any kind of a new monetary system, but still makes them richer if silver goes up in the next precious metals bull market.

Yeah, that's a thing that we should be watching. It's not an immediate thing. But again, it could be part of this constellation of problems that kind of descend on the US all at once here, where no one thing is all that threatening, but five of them at once constitutes an existential crisis for the US financial system.

Yeah, definitely pay attention to the BRICS countries and the possibility of them starting a new currency. Pay attention to all these new trade deals that don't involve the dollar. Watch the trends. If they become bigger and become more front-page news, headline news, or rather than just in the third page of the business section kind of news, then you've got a real story that could have real financial consequences.

**Dennis Tubbergen:**

Well, my guest today has been Mr. John Rubino. You can subscribe to John's newsletter at rubino.substack.com. The website, again, rubino.substack.com.

John, you're always very gracious with your time. I get terrific feedback when you're on the program, so thanks for joining us today. Love to have you back down the road.

**John Rubino:**

Thanks, Dennis. Look forward to it.

**Dennis Tubbergen:**

We will return after these words.