

Joe (00:01.07)

So 2025 coming to a close, James, you and I were talking about on Friday what some of the most impactful events of 2025 were in terms of something that would last and have meaning a decade down the road where you could look back and say 2025 was the year where that started or where something changed. And what was interesting was kind of mentioned things like AI, obviously AI is going to have a huge impact. already is.

But 2025 wasn't really the year. There's nothing in 2025 that says like, boom, that's the AI year. In fact, there were certain things like Grok not being able to tell you what time it is. It was sort of almost the opposite. Like 2025 showed us that AI still has a little ways to go before it might have the kind of monumental changes that we've been talking about.

Another example was the no kings protests. Nobody's going to remember that in six months, let alone 10 years.

James (01:05.33)

Congress going to storm the USAID or no, was the Department of Education. You remember that they went to go storm the Department of Education. Yeah, because it's just not relevant. mean, like this, there's so many things that happened in 2025. It just, I mean, there's a lot of things that happen every year and it just seems like maybe the volume goes up every year is just noise, noise, noise, noise. But at the end of the year, when we look back, and you and I were having this conversation, say like, what really mattered this year? What really mattered in terms of things that happened in 2025? Where yes, if you look 10 years from now, 15 years from now, 20 years from now, and you can see there's a straight line between something that happened in 2025 and like this big thing that's still having a major impact on the world 10, 20 years from now. It certainly wasn't no King's Day.

You know, I mean, and even, you know, like major disasters, many of these as tragic as they are, the central Texas floods, you know, LA, you know, the multitude of days without power, island wide power outage in Puerto Rico. I mean, all these sorts of things that, you know, they're not going to like have this massive long-term impact. And you and I sat down and we actually looked at number of things in 2025. And it was funny that the first one to come to mind, and this was, in large part like you driving that. And he told me that at first I thought, was it? And then I realized like, yeah, you're totally right. First thing without hesitation, you said Charlie Kirk. And, when I thought about it, I said, yeah, you're absolutely right. And you put it in a way where you said his assassination, and this is a controversial word to use, radicalized an entire generation specifically of young white males who I mean have have kind of come of age from an education system in public schools, you know, in K through 12 and university in the United States, where they were told that

you're evil. You were born racist. You're you know, you're an Islamophobe. You're misogynist. You need to shut up. You need you're not you know, you're not allowed to have an opinion, you have to pay for the sins of your forefathers. You have no idea who those people were. You don't even know their names. You don't know what they did in their lives. You don't know anything, but we're just supposed to assume because they might not have shared the same value system as the progressive left today. And it's your fault and it's your responsibility and you have to spend your entire life. And you know, the Charlie Kirk assassination was a big wake up; for lot of those people who are already starting to wake up, but it was kind of the final straw. mean, I know you had a lot more to say about it.

Joe (03:59.714)

Yeah. Well, it's just it almost feels like it made it a fight to the death where you think things are political and you think that it's all going to play out at the ballot box. And then somebody who's emblematic of this entire pretty reasonable worldview of, know, he wasn't racist, he wasn't misogynistic. He just said, let's talk about this, which is one of the most American values that you can have is that open discussion.

And he was shot for that instead of coming to the table and discussing things. They took their hatred for free speech to another level. And I know it's it's they like one guy killed him. But how often does one guy put how often does the media say like about talk about inciting violence and everything Trump does incites violence and everything? You know, if you if you're anti immigration, that's inciting violence against immigrants or whatever. Right. Right.

James (04:40.622)

One guy pulled the trigger. One guy pulled the trigger.

James (04:54.0)

If you misgender somebody, it's violence. Silence is violence.

Joe (04:58.018)

But saying that these people wanted to end democracy, calling them fascists, calling them worse than Hitler day after day after day, like that doesn't trigger any violence. That's not inciting violence because what is a fascist? What is a Hitler supporter? If you could go back in time and take out Hitler, wouldn't that be a good thing? So when you're comparing your political enemy to these people day after day, obviously the implication is that violence against those people would be justified.

So, but I think people took this assassination and in the exact opposite happen. They're not gonna stop talking or stop debating because of this. Now they understand how serious the fight is. So they're going to say what they

believe. They're going to make sure that free speech doesn't end in this country because in this marketplace of ideas, the best ideas do win out. And that's kind of what this whole thing has shown.

James (05:58.178)

I think you're right. mean, I think it really did supercharge a movement that was nascent and just took it to a much higher level. And I think it laid bare the left, whether it was the people that were complicit, the institutions that were complicit in creating an environment where people felt that a political assassination is not only justified, but righteous.

And, you know, then the people that cheered, whether it was prominent personalities in the media and even politics all the way down to just normal average, average every day, you know, leftists, wokey leftists who cheered and cheered, who, you know, never, never actually bothered to, you know, read or listen to anything that the guy had to say. I, to me it was like, you know, that scene in 1984 where they have the two minutes hate.

James (06:54.642)

And they, you they go up and they just, you know, and everybody just raging at the screen and then like, nobody really actually knows anything. They don't know that there's no facts, there's no truth, there's no anything. They just know they have to go and like rage and hate. And that's kind of what the left became. And I think all that was, that's what became so obvious to everybody this year. And I just remember watching all of these videos of people going like, man, like the, you know, the, the, left is just scum, just scum. And then people would say like, you know, I'm a lifelong Democrat. Like I'm out, I'm done. I don't have anything to with these people. These people are insane. They're a bunch of murderers. They're a bunch of, you know, like they're liars and they're thieves, they're propagandists.

Joe (07:32.12)

Because even the people that didn't celebrate, a lot of them wanted to justify it say, well, he's not a martyr. you know, well, when you have these problematic views, what do you expect to happen? And that, to me, is almost as bad right for free speech.

James (07:42.426)

Right, yeah, well, he had it coming. He had it coming. Right, right, because again, I mean, it's used to be called this kind of fundamental American value. It's a fundamental, mean, discourse is a fundamental democratic value. And I mean that lowercase d, ancient Greece, classical Athenian democracy, people meeting in the polis. And having their turn to speak and get up and talk and say things and have rational discourse with one another. That's the foundation of classical democracy. And for somebody to get to say that

because somebody is expressing an opinion that you don't believe that frankly, know, mainstream America doesn't believe the vast majority of people in the country don't believe only this like very, only this very, very small group of extremely loud lunatics who think that you know, we should, we should, you know, give way to the, to the, to the homeless and to the people that want to dress up as little girls and go into the little girls locker rooms and, you know, decriminalize everything and, know, all these sorts you know, like, let's, let's celebrate the criminality. Let's celebrate all these things. That's a very, very tiny percentage of people. And somebody who goes out, who represents for the most part, very mainstream thinking and to say he had it coming is, is so rich.

From the same people who constantly claim that somebody else is a threat to democracy, where the suppression of free speech is in and of itself the threat to democracy. And I think your instinct was spot on to say that that really does radicalize a very large group of people and say, man, this is just beyond messed up. I've got to, I don't want anything to do with those people. And like, I'm just gonna sit and think independently and... believe what I want to believe and talk about the things that I want to talk about, not be afraid anymore. And I think you're absolutely right. And, you know, when you, when you look at that, what's the impact 10 years from now, 20 years from now, you have people that are, you know, in their, in their late teens and twenties and their thirties and forties, late forties that will be ascending to positions of power that now have emblazoned in their hearts and minds this desire for free speech and, know, frankly, probably just going back to it's weird that like, it's it's so weird that saying I don't think a grown man should be in a girl's locker room that that's considered a conservative policy position. It's just it's like, how is that? How is it not just like how is it like the people that believe that we should give you know that like, four year olds should be able to make decisions about, you know, gender ideology. How that's not considered a lunatic, crazy position? that people that give life-altering drugs to four-year-old kids, those people should be in jail. That's not a conservative position. That's just a rational mainstream position. I mean, that's lifelong harm to a child.

Joe (10:54.69)

Right. Because what comes with this free speech, which comes with 2025 being the year that you can finally say these things again, suddenly these narratives do start to fall apart. And you're allowed to, for years, they were actually suppressing the people that de-transitioned. So these people that, you know, probably mothers with Munchausen syndrome and psychotic doctors pushed into this gender ideology and we're giving them hormones and we're giving them these transitions. Right. Exiting the public.

James (11:18.29)

Like the kid that was on the cover of National Geographic. This was like some

years ago, they put this little kid on the cover of National Geographic about gender fluidity, celebrating this child as a hero for being a little kid who said, I want to be a girl.

Joe (11:33.772)

Right, like, at four years old, he chose to be in by nine. He had been socially transitioned and his mother had nothing to do with it. She's just recognized it and...

James (11:42.928)

Right. And now the kid's going, I made a huge mistake. I made an enormous mistake. I screwed up my whole life. I shouldn't have done it. And the whole thing was stupid. It's like, I mean, for so long, those stories were suppressed. So it goes back to when you say they, they killed Charlie Kirk because one guy pulled the trigger. But it was entire institutions that were, I mean, all this lunacy was celebrated. And the idea is about he is a Hitler, he's a, you know, not specifically Charlie Kirk, like, you know, this sort of the people on the right, prominent leaders on the right, Hitler, threats to democracy, Nazis, fascists. And the other sort of irony to me is that these people can actually never define any of these terms. They don't actually know what fascism is. They know nothing about fascism. The hilarious part is like, they don't understand that they're the ones who are actually much more Nazi like in their ideology as opposed to somebody that just wants to talk, wants people to be free, wants to take care of little kids, all this stuff. I mean, it's just, it's so ridiculous. They never, course, define their terms. Just come up with labels and whatever it is that they don't like. You're a science denier. You're a racist. You're a misogynist. You're an Islamophobe. You're a transphobe. You're all these sorts of things. Never actually define any of that. They never actually define like, they call somebody a racist or they call something a racist. Say, this law is racist.

This is totally off topic, but, you remember when they when they said, like when in Georgia they passed its new voting bill and they said, well, you have to have you have to have you have to have an ID to vote. And they everybody said, that's racist. That's like, how is that racist? Are you saying black people don't have IDs? Black people don't have black people don't have a legal form of identification like that, because that seems a pretty racist assertion to me to say every

Joe (13:32.352)

Right. It's so much more racist. Yeah. That's that white liberal woman thing where they just, the white savior has to come in here, you poor black person, you don't even know how to get a license. Kathy Hochul in New York, remember? She goes, black kids in the Bronx don't even know what a computer is. She actually said that.

I remember that. It's so... Oh my God, it's so offensive. Right. I mean, and you're by saying that like, that requiring a form of ID is racist is to say that, know, out of like, all the black people that live in Georgia that are sitting behind a wheel of the car, you know, driving, you know, driving down, you know, the interstate highway are apparently all driving illegally without a license because none of them can possibly figure out how to go and get a driver's license. How insulting, you but they never bothered defining these terms. And they just lobbed these ridiculous accusations at people. you know, I just, I think you're right. I think that narrative, the power of labeling somebody, you know, misogynist, Islamophobic, like that just went away in 2025, you know? mean, it's like, they were still saying this stuff, and people were like, are you still, like. Really? You're still doing that? It's just people just exhausted. Like nobody cares. Nobody cares. You scream as loud as you want. Nobody cares. But you know, there were so many of those institutions. What I was going to say is it went all the way up to the White House. It went all the way up to the White House with Joe Biden himself, you know, saying a lot of these things. mean, you know, and in the halls of Congress and so forth, you know, people saying these things. And it's of course, that's going to have an impact. Of course, it's going to have an impact, and it did.

And, you know, I think 2025 is going to be the year where you look 20 years from now and you got a bunch of, you know, conservative, you know, which are really just normal, rational, mainstream people that are entering politics and are entering business and saying, I'm not, you know, somebody becomes CEO of Coca-Cola saying, I'm not going to identify my brand with some political cause. You know, somebody comes CEO of Bud Light, you know, we're not, we're not going and you know, like we're just all these like ridiculous things that business has done and people go, no, we're a business. We provide sugary carbonated beverages. not making political attestations here. This is ridiculous. And I think you're going to be able to draw a straight line from that to Charlie Kirk's assassination, because I think you're right. It really did. It just got in people's heads and it's going to stay there. It's going to stay there.

Joe (16:18.39)

Yeah, the woke era from twenty seventeen to twenty twenty five. Yeah. The other thing that we that we discussed was the financial state of the U.S. and this one was less of a specific event. No, no. But you're absolutely right.

James (16:19.962)

So what else do we have in terms of?

James (16:35.154)

It was mine. Well, it was my instinct because you came, you said, Charlie Kirk, and I go, the debt. So that's just where our minds are. But yeah, mean,

the way I described it was I said like 2025, I think that's the beginning of the beginning of the debt crisis. I think it's when the debt crisis got real. it's not, I always say this, not a foregone conclusion. There's still an escape hatch. But it's getting more difficult.

And we walked through this whole history where it's like after World War II, US national debt was sky high. They had a pretty good reason for it though, because they were fighting the actual Nazis, not the people that the left today claims are Nazis. They're actually fighting the real Nazis. And that was an existential threat to humanity. So of course, they said, forget about the debt. For these couple of years while we're at war we're just going to not worry about it. And then we'll get to it when we get to it. And after the war, military spending dropped like a rock. And so they were, you they started being able to, you know, basically pay down some of the debt, grow their, you know, grow GDP substantially, you know, while the debt was, was, was, you know, staying in line or falling. And, know, by the time you get to the fifties, they have, you know, fiscal responsibility has been restored and things looking good. You get to the sixties and all of a sudden you start with this great society, endless war in Vietnam, spending, spending, spending, massive, massive deficits, trade deficits, budget deficits. And you have some people that start to get nervous about this. You have some people that start to get uncomfortable. One of those was a famous actor by the name of Ronald Reagan. And Reagan was one of the people that, you know, he used to go and give speeches about this thing, like, this is a problem. We can't have these deficits. can't, this is, this is going to be a problem. And basically that ultimately became, he became governor of California. And then ultimately this became this platform for becoming President the United States. That was his whole when he was running. He's like, we got to bring down the deficit. We can't keep spending like this. And it's interesting is that when Reagan took office, when Reagan was elected in 1980, debt to GDP, the debt to GDP ratio in the United States, which is the best way to make an apples to apples comparison, right? Because the size of your economy obviously grows over time. The size of the debt grows over time. So, what are they relative to one another? It takes into account inflation and all these sorts of things. You can make an apples to apples comparison over time. Debt to GDP was a lot lower in Reagan's era. But the problem they had was that their interest bill was out of control because interest rates during those times, Paul Volcker, chairman of the Fed, jacked up interest rates. the government was paying 16%, 17 % on freaking T bills. And so the Treasury Department's interest bill was astronomical, astronomical, and Reagan knew this is going to bankrupt the country and we got to, you know, we got to get it together. And, you know, through a concerted effort over basically 20 years, I mean, you know, to give Bill Clinton credit and, you know, and, you know, Congress to give credit where credit's due and Newt Gingrich, who was speaker of the house and all these things at that time, Bob Dole, mean, all these, all these old school, you

know, Republicans back then, mean, they, they ended up culminating in a balanced budget.

For multiple years in the 90s, economic boom, all these things. And was great. And so you had this period where finally somebody came in and said, we got to take this thing seriously. And they get in and they fix it. They fix it. And by the time you get to the late 90s, they're paying down the debt, they're running budget surpluses, things are great. Then what happens? Then you get to the 2000s and it's the war on terror, the endless, endless war on terror, the incredibly absurdly expensive war on terror that never ends. Then you have the global financial crisis brought on by years of economic and monetary mismanagement, the Federal Reserve playing God with the money supply, which created a massive financial bubble and all these things. you know, which we'll have to get into that another time, but it brought on these huge bailout, the era of bailouts and, you know, more and more deficit spending. And so all of sudden you have this, you know, you have this national debt, the war and the global financial crisis all of sudden, you know, debt gets to five trillion, 10 trillion, 15 trillion, \$20 trillion, like that in no time. And, it starts looking bad. I mean, that's that's around the time that I came on the scene. And I mean, the debt was like, when I when I first started the company, mean, the debt might have been like \$14 trillion. And we're like, I go like, Oh, that's big deal. And it was, but it was really the trajectory.

James (21:16.21)

It was really the trajectory. I remember like debt to GDP hitting like 70 % being like, wow, that's a really big deal. And it was, now it's like 125%, which surpassing the highs from World War II. And the debt is so high that interest on the debt, just to pay interest is like 22 % of tax revenue. And that's with interest rates still near historic lows. I mean, the average interest rate that the federal government pays on the national debt is still really, really low. I mean, it's like, it's like 3%, 3 something percent as opposed to what, right.

Joe (21:52.546)

They're acting like 5 % was like a crisis in the 90s it was like 7 %.

James (21:58.355)

Oh man, in the 90s, yeah, I mean, in the 90s, the government was able to sell debt for like six and a half percent. They were like, whoa, what an unbelievable deal. Today would bankrupt the country in a second. If they had to pay even 5%, 6 % would bankrupt the country. In the 80s, they're paying double digits. They're paying double digits, you know, and all that stuff carried forward. I I think I told this story before, like the first house I ever bought with a no money down VA loan. 21 years old and then I might ask for my elbow. I didn't know anything. But I bought this house. The house was 84. has \$84,900. That's how much you could buy a house for in the early 2000s.

And the mortgage rate I got was seven and a quarter percent. And the seller pulled me aside at closing just to tell me what a great deal I got. Seven and quarter percent was considered like ridiculously cheap because he's like we're we're paying 15 % on this house in the 80s.

And it all carried forward. And now, you know, it's just nobody took it seriously the whole time. The debt hit \$20 trillion. People said, yeah, but this is America and it doesn't matter. We'll figure it out. And then it hit 25 and then it hit 30, you know, and it just kept going up. know, it could very well hit 40 in the next 12 to 24 months.

Almost certainly, over the next 24 months, probably hit 40. And at a certain point, you've just got to ask a question. At what point does it matter? At what point does it actually matter? And I think 2025 is the year that the debt started to matter. And we can see it in the numbers. There's so many data points and so many numbers to look at. We talk about some of this stuff all the time.

Joe (23:45.944)

To me, was, because one of the things that we discussed, you and I discussed on one of the biggest impacts of 2025 was of course, this massive rally in gold, where 2025 is when that really kicked in. But you decided to bring it back to debt because that's what caused this, it's the symptom.

James (24:02.13)

Gold's just the symptom, right? It's the symptom. It's not the actual event. Gold is just the symptom of the event. the US is so heavily in debt, the charging department has to borrow money to pay interest on the money that it already borrowed. The interest on the debt is 22 % of tax revenue. The national debt is 120%, 125 % of GDP. It just keeps going up. The deficits are 1.8, 1.9, \$2 trillion.

Interest alone is a trillion dollars, know, 1.1 trillion dollars. mean, it's just, you know, exceeding national defense spending. It's absolutely obscene. Between interest on the debt and on all the mandatory entitlement spending, which includes the things like Social Security and Medicare, they spend all of their tax revenue. They have to borrow every single penny they spend on national defense. The entire military budget is financed with more debt.

And so at some point you got to go, hey, this is starting to be a problem. And even if people in the US don't realize it, foreigners realize it. And the reason that matters is because foreigners own a ton of the US national debt. You know, it's about half of the marketable fixed rate US government securities are owned by foreigners. Foreign government, central banks, and then you got commercial banks and investment banks and even individuals.

Wealthy individuals, corporations, big companies, whatever, Toyota, Mitsubishi, various Siemens and Ikea and all these, of course they all own US treasuries. Why? Because they have to own US dollars because the dollar is still the world's dominant reserve currency. So they're all trading with different suppliers in different countries. And so most of those invoices are settled in US dollars.

If Ikea is buying furniture, from somebody in India, whatever, they're settling that trade, they're settling that invoice in US dollars. So they have to hold US dollars. The easiest and most liquid way to hold US dollars is in US government bonds. Because nobody ever is sitting on a big pile of 90 day T-bills and going, man, what am I gonna do with these T-bills? In fact, in global accounting standards, international financial reporting standards, they are considered cash equivalents, the treasury bill is considered a cash equivalent, right? So it's basically the same as just having money in the bank. And so they all hold onto these treasuries, but at a certain point, they look at this and they go, you already had like leading up to 2025, this big proclivity for anybody you don't like, we're going to sanction those guys. mean, Biden was amazing at this. was like, the guy never even knew where he was half the time, and yet he could manage to muster the energy and awareness to sanction anybody that he didn't like. It was like the only time he was actually sort of aware of anything was when he was sanctioning some country. And at a certain point, like a foreign country is going to go like, man, like, this is is crazy. Like, if I do something that America doesn't like, I'm going to get sanctioned. We're going to get frozen out of our treasuries. That's kind of a risk. And that was that was already a trend going into 2025. And then what do you got?

Now you've got Liberation Day. Where all of sudden overnight the entire global trade system just kind of gets upended. And again, I'm not even saying, know, this is different discussion, whether or not it was justified or not justified, how badly was America getting screwed on the international global trade scene. But the point is that it had an impact. And one of those impacts is that foreign governments, foreign countries, foreign central banks said, boy, I don't know that we should keep all this money in the US anymore. It just doesn't really make sense. And then what do you got?

You got a completely dysfunctional US government, Congress that has no interest in even trying to balance the budget. You have another \$2 trillion deficit. Congress has no interest in balancing the budget. you start trending towards another debt ceiling showdown. You have an entire government shutdown. The one guy who happens to be the wealthiest guy on the planet who says, you know what? I'm going to take it upon myself as my personal mission to go and identify ways that we can balance the budget. And he goes and does that and they chase him out of town. They chase him out of town.

This is when I was joking like Congress went and stormed the Department of Education because Elon's saying we got to cut, we got to cut the Department of Education. There's just an activist organization. It's not actually, don't, they don't care about educating kids. It's just a bunch of activists. We should shut this down. And Congress went and they stormed the Department of Education because they just are unserious people in general, and especially when it comes to cutting the deficit. And all these things that you look at, and these were all events in 2025, that you look at it kind of in totality. And if you're a foreign government or central bank, they would say America used to be the US government bonds used to be considered risk free. America was the risk free place because it's land of the free, it's freedom, it's liberty, then knock this isn't some third world dictatorship where you got to worry about having your assets confiscated.

This isn't some place where you've got to worry about the fiscal solvency of the government, et cetera. Now people are going, have you seen your debt lately? Have you seen the national debt and you're not doing anything about it? You're not doing anything about the deficits. In fact, you're willfully choosing to not do anything about it. Your social security program is going to go bankrupt in like six years. You're going to run out of money and your major social security trust funds and you're deliberately not doing anything about it. You're going to shut down your government because you're so freaking dysfunctional.

The two sides can't even communicate with one each other. I mean, this is insane. This doesn't look like risk-free. This looks like very, very risky. You can't balance your budget. You can't bring down the debt. You can't, you chase the guy out of town who's trying to do that. You know, and it's just, just, this is not a risk-free situation anymore. And 2025 was the year that foreign government central bank said enough, enough.

They started selling treasuries, redeeming treasuries and running in and you know, what are they gonna do? Now they're sitting on piles of US dollars. What do they do with that money? They buy gold. And that's why the gold price, you know, surpassed \$4,000 in 2025. It's because central banks were buying it by the metric ton. And I don't think that trend is going to change anytime soon.

Joe (30:27.414)

I also think that 2025 is that year because it could have been the year that that trend reversed. could with you know, you had Trump talking about this on the campaign trail, being fiscally responsible, you had a Republican Congress. And then you had Elon Musk in there. And I think him getting chased out of town is the is the symbol of this not happening, because that was the chance that was a chance to start the US on the right path. It wasn't going to be solved like that. But you pointed out in the past that even just

reducing the deficit by a few hundred billion dollars, which should be relatively easy, would have put the US on the track to be shrinking the debt to GDP, as you pointed out, which is the important measurement. And since that didn't happen, I agree, 2025 is that turning point because it wasn't a turning point and because you saw its other events.

James (31:25.936)

And so if you kind of fast forward, we talk about like the long-term impact. If you fast forward 10 years from now, right? And I mean, you know, God help you if you have, you know, you end up with a hardcore leftist, you know, that comes in, you know, the White House, a bunch of hardcore leftists that take, I mean, it wasn't that long ago that like to be a socialist was, mean, a terrible thing to call somebody in the United States. Now it's just like mainstream movement and you get a bunch of these guys that take over Congress, and it's just gonna get so much worse. That's going to lead to a really bad situation in the United States. It's not a foregone conclusion. But if that trend were to continue to play out and foreigners continue dumping their treasuries, suddenly you don't have those lenders anymore. You don't have those foreign lenders that are saying, sure, here, we'll keep financing your deficit. We'll keep giving you trillions of dollars a year. Where's the US government going to get the money from? Where's the Treasury Department going to get the money from? Well, the only real viable source is from the central bank, from the Federal Reserve. That if the Fed suddenly has to start printing trillions and trillions and trillions of dollars to buy US treasuries, that's gonna create inflation. How do we know that? Because it happened, it's happened multiple times, but it happened very recently. All the pandemic inflation that is still lingering in the US economy is a direct result of the Federal Reserve printing tons of money to finance US government spending during that period.

Trillions of dollars that went out the door for all kinds of fraud and waste was basically conjured out of thin air by the Fed. And so if they do that again, because foreigners say, I'm out, I don't want to buy treasuries anymore. And the Fed has to print that money, that's going to create more inflation. And you're going to see that down the road that there will be a direct link from the, you know, from the hardcore inflation and debt issues that the US has in 2035, there'll be a direct link to what what's happened in 2025. And I this is the first year where you could really see troubling signs in the Treasury market. Except that the signs were in the gold market, not in the treasury market. All the warning signs are in the gold market and that's what the gold market is telling us.

Joe (33:32.078)

2025 was also the year that the Fed started cutting rates again after having bumped them up a little bit in order to try to deal with that sky high inflation and started bringing the window on stopping quantitative tightening closer

and setting the table for more quantitative easing and printing that money. So there were a lot of these events that clustered in 2025 where this does appear to be that turning point.

James (33:57.073)

Yeah, just remember, they actually started cutting rates late last year in 24. They started cutting rates in late, and the funny thing though is that as the Fed was cutting rates, what happened to bond yields, Fed was saying, we're gonna bring rates down and government bond yields are going up. And it was like a one and a half percentage point differential between where the Fed was sending rates down and the bond market was saying: Whatever dude, you can do whatever you want. We want more money. We want higher yields on bonds because we don't you know, this is becoming problematic. Bond yields throughout 2025 have kind of been all over the board. And so there are a few like minor things in the bond market that are flashing some warning signs. You can look at bid to cover ratios and some stuff from the Treasury auction, the primary dealer window and all these different things that are some that are that are some warning signs. But the big warning sign in the bond market isn't in the bond market at all. It's in the gold market.

The fact that gold prices are at record highs is because foreign governments and central banks are buying it by the metric ton. And that is their way to express a lack of confidence in the US government's ability to solve its fiscal situation. Voters go and express that confidence or lack of confidence in the voting booth. Foreign governments and central banks and investors do so with their dollars. And these foreign governments and central banks are trading away their dollars for gold, because they know they can't have their gold sanctioned, they can't be confiscated, can't be seized. There's no counterparty risk. They put it on a boat, they float it to their home country, they keep it in their vaults, whatever they're. And again, at the same time, they know it's also viewed as a strategic reserve asset anywhere and everywhere else in the world. there's a tradition of that. Foreign governments, central banks buy this stuff irrespective of price. They're not looking to buy gold for \$4,000, hoping to sell it for \$5,000. They're not price speculators.

They're buying it as a strategic reserve asset. And they used to have one, and it was called the US dollar. And it's not to say they're completely abandoning their US dollars, but they're definitely increasing their share of gold in terms of their overall, and euros and other things as well, in terms of their strategic reserve assets. We were talking about this in 2023, we said, hey, this is happening, central banks are starting to buy gold. But where you could really see, I mean, that like massive leg up was 2025, as a result of a lot of things that we really saw this year, you know, kind of over the last 12 months. And so I think, yeah, again, just to cap this off, if you fast forward 10 years, and you see the makings of a debt crisis and, you know, inflation

brought on by a bonanza of monetary printing, at the Federal Reserve level. It's because of the things that happened in 2025. And there's going to be a direct link between this year and the things that play out in the future.

Joe (36:57.558)

But then the last thing that we talked about (or third most impactful thing that we talked about) was something that could almost counter that.

James (37:05.618)

Well, we haven't released it yet, but yeah, the other thing that we think is sort of the biggest thing this year, not to say there would have to be only three, but we pick three. And that's one of the things that the Trump administration has done. mean, just to give credit where credit's due, mean, they've done a lot of really great things. mean, it's like the fact that like you can say stuff now, we were talking about Charlie Kirk. mean, like a lot of that free speech movement and the restoration of sanity and all those things.

That's a direct result of a lot of things that these guys did on day one. I think there's been a significant strengthening of America's standing overseas. I mean, there was just so many embarrassments and humiliations during the Biden era. And I think a lot of that trust and confidence in terms of America's standing, its military prowess, et cetera, I mean, I think a lot of that has been reversed. Obviously, the border has been a... huge success in getting, I mean, it's like, wow, what a surprise. You can actually stop the flow of illegals across the border if you want to. And it took them about 15 minutes to make that happen, know, proving that you can actually do the things that you want to do. And this is where I do hold out some hope on the deficit situation. I think that, you know, I think that, you know, there's probably some whatever 4D chess going on here and I don't claim to be any kind of expert in the political machinations of what I could never be a politician. I just can't imagine the misery of the constant bargaining and horse trading, whatever, instead of saying like, can we just do the right freaking thing here? Instead of having to trade favor, it's like, just let's clearly this is the right thing. It's not things anybody that can argue credibly that like, two trillion dollars doesn't matter. I mean, it's like, it's ludicrous.

You should be able to find a majority of people that thinks we need to get our act together and make it happen. apparently you can't because I think that there's so many politicians whose reelection chances, etc. are tied to the largess and all the government spending and you know, maybe Trump recognizes that. So maybe he's waiting for like later in his term to just kind of crush skulls and say, all right, this is what we're going to do. And he's got to get these other things out of the way first. I don't know. You know, I mean, I think, I think there's a lot of possibilities, but I would say like, it's definitely a huge problem.

James (39:27.815)

But one of the things that they've done very, very well, this administration has been the push for nuclear power. And it's been quiet, it's been with very little fanfare, know, there haven't been endless media coverage over this. But the drive to support and grow and deregulate and all these things with nuclear power to make it easier for that technology to flourish, it could be frankly, the single biggest impact from this administration. And that's saying a lot. That's saying a lot. But if you want to say, what's going to have an impact 20 years from now? And I think about, I have very young kids. I think about my kids being in their kind of early mid-20s. The impact of nuclear power on my children's life, mine too, but I mean on my kids in particular, to come of age and grow up in that kind of environment where, energy costs nothing. And it powers all this other technology, the robotics and the AI and all those sorts of things. And it costs nothing because this, you know, the rock or rock the sizes, air conditioning remote powers an entire city. It's extraordinary. And, you know, it's been suppressed for so long, because so many people in government are just ignorant. And, you know, they keep the media public opinion, all these different things that has kept nuclear technology down.

Meanwhile, the people that get it, Russia, China, India, etc., they're feverishly building nuclear power plants left and right. This is another race that the US is starting from behind, thanks to self-inflicted wounds, self-inflicted stupidity. And one of the things that these guys have done very, very well is say, no, we're not going to do that anymore. You guys need to sprint as quickly as you can and catch up and surpass the Chinese on all this. you know, I think that trend continues. There's going to be cheap energy that drives boundless economic prosperity. And it is also, you want to talk about getting prices down. I mean, it's also a thing that keeps inflation in check. Cheap energy is deflationary. Cheap energy makes things cheaper. And we talked about this on previous podcasts. I between technology and cheap energy, you're talking about a manufacturing facility that's 100 % AI, robotic, powered by almost free nuclear energy.

The cost to produce anything is freaking zero. You can make an automobile for almost nothing. I mean, it's like a house and it like things will cost nothing because it will be built by robots managed by, you know, AI empowered by almost free nuclear energy. Talk about it. Talk about deflationary force. And at the same time, it unleashes a whole lot more economic productivity. And so this is, you know, when I fast forward, like, you know, whatever, maybe it's 10 years from now, 20 years from now, it's at least 10 years from now, it's no more than 20 years from now, where the impact of all of those things where AI will have developed enough, robotics will have developed enough, the automation, all those things will developed enough, nuclear will have developed enough. It's somewhere in that 10 to 20 year timeframe where you

don't have any problems. You don't have any problems because all that stuff is just, everything is so cheap to almost be free and there's a widespread massive level of prosperity.

America is in the place to get this right. And I think you'll be able to draw that straight line to 2025 with these very quiet policy decisions that were made in this administration. I think that's gonna have massive impact on future prosperity.

Joe (43:05.226)

You pointed out to me as well that nuclear is very related to the AI boom because the data centers that they're building right now require so much energy that you almost need a small modular reactor just to power each one of these. So they go hand in hand.

James (43:19.271)

I think you need a big reactor to power those. mean, Jensen Huang's talking about a megawatt per rack, a megawatt of power per rack, and a data center's filled with countless racks of this stuff. mean, it's like the power consumption that's gonna be necessary for these data centers. I mean, they're talking about whatever these headline numbers are, trillions of dollars to be invested in this stuff and these data centers.

Don't forget about the electricity because that's a big, big part of it as well. It's going to come on top of that. But, you know, they go nuclear. think they're going to have to start with combined cycle, natural gas, power plants, and then while they get the nuclear stuff going. But in the end, everybody's going to be better off. Everybody wins when energy is cheap. Everybody wins across your entire civilization. Everybody wins. And so, you know, the Biden administration basically declared war on energy. They declared war on oil and gas. They declared war on nuclear. They declared war on everything unless it was wind and solar, which happened to be just, you know, I like clean environment and all that stuff too. Of course, I love that stuff, except wind and solar just really, really inefficient. They just are. They're really, really inefficient. And, you know, if you're intellectually honest about the inputs, about the child labor in the Congo that goes into mining, you know, all the different elements.

They go into all the dirty mining minerals that go into the panels and the batteries and all that sort of stuff. I mean, if you're really honest about it, they're really not that environmentally friendly. They're really not, you know, and it's just these are sorts of things that the left to go back to the to just to kind of close the loop at the very beginning, like they don't want to hear rational arguments and discussions about anything. They don't have a rational discussion because you're only allowed to believe this one thing.

Wind and solar. That's got to be the future. That's all you're allowed to say. that's the legacy of the left. And they really destroy the entire energy sector. And these guys are trying to rebuild it as quickly as possible.

Joe (45:20.398)

If the climate people had been serious and had an open debate, they could have ushered nuclear in 20 years ago and we wouldn't even be in this position. But they weren't, they had an idea of what they wanted. -I'm not listening to anybody else's perspective on that.-

James (45:36.755)

All right. That's right. Yeah, they pointed a girl that was like 15 years old at the time to be their ambassador for all their policy decisions. And Greta Thunberg grew up in this world where she was the face of climate policy. It's like, you're a kid. You don't know anything here. This is ridiculous. yet prime ministers are listening to this little girl setting policies, this is absurd. This is absurd. again, they all and they get on their private jets and they fly out to, you know, to dictatorship countries to tell all the peasants that you're not allowed to use a wood burning stove, all this stuff. mean, like, how does anybody take these people seriously? And again, just kind of closing loop on it. That's where we started with the Charlie Kirk thing is Charlie Kirk's assassination laid bare to everybody, you just can't take these people seriously.

You know, not only are they unserious people, but they're violent, murderous thugs. They can't be trusted. And that awakened an entire generation of people. That's going to have an impact. I pray I'm wrong about the debt, but I think there's a straight line from certain things that happened in 25 to a potential debt crisis down the road. And we can see all of that. The warning signs are in the gold market screaming as loud as anybody's willing to listen. And, you know, the last is nuclear, which is kind of the counterpoint to a potential debt crisis is that, you if we can kind of make it that long, that, you know, boy, the future prosperity is, you know, the signs are there to be running hot and there's gonna be a direct link to policy decisions from 2025 based on.

Joe (47:20.952)

So overall, still 2025 makes you optimistic. there on?

James (47:23.889)

Well, it's... I mean, it's big year. It's definitely a big year. I'm always optimistic. I'm always optimistic because again, like human beings, our species has been through everything that you could possibly throw at us from, you know, plagues and pandemics to massive extinction level natural disasters and everything between wars, famines, know, dictators, genocide, you name it,

and we've been through it. And we've always managed to come through. We've always managed to adapt and overcome. We've always managed to rise as a species. To say that we've somehow invented some new problems that we're not going to be able to conquer is absolutely ludicrous. So I'm always optimistic. It's just a question of, to me, the future is always bright. It's just a question of how far out do you have to go and how many bumps in the road do you have to put up with to get there? And again, this is why we talk about these things to be aware of. There's ways, you know, there's ways to sort of de-risk these bumps in the road. There's ways to, you know, to profit from them as well. You know, frankly, I mean, this is why we, you know, we talked about the gold market. We've been telling people forever, Hey, gold's going to go up. Probably want to buy gold. Probably want to buy these gold miners. You know, no big surprise that a lot of the gold miners we've been featuring in our premium research are up, you know, four, five, six X. And, you know, we still think that a lot of those trends are in early innings.

So, you know, I am optimistic, but I'm also realistic about the risks and challenges, especially kind of over the short term. And we'll see what 26 brings, but 25 is definitely a big year if you can manage to cut out the noise and focus on the stuff that really matters. I guess those are our big three for the year.

Joe (49:06.542)
Thanks, James.

James (49:07.507)
All right, buddy.