

# Peter Schiff Interview

Hartgeld.com exclusive interview

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*The founder and president of Euro Pacific Capital, Inc. (<http://www.europac.net>), Peter Schiff granted hartgeld.com an exclusive interview about our current economic situation, especially in the US. Euro Pacific Capital, Inc. is a broker/dealer specialising in foreign markets and securities. It is located in Westport, Connecticut, USA. Peter Schiff is also the author of many books. His latest book is "[How an Economy Grows and Why It Crashes](#)"*

Peter Schiff, thank you for giving an interview to hartgeld.com, the leading German language gold and crisis website. We link your videos very often on hartgeld.com, because they are honest and brutal in describing the ailments and problems of the Western and especially the US financial system and economy. Our readers appreciate it. Also your written articles are well known to many of our readers. You have a fan community here in Old Europe.

Hartgeld.com: You have been an excellent observer of the economy for a long time. What is your opinion about the current and future state of the US economy now? All efforts of the Obama administration and the Fed seem to fail now.

**Peter Schiff: The Obama Administration's policies are failing because they're the wrong policies. The US economy is going through a period of contraction after an artificial credit boom caused by the Fed. The problem is, no one in Washington wants to allow this process to take place. They want to keep propping up failed banks, keep underwriting inflated mortgages, and keep building up more government debt. Meanwhile, they are increasing the taxes and regulations that caused us to be uncompetitive in the first place. Until the people in Washington start to understand basic economics, they will continue to fail in their efforts to help.**

Hartgeld.com: The Obama administration and especially Congress is starting a trade war against China, their biggest creditor. This is insane but fully understandable from an internal political point of view. Will there be any sanctions against China and what will their retaliation be? Panic sale of treasuries and dollars?

**Peter Schiff: I can't really predict what specific policies will come out of Congress. In fact, that's a big part of the problem. Whether it's our trade relationships or our ability to buy health insurance, this Administration is up-ending the rule of law and introducing massive uncertainty into an economic decision.**

**If I had to guess, I'd say we are seeing a wave of protectionism, but it can never have any teeth. Our standard of living is entirely predicated on subsidies from China. It would be like a teenager telling his parents he's going to cut them off – it'll hurt him a lot more than vice versa.**

Hartgeld.com: The Obama administration's economic team is now unraveling. The rats are abandoning ship, even Larry Summers. This might be a sign, that the Titanic finally is sinking. How long do you give the US economy until it enters a really deep "Great Depression"? It is already in a lighter form of depression.

**Peter Schiff: The ship is definitely sinking. I'm not so worried about the defections in the Administration as I am about the defection of foreign central banks from the US dollar. China has stopped buying. Russia is calling for a new reserve system. Gold, silver, and many commodities are reaching record highs. These are the signs of Armageddon for the US economy.**

**It's impossible to pinpoint exactly when the reactor core goes critical, but it's definitely heating up now.**

Hartgeld.com: How will this deep depression be, how will it affect the people? How long will it take? Will the US split up?

**Peter Schiff: The depth and severity of the coming depression depends on how much Washington intervenes to try to "prevent" it. Even if Obama and Bernanke turn into Friedrich Hayek and Ludwig Von Mises tomorrow, there will still be a period of layoffs and write-downs and foreclosures. That's the consequence of the policies I've been publicly warning about for the past decade. However, Washington is actually dominated by Keynesians like Tim Geithner and Janet Yellen, so the problem is only getting worse.**

**I don't know what it will take to make them stop. Breadlines? Riots? A breakup of the Union? Only time will tell, but I'm working my hardest to educate people in the meantime. Hopefully, that will mean we can take action before the situation gets too ugly.**

Hartgeld.com: There are conflicting reports here in Europe about the Tea Party Movement in the US. Our mainstream media try to play it down, but the voters in the US seem to be really fed up. Will the Tea Party become a significant force in the new Congress to be elected in November?

**Peter Schiff: Some people are fed up, and rightfully so. I think the Tea Party is a real force for change, but I hope it's not too little, too late. It's harder for people to accept – much less demand – an end to bloated entitlements when they've taken a big pay cut or lost their job. And I think the Democrats are counting on a "soak the rich" campaign message to keep control. Fortunately, I think that with the rise of the internet, many Americans have learned to spot those tricks and teach their friends and family members why it won't work. That is the Tea Party in a nutshell.**

Hartgeld.com: We have heard, you are running for US-Senate. In any case, we wish you all the best and that you will win the seat. What would you try to change as Senator?

**Peter Schiff: Unfortunately, I lost the primary to Linda McMahon, who had a \$50 million war chest from her personal fortune to throw at the race. Unlike my opponents and most politicians, when I ran, I put forward real solutions. I never used a teleprompter or prepared speech on the campaign trail. I said what I thought was right. If I had been elected, I would've gone to Washington to try to teach the other Senators and Congressmen the error of their ways. They would never have been able to plead ignorance when their policies failed because I would have shown them a better way.**

**We need lower taxes, less regulation, and a strong dollar. We need more decisions to be made by individuals in the market and less by bureaucrats in Washington. We need to end bloated entitlement programs and start helping each other. And we need to do it fast.**

Hartgeld.com: Lets go to our side of the Atlantic Ocean. What is your opinion about the European Economy and the euro?

You probably know, that the euro currency narrowly escaped death several times this spring. Not only because of the PIGS-countries like Greece and now Portugal and Ireland, but also because the Germans wanted out. Which currency will die earlier, the dollar or the euro? Or all together?

**Peter Schiff: I don't expect the euro to fall apart any time soon, but I have long warned about dangers in the euro periphery. That doesn't stop me from buying companies in strong eurozone economies like Germany or Denmark. I like Switzerland and Norway because they are somewhat insulated from the euro troubles but they also maintain relatively disciplined monetary policies.**

**Whether or not the euro breaks up, I think the "core euro" area, dominated by Germany, will be okay – because its fundamentals are strong. The US dollar is a grossly overvalued currency representing an economy that has rotted from the inside. And we are much more politically integrated, so the federal government will be expected to bail out big companies, cities, and eventually entire states. It's not politically viable for a Texas to say, "We're doing well with our free market economy and we don't need this devaluation, so we're going to leave the dollar." No, everyone will pass their debts to Washington and Washington will pass them to the Fed, then the Fed will pass them to foreign borrowers as long as that lasts, then the whole edifice comes toppling over.**

Thank you very much for answering our questions.  
This interview was conducted by Walter K. Eichelburg.

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