# How Do You Know What’s True? Facts, Rumors, & Panics

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We are now in one of those times in which the realities of the situation about the health, economic, and market impacts of the coronavirus are so bad that conveying them accurately could provoke panic. Some leaders and knowledgeable researchers who are in the position to know are inclined to withhold the facts to prevent that panic. The downside of doing that is that it will undermine their credibility at a time when them having credibility is most important and people will not do the preparation that they should do because of the misinformation. While I think they should make the disclosures, I think that’s a close call.

In other cases, some people hold back bad facts about themselves because the bad facts about them would lead others to run from them. Like the other reason to hold back facts, that is both understandable and undermines credibility when it is needed most and prevents people from taking appropriate actions in light of the situation. It’s worse than policymakers who are trying to prevent general panic because it puts their self-interests ahead of the interest of others that they are in a position which should require others protections ahead of their own. It too contributes to not knowing what’s true.

Then we have rumormongers who try to incite panic for their own benefits. They range from individuals on social media to writers for prominent publications who feed sensationalism. They are the worst of the worse and should be punished severely.

As a result people of operating in this way, it is nearly impossible to know what is true.

As for my communication with you, I promise that I always communicate with you in a totally straightforward way. I will share what I know and think freely even though there are personal risks of my doing that. While I will make mistakes, I will always be trustworthy. That doesn’t not mean that I will discuss everything here on social media. For example, I will not disclose anything about Bridgewater’s relationships with our clients and our positions in the markets. But you should know that if I say something, you can believe that it’s true.

As for what I think now, I believe that the health, economic, and market impact of the coronavirus will be much greater than most people are now conveying. For example, the profit losses for businesses are likely to be many trillions of dollars so that governments protecting just the companies would cost a significant percentage of that amount of money. Additionally, the amount of money to protect just those individuals who will be devastated by the virus will also be enormous. To do that, fiscal policymakers (I.e., heads of state and legislators) will have to create massive amounts of spending and distributions of money that will be distributed as “helicopter money.” That is happening now in many ways such as President Trump’s $1,000 checks to people. Where will that money come from? The fiscal policymakers don’t have that money because they don’t create it (the central banks create it), so they will have to borrow that enormous amount of money at a time when lenders don’t have much money to lend because most people and companies are losing money. That will drive up interest rates, which would be even more devastating for everyone. Central banks will then have to decide if they will let interest rates rise or print a lot of money to buy those bonds. As they are faced with that choice, they will have no choice but to print money and buy a lot of government debt to hold interest rates down the way they did in the war years. So now all eyes are on central banks to see if they will do that. This is the big paradigm shift that I previously spoke about.