

Speaker 1: This is the Rich Dad Radio Show, the good news and bad news about money. Here's Robert Kiyosaki.

Robert Kiyosaki: Hello, hello. It's Robert Kiyosaki, the Rich Dad Radio Show, the good news and bad news about money. Today we have a very important program for you, as all of our programs are. We're an information and knowledge company. We have nothing to sell except knowledge, information, and wisdom.

The question I have for all of you this morning is this. How do you know when a politician is lying? Well, the answer is when their lips are moving. As you know, there's a lot of lips moving everywhere in the world today and as you know, one thing about the Rich Dad company, we just like to get to the facts, Jack. What are the facts, man? Don't give me the story. Don't wag your lips.

Today, a hot topic, obviously, is President Trump is talking about a tax cut to benefit the middle class. Everybody's saying that's a bunch of lips moving. Also, we have Germany and they're having trouble out there. Germany is the engine for the EU and the Euro. Also, we have Bitcoin raging through the roof right now. I think they're all connected.

Today, we have a person who understands the most important part, because the book "Rich Dad, Poor Dad" is really not about a rich dad or a poor day, but it's really a book on accounting. Income expenses, assets, and liabilities. As you know, 99% of most people don't have a financial statement. In "Rich Dad, Poor Dad," our cashflow game is only about how to use a financial statement. That's really all it is. What's an asset? What's a liability? What's income? What's expense?

Today, we have one of the smartest guys I know. I have read his book, you can ask my wife, Kim. His book was "The Great Deformation: The Corruption of Capitalism in America," and that book just opened my eyes as to what's really going on. Our guest today is the great David Stockman. He's the bestselling author, Washington Insider, but more importantly, and this is why I am asking you to listen, he is the former director of the Office of Management and Budget, keyword there, "budget," under President Reagan.

Under President Reagan, as you know, America went into one of the biggest booms in history. Today, rather than listening to liar, liar politicians and attorneys and all that, we're very blessed here to have David Stockman talking to us about the numbers. He's not gonna tell you story 'cause he reads the numbers. Again, the similarity between "Rich Dad" and David Stockman is "I'd rather see the numbers than the story." Any comments, Kim?

Kim Kiyosaki: Yeah, you know, there's a lot of talk about fake news. In my opinion, David will give us the real news.

Robert Kiyosaki: The numbers.

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– Robert Kiyosaki, David Stockman

- Kim Kiyosaki: The politicians and the news, they're all about the fake news. I was just watching an interview with David and one of the top financial anchors asked David, she goes, "Oh, but don't you think the economy is improving? The GDP is up and aren't things going up? Isn't everything getting better?" David just looked at her straight in the face and said, "No. I don't think it is. I disagree." I think we're gonna get the real story here. David, wel-
- Robert Kiyosaki: Another thing I love about David Stockman is not only was he director of the Office of Management and the budget under Reagan, his educational background, he went to Harvard, David, for what?
- David Stockman: First of all, I'm glad to be with you. But second, that was a long time ago and I was a student at the Harvard Divinity School.
- Robert Kiyosaki: Right.
- David Stockman: That obviously prepared me for dealing with a world of liars.
- Robert Kiyosaki: Isn't it part of divinity, "Thou shalt not lie?"
- David Stockman: Exactly.
- Robert Kiyosaki: Welcome to the program.
- David Stockman: I got that one early and often.
- Kim Kiyosaki: Welcome to the program, David. Great to have you here.
- David Stockman: I'm very happy to be back again and, given your liar, liar theme, there couldn't be a better time to talk about what's happening down in Washington. We have fake news, obviously, but I think we also have a fake tax cut. I know you wanna get to that. But if you look at it without getting lost in the weeds and all the details and it's moving towards a vote in the Senate, the bill does not cut taxes for 95% of the American people in any meaningful way.
- If we look at the year 2025, which it's fully effective but it's before they do the trick of sunseting everything, which means it all gets canceled, but if we look at 2025, we find that the lowest 1/5 of families, these are people under \$30,000 struggling to stay ahead, get a tax cut by the grand sum of \$1.15 a week.
- If we go to the second-
- Robert Kiyosaki: I [inaudible 00:05:19] laughing.
- David Stockman: Yeah, that's amazing. That'll help a lot. If we go to the second tier, which is 30 million taxpayers in the 20th to 40th percentile, that would be people \$30,000 to \$50,000. They're going to get \$7.00 a week. That's enough for two

cappuccinos and a banana at Starbucks. Even if we go to the broad middle class, this is the heart of the middle class, the 40th to 60th percentile of households \$55,000 to \$95,000 a year, those are the people that make this whole system go, that hold it up. They're going to get the grand sum of \$17 a week on average, of which some will have an increase. Others will have a larger decrease. But for all 30 million in that heartland of the middle class, it's nothing more than \$17 a week.

The point is what they're trying to do, I think-

Robert Kiyosaki: David, let me ask. I hate to laugh and do all that. This whole thing, let me restate your position and what gives you the credibility. Trump is a friend of mine. His sons and I are great friends. But he stands up there and he tells everybody, "Yep, we're gonna give the middle class a tax cut." What do you say to that? Is he lying or telling the truth?

David Stockman: He is skipping over the details in favor of the grand design. The problem with Donald Trump, and as you know, I supported him, I voted for him, far better than the alternative that we had on the ballot, but nevertheless, he's been there 11 months now and he has not buckled down, put his nose to the grindstone, and studied the facts. He's allowed the lobbyists, who swarm around Capitol Hill to write a tax bill in the guise of a stimulus for the broad economy mainstream, and the guise of a relief for the middle class, to be essentially a giant corporate tax reduction that will go mainly to higher dividends, higher stock buybacks, higher returns to shareholders, which that's fine for them.

But it's not going to do much for economic growth, jobs, or wages. It's not going to go to improve pay packet for the overwhelming shares of middle class. He's been misled.

Robert Kiyosaki: Is he being misled or is he lying? I don't really care what you say. He's been called every name in the book by now. I think they're inventing new names for him. But is he lying?

David Stockman: I don't think Donald Trump ever lies, he just selectively looks at information that makes his case and ignores everything else. They did show him that if you find the right person with 2.3 kids with income of \$59,200 a year and the standard deduction under the new bill, he'll come out a couple hundred dollars ahead. They took one example and made that the whole story. But it's not the whole story. The facts are the facts.

Most people are getting trivial cuts by 2025 and then, guess what? It all sunsets. It's written in disappearing ink.

Robert Kiyosaki: What does "sunset" mean? It just doesn't come true?

- David Stockman: It means that the tax cut, the lower rates that they're talking about, the higher child credit, going from \$1,000 to \$2,000 which will help a lot of especially larger families, the higher standard deduction going from \$12,000 to \$24,000 for each household, all of that disappears January 1, 2026. It's gone. One the other hand, the corporate tax cut, taking the rate from 35% to 20%, is permanent. It stays there in 2026, 2027.
- Robert Kiyosaki: Oh, David, you sweet-talking guy, you.
- Kim Kiyosaki: David-
- Robert Kiyosaki: That makes guys like me very happy.
- David Stockman: Yeah.
- Kim Kiyosaki: David, you're saying basically the lobbyists of Wall Street came up with this plan. Who benefits is Wall Street and big corporations. Is that-
- David Stockman: Yes, exactly what I'm saying. Now, first of all, I would agree the corporate tax is a bad tax in theory. If we could get rid of it, we should. We really ought to do like the rest of the world and tax consumption in the form of a value added tax.
- Kim Kiyosaki: Yes.
- David Stockman: But they're not doing that. What they're doing is simply lowering the rate from 35% to 20%. They're borrowing the money, that is, charging the bill to future taxpayers in the middle class that's getting no relief, and arguing that it's going to stimulate the economy into a spurt of growth.
- My argument is that if you look at it carefully and if you look at corporate tax cuts in the past, they'll lead mainly, I would say 90% of the savings, and that's \$1.3 trillion over 10 years, \$180 billion a year by the out years, will go into dividends and stock buybacks and leverage recaps and, in short, it'll get pumped right back into Wall Street, where the fast money traders and the casino gamblers-
- Robert Kiyosaki: David, that's the reason I love your book, "The Great Deformation: The Corruption of Capitalism in America." It's a big book. I could use it as a boat anchor, it's so big. But I plow through it and you explain in great detail exactly how the smoke and mirrors works. My latest book is called "Why the Rich Are Getting Richer." But a lot of it has to do with what goes on with the rich and these tax breaks and using corporate debt to boost shares and all this stuff. But the poor middle class, in technical terms, gets screwed. Is that what you're saying?
- David Stockman: Yeah, I agree. Here's the point. They're arguing if you've got them in a corner and ask them to put their hand on the Bible and swear the truth, they would

admit. They would admit there isn't really much dollar reduction going to individual taxpayers in the broad middle class, but that doesn't matter because the big corporate tax rate will cause corporations to invest and that'll create more output and jobs and wages and so forth.

But the problem with that is we now have the lowest cost of capital in recorded history the Fed and the other central banks have kept interest rates practically at zero for 10 years running. Equity market is out of control, which means you can raise equity capital at the drop of a hat. There's venture capital flowing from coast to coast into any idea that someone has for a new business.

My point is there is no shortage of cheap capital, equity, or debt anywhere in the United States. Therefore-

Robert Kiyosaki: If you know how to use it. If you know how to use it.

David Stockman: But they're not using it to invest. They're using it to go back into Wall Street and buy back stock. They bought back \$5 trillion of stock over the last 10 years.

Robert Kiyosaki: Amen. Amen. I want you guys to understand what, again, the person we're talking to is David Stockman. He's the former director. He is the insider on the Office of Management and Budget under President Reagan. You're hearing what's really going on, what's in the news. When we come back, we're gonna be talking about his latest book. It's called "Trump: A Nation on the Brink of Ruin and How to Get it Back."

But more importantly, if you're the middle class, but I don't care where you are in the world right now, I want David to talk about how this is going to affect the world. The United States is in trouble, the world's in trouble.

We're gonna talk to him about Bitcoin, because Bitcoin today just went past \$10,000. Everybody's been laughing. But also, what most people don't know is the buy-in has come in from Japan because Japan is about 10 years ahead of the United States as far as this quantitative [easing 00:14:11] and printing money goes. The Japanese are dumping yen and going into Bitcoin, whereas Americans are dumping dollars and going into the stock market.

When we come back, you'll find out what the facts really are.

Speaker 1: You're listening to the Rich Dad Radio Show with Robert Kiyosaki.

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Speaker 1: Log on to RichDadRadio.com while you listen. Now, back to Robert Kiyosaki.

Robert Kiyosaki: Welcome back. Robert Kiyosaki, the Rich Dad Radio Show, the good news and bad news about money. We started this conversation with President Trump is now talking about a tax cut for the middle class. But I think it's a tax you-know-what for the middle class. The rich will only get richer, which is the whole theme of the Rich Dad Radio Show: why don't we have financial education?

Our guest today is David Stockman. He's a bestselling author. He's a Washington Insider. He's a former director of the Office of Management and Budget under President Reagan. The reason we have David Stockman on here is because, being the guy with the budget, he see the numbers, the facts, not the story, not the hype, not the campaign promises.

Kim, what's your first question to David?

Kim Kiyosaki: Yes, well, David, we were talking about the corporate tax rate and lowering it to 20%. Of course, all the politicians say, "Oh, this is gonna be so good for the American people. It's gonna bring back all these jobs. Employment will go up." I was listening to you in an earlier interview and you're saying, "Hey, these companies who are overseas, they're there. They've got people employed. They've got a lot of infrastructure. They've got investment over there. They're not all of a sudden gonna shut down their businesses and bring all these jobs back to America."

Robert Kiyosaki: Talking about Apple, aren't you?

Kim Kiyosaki: Well, Apple's one.

David Stockman: Well, there's several. But I think it's a great point. The example I used is IBM. In 1992, IBM had zero employees in India and 150,000 employees in the United States. Fast forward 22, 23 years, they have 150,000 employees in India and less than 90,000 in the US. Now, my point is they went to India because labor costs are dramatically lower and because they're English-speaking, they could use and train people to work at middle and lower-level jobs in all the tech things that IBM does. It wasn't because of the tax rate.

Kim Kiyosaki: Right.

David Stockman: In fact, IBM doesn't pay the 35% rate. Its tax rate in as late as 10Q, its last report to the SEC, was 11%. The point is, yes, I think the corporate tax is a bad thing. It doesn't work well. It's a relic of the 1950s. But we have to understand, it's not the reason that massive amounts of jobs have been offshored, and therefore to expect that just by lowering the rate they're all gonna come surging back here is

a delusion. It's not going to happen. They're offshore because of lower labor costs, because they wanna be near their suppliers, their raw material, or in many cases they have to be in end markets because governments say, "If you don't make it here, you can't sell it here" and all the rest of it.

What we have is a very simplistic idea. "I lower corporate taxes by \$1.3 trillion, they're gonna spend it all on plant and equipment and technology and hiring and expanding." None of that is true. They're gonna spend it on Wall Street, rewarding their shareholders with bigger dividends and more stock buybacks and higher stock prices. But the problem, of course, is 90% of the stock is owned by 10% of the households. The beneficiaries will be the 10% and the 1% and the .1%, not the broad middle class.

This is where I think Trump really got a bum steer and went down the wrong road. He was elected by the working class and by the burned out districts of the Rust Belt in Wisconsin, Iowa, Michigan, Ohio, and so forth. They are suffering today because of high payroll taxes. If you have a \$50,000 job between you and the employer, there's \$7,500 a year of taxes being paid on the payroll tax. If you wanna help the broad class of citizens, we ought to dramatically cut the payroll tax because it would do two things.

The employee side would end up with more in their paycheck. The employer would have a lower cost, dramatically lower cost, of hiring people. On the margin, they would hire more people and less machines. It's a trade-off.

Robert Kiyosaki: What you're saying is the same old song. The rich get richer and the working class gets screwed.

David Stockman: Yeah, exactly. We have a whole system. We have a whole system that's geared to that and we haven't even mentioned the Federal Reserve yet. But that's the heart of the problem. They print massive amounts of money, they put the interest rate down to zero, they spent \$3.5 trillion in the bond market buying bonds and Ginnie Mae and Fannie Mae securities, and that basically never got out of the canyons of Wall Street. It simply caused inflation of financial assets. It didn't generate growth and jobs and higher wages and so forth.

Robert Kiyosaki: But this is my question, 'cause I was reading one of your articles here. What saved us in 2007 and 2008 was the Federal Reserve and the treasury basically printed money. Simple terms. I've now heard that they can't do that anymore. The Fed and the treasury are out of powder. They can't do that. Why is that? Why can't they just keep printing money like Japan is?

David Stockman: Well, the problem is not just printing money, but it's also the interest rate. They put the interest rate, essentially, at zero in a panic moment in December 2008. It has stayed at, essentially, zero for 102 months, ever since then. Nothing like it in recorded history.

- Robert Kiyosaki: But Japan went negative and Switzerland is negative.
- David Stockman: Yeah, well, some parts of Europe and Asia, including Japan, it went negative. In fact, even today there's \$10 trillion worth of government and corporate bonds trading at a negative yield, which is crazy.
- Kim Kiyosaki: Is that a possibility here in the US, to go negative?
- David Stockman: I think we would have riots in the streets. I think they would be coming to Washington with pitchforks and torches if they tried that here. That is stealing from savers. That's all it is, okay?
- Robert Kiyosaki: But inflation already does that anyway. Why can't the US print more like Japan's printing?
- David Stockman: In theory, they could print more. But they have now said, "We solved the problem. We've brought you back to full employment. It worked. It was a one-time expedient and, therefore, we're going to now begin to shrink the balance sheet." That's the key thing people don't understand. That means they're going to be selling bonds back into Wall Street, not buying them by the billions and tens of billions as they did over the last 10 years.
- Robert Kiyosaki: It's gonna depress the bond market, then.
- David Stockman: Yes, that's going to drive prices down, yields up, and the whole financial system today and the stock market in particular is dependent on ultra low interest rates because these companies that have been buying back their stock, a lot of them have been borrowing money not to build a plant or expand a store or invest in some software or-
- Robert Kiyosaki: Hire people.
- David Stockman: -train and place. They borrowed the money in order to pay a higher dividend.
- Robert Kiyosaki: Correct.
- David Stockman: That is an insane economic act. It is just symptomatic of how distorted the whole financial system has become.
- Robert Kiyosaki: As my latest book, again, if I could plug it, "Why the Rich are Getting Richer," that's a huge reason for it. Yet, David, our school system keeps telling people to save money and get out of debt when you and I know that inflation's running more than 3%, but they don't declare that. They're saving money even went to the bank and we got .01% the other day on savings.
- Kim Kiyosaki: I think it was .02%.

- Robert Kiyosaki: .02%.
- David Stockman: Yeah. I used the example if someone worked 40 years in a steel factory but was thrifty and saved every week a substantial amount of his paycheck, didn't live high on the hog today, he would have after 40 years \$350,000. But the return on that would be one cappuccino per day at Starbucks after a lifetime-
- Kim Kiyosaki: Of work.
- David Stockman: -saving and thrift and sacrifice. What I'm saying is the whole system is now designed to basically punish savers, punish thrift-
- Robert Kiyosaki: Amen!
- David Stockman: -and encourage people to borrow until they can't get another loan. That makes the whole system extremely fragile.
- Robert Kiyosaki: Everybody hear what David Stockman is saying? For the last 30 years, Kim knows, we've been married 30 years, David, I've been saying savers are losers and debtors are winners. I almost got hung on the cross for saying that.
- Kim Kiyosaki: When that came out in "Rich Dad, Poor Dad," "savers are losers," and you got annihilated.
- David Stockman: Yeah. A society that borrows and borrows and borrows and doesn't save is going to bury itself in debt and have a crisis like there's no tomorrow, and frankly-
- Robert Kiyosaki: But David, that's an exception I wanna bring up. There's a lot of things I wanna bring up with you, like Bitcoin and Japan.
- David Stockman: Sure.
- Robert Kiyosaki: The point here is this. I think we're on the road to ruin and people are doing the same things. That's why you're the guy today because you are David Stockman. You were the director of the Office of Management and Budget under President Reagan. Everybody else is lying. That's why we want people to listen to you and that's why the time on this radio program is so important.
- When we come back, we'll be asking even bigger questions, like why is Japan buying Bitcoin? What's happening in Germany? Bitcoin is the yen and Germany is the Euro.
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- Speaker 1: This is the Rich Dad Radio Show, the good news and bad news about money. Here's Robert Kiyosaki.
- Robert Kiyosaki: Welcome back. Robert Kiyosaki. The Rich Dad Radio Show, the good news and bad news about money. You can listen to the Rich Dad Radio program anytime, anywhere on iTunes or Android, and all of our programs are archived at RichDadRadio.com. We archive them so you can listen to them again because you'll learn even more. It's a very important program. But more importantly you can share this with friends, family, and business associates because we're talking to one of the smartest guys I know right now.
- He is an insider from Washington. He's the former director of the Office of Management and Budget under President Reagan. What he is saying now is people are lying and lying and lying, and the reason we have him on this program is 'cause my friend, the great Donald, is saying, "Well, we're gonna have a tax cut for the middle class." We all know that's a lie. Everybody knows that's a lie. But they'll do anything to get a vote.
- The worst thing about it is, as David Stockman says, he is actually screwing the people that got him into office, the flyover states like Wisconsin, Ohio, and all the working class, all the guys that went to school and got a job and paying and saving money and getting out of debt, you're getting hammered because everything has changed.
- David Stockman is the author of "Trump: A Nation on the Brink of Ruin and How to Bring it Back," that's pretty optimistic, and "The Great Deformation: The Corruption of Capitalism in America." His website is DavidStockmansContraCorner.com. We subscribe to that and it's great.
- Kim Kiyosaki: The company does. I really wanna recommend your newsletter, David, Contra Corner.
- David Stockman: Oh, thank you, yes.
- Kim Kiyosaki: ContraCorner.com. Lots of great information.

- Robert Kiyosaki: Fabulous. Fabulous.
- David Stockman: We talk about these kind of issues every day.
- Robert Kiyosaki: Right. Everybody please subscribe to it because otherwise, you're gonna listen to the lies, lies, lies out there.
- Kim Kiyosaki: Yep. Speaking of lies, lies, lies, David, we're hearing from politicians, we're hearing from all the news stations, "Oh, the economy's doing so well. It's bounced back! Stock markets all time highs, GDP is up, everything's rosy!" You're saying, "No, it's not."
- David Stockman: Well, three things. One, the stock market is in a great, giant bubble, the biggest bubble yet. It's caused by the Fed and central banks all over the world. That doesn't prove the economy is healthy. It only proves that they've printed massive amounts of money, which has basically stayed in the canyons of Wall Street and fueled this enormous, speculative mania. That's the first point.
- Robert Kiyosaki: Isn't that bubble now blowing up in Bitcoin? I don't know if it's true or not, but it's 60%-
- David Stockman: Yeah, Bitcoin is-
- Robert Kiyosaki: A bubble.
- David Stockman: It's the bubble of all bubbles. I wanna be careful about what I say because the theory of a private money that can't be manipulated and managed and controlled by the state or the government or the central bank is a good idea. Maybe in the long run, there is some real future to this. In fact, if you go before 1860, we basically had private money in the United States and we had a prosperous economy. The problem today, though, is there's so much speculative mania built into the system from all of this money-printing and stimulus that what we have is a speculation like I've never seen in my lifetime.
- This thing has doubled in a month. It's been going up by a couple thousand dollars a day. Nothing in the world creates that much [inaudible 00:30:41] in such a short period of time.
- Robert Kiyosaki: I laughed at my friend when he bought at \$400. Now he's laughing at me.
- David Stockman: Yeah. When it's back to \$400, you might be even.
- Robert Kiyosaki: The point here is this-
- David Stockman: There's a very real possibility. People were saying the same thing of the .com. Why don't we ever learn? In March 2000, the NASDAQ 100 was at \$4,500. It had gone up sixfold in 40 months. Guess what? Two years later, it was back to where

it started at \$1,200. People lost 80% of their money. Everybody's forgot about that. The same thing happened in 2007 and 2008. The S & P stock index was at \$1,570 and eight or months later, it was down to \$670. People lost 60% of their money.

In other words, what happens is they blow these bubbles, they take five, six, seven years to fully inflate, they finally reach the point of absurdity, a black swan comes along, or orange swan if you wanna consider Donald Trump an orange swan, or a red swan because I think China is the next shoe to fall, and then all of a sudden people start selling and the whole bubble collapses.

Now, I think-

Robert Kiyosaki: But David, this is the best time. This is when guys like you and I get rich because that's when it all comes apart. This is the part of the Rich Dad show is all bubbles bust.

David Stockman: Great.

Robert Kiyosaki: Instead of being depressing right now, everybody, I would be excited about this thing. The United States government is due to be shut down in a few days because the US is broke. Out of money. What are they gonna do?

David Stockman: Well, we're absolutely broke. That goes to your question. If everything is booming like they say, why did we have nearly a \$700 billion deficit last year? Why is the federal deficit heading towards \$1 trillion, in my judgment, within the next year or two? Why can't they even agree to a one-year budget, because they haven't? We're three months into the fiscal year and there'll be no authority to spend money on anything after December 8th.

Robert Kiyosaki: David, let's say your crystal ball comes true. The thing goes bust. Rich Dad is an international company. We have listeners right now tuned in from all over the world. If you're living in China or Canada or South America or Europe, what does that mean if the US is bankrupt? It's bust. What does that mean to the rest of the world?

David Stockman: Well, I think it contaminates the entire global economy and financial system. Everything now is integrated. Might wanna tell you, the world financial system is highly unstable and Bitcoin is the living proof.

Robert Kiyosaki: Let me ask you a personal question, and you don't have to answer it if you don't want to. What's the difference between President Reagan, who you worked closely with, and President Trump?

David Stockman: Huge thing. President Reagan had something called humility. President Reagan had something called a ... solid temperament. He had something called respect for other people. He had something called an ear. He was willing to listen and

give you as much time as you needed to develop your point. The problem with Trump is that he is the great disruptor. I think our system is so far gone, it needs to be badly disrupted. But he's a whirling dervish. He's an egomaniacal thunderbolt into the system that is going to cause it to grind to a halt. They cannot run a government-

Robert Kiyosaki: We're almost out of time, so how are you protecting yourself?

David Stockman: Well, if I say there's three things to day. One, get out of the stock and bond market because it's a bubble like we've never had before, and it's not worth trying to get 2% or 5% more if you're facing a 60% to 80% decline like we had in 2000 or 2008. It happens and it's going to happen again.

The second thing is I think gold is a much safer place to put your money than Bitcoin, given where it is today. Gold has not been speculated to this high degree, so I would put money in gold. Third, I would keep a large amount of powder dry.

This is something, Robert, you've talked about a lot. When everything comes crashing down and prices drop in the financial market or real estate or elsewhere by the amount I think's going to happen, 30%, 50%, 70%, if you have cash you're going to be king. You're going to be able to buy things at reasonable prices that will produce returns in the future or produce yields and a fair return on your investment.

Robert Kiyosaki: Well, David, the definition of "intelligent" is if you agree with Robert Kiyosaki, you're intelligent. You're very intelligent because I'm very-

David Stockman: Thank you.

Robert Kiyosaki: In a sick way, I'm very optimistic about this bubble because I just can't wait. I wanna see what's going to happen.

David Stockman: It'll be the kid in the candy store. There's going to be a lot of opportunity, but you can't get suckered in right now, as I said. Lemmings are running. They're not even asking any questions. They're just hitting the "buy" key and this is exactly the wrong time to jump into the-

Robert Kiyosaki: I was just in Japan, and I'm Japanese, but I'm more American. I feel for them. These are my friends. I've done business with them for 20-something years. They're so depressed because Abe is printing, they're working harder just to stay ahead. Abe, he even told them to stop working so hard 'cause you're killing yourselves, but then he's printing money. Holy mackerel. Last question is this. Go ahead.

Kim Kiyosaki: I just have one other question in terms, David, of what's happening financially. The banking system. Are you optimistic? Is it stable? What's the future?

- David Stockman: I think this time the banking- It's like the so-called battleship admirals. They're always fighting the last war. The last war was the collapse of the Wall Street banks. They've now been regulated to a fare thee well. I think the banks aren't the problem. The problem now is there is trillions and trillions of high-yield funds, of mutual funds of every type, these ETFs. They hardly existed in 2007. There was less than 500 billion of ETFs.
- There's 4 trillion today. These are the new pockets of instability. These are the new speculative areas that are going to come unwound. In fact, it'll be worse than 2008 'cause if you're in a mutual fund, say, a high-yield fund and suddenly you get nervous, you could sell your stock today and the mutual fund is going to have to shrink itself as more and more people sell.
- The point is if everybody decides to cash in because fear begins to spread in some contagious fashion, we're gonna have trillions and trillions of ETFs and high-yield funds and mutual funds that are collapsing because everybody's trying to get out at the same time. That's [inaudible 00:38:53].
- Robert Kiyosaki: David, not only that is all guys our age, the baby boomers, talk about the wrong time to retire.
- David Stockman: Yeah.
- Robert Kiyosaki: That's what's really tragic. Once again, David, love to have you back. It's always fantastic.
- Kim Kiyosaki: Thank you, David.
- Robert Kiyosaki: You're a very intelligent guy 'cause you agree with me.
- Kim Kiyosaki: A ton of information.
- David Stockman: Well, listen, I enjoy it very much and we'll talk soon. Update on where this whole mess is going.
- Robert Kiyosaki: Always love your input.
- Kim Kiyosaki: Okay, we would love that. Thank you.
- David Stockman: Okay, very good. Thank you, bye.
- Robert Kiyosaki: Thank you. When we come back, we'll have the next popular part of our program. It's Ask Robert, but once again I'll thank David Stockman. His website is DavidStockmansContraCorner.com.
- Kim Kiyosaki: Great newsletter. Great newsletter, Contra Corner.

- Robert Kiyosaki: It's worthy the listening to. We'll be right back with Ask Robert.
- Speaker 1: You're listening to the Rich Dad Radio Show with Robert Kiyosaki.
- Speaker 5: Do you own an LLC or LP? Are you aware the new rules? The IRS has mandated new audit rules that require every LLC operating agreement at LP limited partnership agreement be amended. This dramatic requirement has never before been experienced and changes must be made by December 31st. Corporate Direct, owned by Rich Dad adviser Garrett Sutton, can guide you through these new rules. Call 800-600-1760. That's 800-600-1760. Or visit CorporateDirect.com. Contact Corporate Direct today to stay in IRS compliance.
- Speaker 6: Robert Kiyosaki's Rich Dad Advisers have a great gift for you. Visit RichDadAdvisers.com and receive five free reports on business and investing success. Five free reports that can help you right now. While there, check out the Author's Choice Audio series. Audio is a great way to learn, and for as little as \$.99, you can download key chapters from all the Rich Dad Adviser books. You can listen to the Myths and Magic of Real Estate Investing, Seven Steps to Limited Liability, The Four Pillars of Investing, Team Code of Honor, or The Psychology of Debt, among other great audios.
- For pennies, you can power up your skills for getting out of the rat race. Please visit RichDadAdvisers.com for your five free reports and your powerful and affordable audio chapters. That's RichDadAdvisers.com for great information that can help you right now.
- Speaker 1: Your financial education continues. Now back to Robert Kiyosaki and the Rich Dad Radio Show.
- Robert Kiyosaki: Welcome back. Robert Kiyosaki, the Rich Dad Radio Show, the good news and bad news about money. Once again, you can listen to the program on Rich Dad Radio anywhere, anytime, your schedule, iTunes or Android and all of our programs are archived at RichDadRadio.com. We archive them because sometimes you learn more the second time you listen to them, but more importantly, have your friends, family, and business associates listen to this program and discuss it, as then you'll learn even more 'cause discussion is one of the best ways to learn. They all have different points of view.
- Now we're going to the most popular part of our program. It's called Ask Robert. Go to RichDadRadio.com for your questions. But before we do that, I wanna thank David Stockman. Again, he's the bestselling author, a Washington Insider, but more than that he's the former director of Office of Management and Budget under President Ronald Reagan. He's the author of "Trump: A Nation on the Brink of Ruin and How to Bring it Back," "The Great Deformation: The Corruption of Capitalism in America," and his website is DavidStockmansContraCorner.com.

Our whole company subscribes to it. There's a bunch of other newsletters. We don't want to listen to fake news and liars. We started this whole program with how do you know a politician is lying? It's when their lips are moving. They'll say anything, anything just to get you to believe them. That's why I like David Stockman. He's the Office of the Budget. The Rich Dad company is about income statements and balance sheets and can you read them. As you know, most people can't. Most people don't even have one. We wonder why you're in trouble.

Comments, Kim?

Kim Kiyosaki: Yeah. You know, one thing I would recommend is with David Stockman. I would listen to this show again and again and again. There was a ton, a ton of information. One thing when we talk about fake news and real news, David has the facts. When I'm watching all these financial-

Robert Kiyosaki: He looks at the numbers.

Kim Kiyosaki: Yeah. He sees what's really going on. When I'm watching all these news programs and all the politicians saying everything's great, the economy's up, the GDP is up, unemployment is down, and he's saying, "Hey, wait, wait, wait, wait. That's not what's really happening. You guys really gotta wake up." I really recommend listening to this show again and again. As David said, the three things right now to do in his recommendation, number one, get out of the stock market, number two, invest in gold, and number three, he said keep your powder dry, meaning keep cash. Great interview.

Robert Kiyosaki: You should be ready for what's coming. A lot of people think I'm a pessimist, but I'm actually an optimist 'cause I know it's gonna crash. Now, to you it's good or bad. I think it's wonderful. Now, unfortunately, there's all those people who still believe the Easter Bunny and Santa Claus and they're gonna get pounded as they should. They actually believe in the Easter Bunny and politicians. That's what happens when you don't get the facts.

Now, I'll say it again. The reason Kim and I created the cashflow game back in 1996 is so you can understand how a financial statement works. The word in there is "cashflow." Cash flow are the two most important words in business, but most people have no cashflow 'cause it's flowing out, not flowing in. [inaudible 00:44:44] my latest book, "Why the Rich Are Getting Richer," one of the reasons the rich get richer is taxes flow into my asset column. I use debt, Kim and I use debt, to acquire assets and we reinvest constantly. We're not in the stock market. Wouldn't go there. We're not in the bond market. We're not in ETFs.

Those are for average people, which that is not for average people. Those of you listening to this program are not average, but you still have to understand income, expense, asset, liability, and cashflow. Basic systems. That's why David

Stockman, being from Reagan's Office of Management and Budget under President Reagan, he sees the numbers. Most of these guys are just moving their lips. Going to Ask Robert, but before we do Kim and I met with a friend of mine. He is an investor in Bitcoin, an early investor, and he's gonna be our guest on the Rich Dad Show 'cause he's made fortunes in Bitcoin. Fortunes.

When I talk to people, I don't talk to people who are speculators. This friend's name is Landon. He was early into the market and he's made fortunes. But the interesting thing, he was rich before he invested in Bitcoin. If you're gonna learn something from here, you better be careful who you listen to. With that, Melissa, what's your first question for Ask Robert?

Melissa: Our first question today, Robert, comes from Rebecca in Midland, Texas. Favorite book, "Rich Dad, Poor Dad." "What do you think of the gradual abolishment of cash? Is it real and imminent in your opinion?"

Robert Kiyosaki: It's already happened. Wake up and smell the roses. It's already happened. There's no cash in the banks. Everything today is actually digital. There's cyber money, which is Bitcoin, Ethereum, and all that. But today, money is digital. There's no money in the bank. That's why they're so terrified of there being a run on the bank. What they do is called a fractional reserve system.

You deposit a dollar in the bank, right? But the bank will lend out \$10. You deposit that \$10 in another bank and they lend out now \$100. There's no cash. There's no cash. That's why there's the FDIC, the Federal Deposit Insurance Corporation, that in case there's a run on the bank in America there's \$250,000. Kim and I don't keep anything above \$250,000 in a bank because that's the insurance line on it.

Now, the trouble with Bitcoin is if you lose it, you've lost it. There's nobody gonna back you up. The same as gold. If you lose it, there's no government backing you up. Cash has its advantages and its disadvantages, but there is no cash in the system. We are cashless. I mean, I use my credit card more than cash. Any comments, Kim?

Kim Kiyosaki: Yeah, I mean, try pulling a couple thousand dollars out of a bank today. They give you the third degree. They wanna know why you're doing it. They want proof. It's crazy. You cannot get your own cash out of a bank these days. Airlines. We travel a lot on airlines. Airlines do not accept cash. It's gotta be credit card if you're gonna buy some food online.

Robert Kiyosaki: That's digital money and Bitcoin is cyber money. Just know the differences.

Kim Kiyosaki: I was just in Estonia doing a women's event. Estonia, they do not use cash. Everything is credit card.

Robert Kiyosaki: China does not use cash.

- Kim Kiyosaki: Yep.
- Robert Kiyosaki: America is so far behind the times. You have no idea. You have no idea. The advantage that Kim and I have is we travel the world and we see how Americans live in this bubble. We're the greatest. We're number one. Well, that was a long time ago, sports fans.
- Kim Kiyosaki: I'll tell you one other thing about the banks, is last year we had a company bonus for everybody and we wanted to give them cash. We had to go to five different banks. This was not a ton of money. We had to go to five different banks because banks did not have physical cash on their premises. That's crazy.
- Robert Kiyosaki: They wanna get rid of cash because the government can't control.
- Kim Kiyosaki: Yes, they can't track it.
- Robert Kiyosaki: They have the \$100 bill because drug dealers, pimps, and prostitutes use them. They wanna get rid of the \$100 bill. Now, that's why they're happy with credit card 'cause they can track you. The trouble with Bitcoin, it's non-centralized money. The cash comes from central banks, like the Fed and the Euro and the Bank of Japan or the BBLC of China. But Bitcoin is people's money. I'm watching as to what's gonna happen when the government finally realizes they lost control of money and guys like blockchain, cyber money, Bitcoin, Ethereum, and all that.
- The point here is the Rich Dad Radio Show is designed for people who want to understand. If you're looking for answers, talk to a financial planner. They're gonna tell you to save money, get out of debt, and invest long-term in the stock market, buy stocks, bonds, and mutual funds. You wanna do that, knock yourself out. Trust your financial planner. But, of course, they won't pay you if they're wrong. You have to pay yourself if you're wrong.
- Next question, Melissa.
- Melissa: Our next question comes from Jenny in Taiwan. Favorite book, "Rich Dad, Poor Dad." She says, "Hi, Robert. I just listened to your show with Jim Rickards and I do feel the urge to get prepared myself. But how do you recommend me to buy precious metals? How do rich people store it in a secured way?"
- Robert Kiyosaki: Well, that's a very [inaudible 00:49:51] Kim and I have been buying gold and silver for years and years and years. If you only have a couple hundred thousand, you can hide it. It doesn't take up much space. But when you start going past hundreds of thousands of dollars in gold and silver, you gotta find professional places outside of banks.
- Kim Kiyosaki: Outside of banks. That's what Jim Rickards says. Do not store it in the bank.

Robert Kiyosaki: That's the reason you should not hang out with poor people, 'cause poor people don't know where those places are. I won't tell you the name of our places. We have several places all over the world where rich people hide real wealth. It's not held in banks. They're private vaults. Private vaults. You gotta find rich people who will tell you where these private vaults are and who they are. But you have to do your own due diligence, your own research, into it. But you only have \$100,000 in gold, that's not much money today 'cause it's 100 coins, 50 coins. You can hide it under your mattress if you want. But the moment you start going beyond that, you really got to be thinking like a rich person. Next question, Melissa.

Melissa: Our next question comes from Weston in San Francisco. Favorite book, "Rich Dad, Poor Dad." It says, "Why do you support the gold standard? I agree with your points against the fractional reserve system. However, returning to the gold standard will lead to a minority of investors buying up and controlling interest and holding nations hostage. Is it not just better to limit the outcurrency creation to governments rather than central banks and retail banks?"

Robert Kiyosaki: That's a great idea. You should just go and do that.

Kim Kiyosaki: What a great idea.

Robert Kiyosaki: You should just go and do that. You should also stop global warming. Why don't you do that, too? What I really get disgusted, and I'll bark at this guy, why talk about things you cannot do? The question is, what can you do? We're not on the gold standard. What does that mean? I buy gold. Now, I can sit there and debate Trump and say, "Let's get back on the gold standard and let's get rid of the Fed" and all this stuff, but it's a waste of my time. The trouble with most people who are the academic types, they talk about things they can never do.

Why don't you solve cancer? "Oh, we should all get together and end cancer. We should all get together and end global warming." Yeah. Go do it. I can't do it. [We should 00:52:16] talk about it. The trouble with this whole world today is too many people went to school and you can talk about stuff, but you don't have to do stuff. That's why we have people who are liar, liars out there. They talk about stuff. They don't have to prove it.

That's why the Rich Dad company has the cashflow game, the financial statements, and all this, because you can talk to my accountants and my bankers. I can prove I have the money. Most people can't, they're just liars. Final comments, Kim?

Kim Kiyosaki: Well, final comment to that is we talk about we have fake teachers and we have real teachers. At Rich Dad, we have real teachers. Our teachers, our advisers, our Rich Dad Advisers, are people that are doing this every single day. Kenny, our real estate adviser, he's in real estate every single day. Tom, our tax adviser,

deals with taxes every single day. We wanna deal with real teachers who, if there's something I wanna learn, I wanna learn from someone who's doing that every single day. I wanna find real teachers, not fake teachers.

Robert Kiyosaki:

Thank you for listening to Rich Dad. You can submit your questions to AskRobert@RichDadRadio.com. Thank you, David Stockman, and thanks to all who listen to this program.