

**THE YEAR WE'VE ALL BEEN WAITING FOR...**

**2012**



**"We don't need attacking, no, no  
We don't need the pain  
We don't need to cry down, we don't need it  
We just need to change..."**

Song lyrics "Little Bit of Love,"  
from Curtis Mayfield's album: "New World Order"

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## 2011 Wrap-up / 2012 Beginnings

**Catherine Austin Fitts:** Good evening. Welcome to the *Solari Report*. Today is Thursday, January 5, 2012. I'm Catherine Austin Fitts, and I'm delighted you could join me this evening. This is the first *Solari Report* of 2012. It's the year we've all been waiting for. Tonight is our annual wrap-up. That's the time I like to look back over the last year and then forward for the important trends of the coming year, 2012. Every year for the *Solari Report*, we do a poster, and our poster last year showed sort of a wagon train on the prairie, and we called it "Slow Burn on the Prairie."

The theme and the focus was on what a difficult year we needed to grind through in 2011. Sure enough "slow burn on the prairie" was very appropriate, because sure enough we did slow burn through a very difficult year. Our poster for 2012 is a little bit of a spoof on all of the apocalyptic talk about 2012. In the slogan, we have a young child holding a poster, and instead of it saying, "The End is Near," it says, "The Beginning is Near."

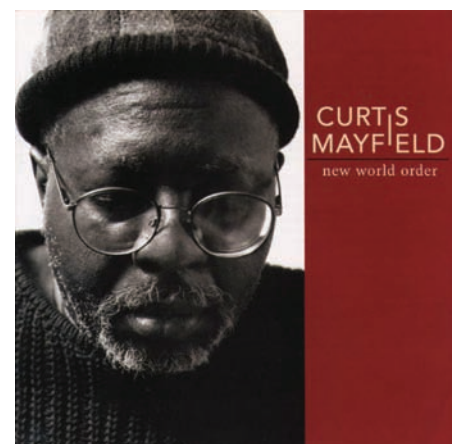
Our quote is from Curtis Mayfield. It's a verse from a song from his album, *New World Order*. Curtis Mayfield's one of my favorite performing artists. Mayfield was in a very serious accident in the early 1990s. A stage fell on him, and he was essentially paralyzed from the neck down and proceeded to write and record his album, *New World Order*, literally lying down. He had to record each line one line at a time and then stitch them together. It's a beautiful and extraordinary album, and it sort of spoofs on George Bush's quote about the new world order.

Mayfield basically comes back with a vision of a very different kind of new world order. He lays down his own reality tracks, and it's quite beautiful. And in the songs, he talks a lot about the different struggles of dealing with the kind of oppression that is ongoing. As Mayfield says, "Freedom is not free." One of the things he talks about is the need for all of us to change, and that's the quote that I use for this year's poster.

Last year, we did the wrap-up on January 2011, and we did quite an extraordinary transcript that's in the archive. And if you go back to look at it, I think you'll find it very useful to help you understand the deeper trends,



The wrap-up poster for 2011



**"Just A Little Bit of Love" lyrics from Curtis Mayfield's Album, New World Order:**

We don't need destruction, we don't need it  
We don't need to care, no, no  
We don't need corruption  
We just need to cheer, just a little bit

We don't need attacking, no, no  
We don't need the pain  
We don't need to cry down, we don't need it  
We just need to change, let me just a little bit

Just a little bit of love to make it right  
Just a little bit of time to cool at night  
Just a little bit of space to keep us tight

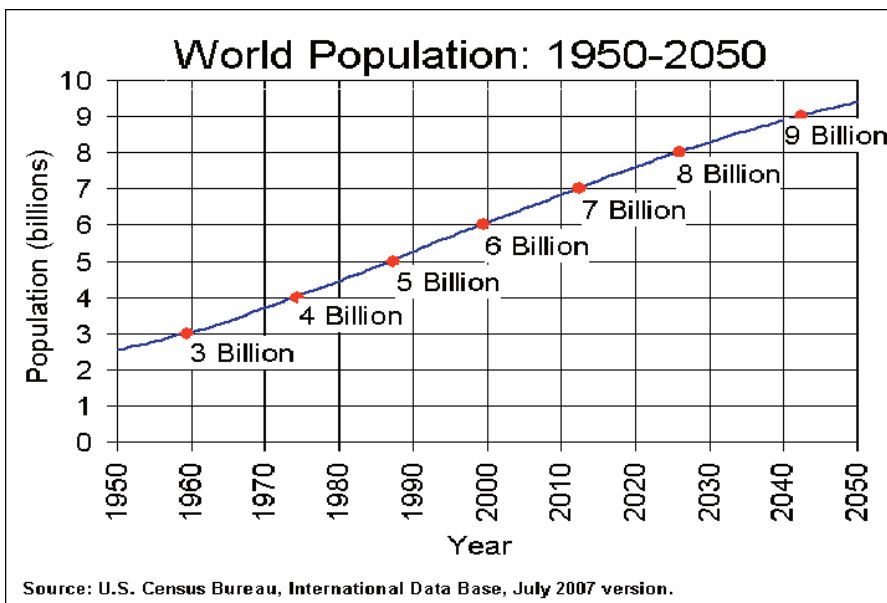
Love can, love can be  
Livin' life to see  
All my children free, ooh  
Just a little bit of love



many of which I'm going to talk about because they haven't changed; they're continuing. So feel free to use that 2011 transcript also as something to help inform you.

I'm going to divide my comments tonight in 12 sections. Let me read them to you to give you an overview of what we're going to talk about tonight. The first is the **demographic imperative**, then **transformations and awakening**. Third is **Planet Earth**, fourth is **science and technology**, fifth is the **half-pregnant empire**, sixth is **financial coup d'état and the slow burn**, then a **market roundup**, then **Solari Report highlights**. I'm going to talk about sort of the **highlights of 2011** and some of the things we're going to be focusing on in 2012. **Unanswered questions of 2012** is next, then **New Year's resolutions**, some **predictions for 2012**, and finally **Hero of the Year**. I'm going to take my time. I've been asked by several people not to rush, so I anticipate going longer than an hour, possibly longer than an hour and a half.

And if you can't stay with us, don't worry. We'll have an MP3 and a transcript up so you can dive into the sections where you want. Okay!



**1** **The Demographic Imperative** – I think if there's anything that underscores the deeper trends that you and I are managing and dealing with, it's demographics. If you go to the U.S. Census World Population Clock, you'll see, according to the U.S. Census, as of January 1, 2012, we were 6,984,895,594 people worldwide, and they predict we're going to hit 7 billion sometime around the Ides of March this year.

That means we're sharing the planet with an unprecedented amount of people, and that really has an influence on everything. The U.S. Population



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Clock is currently at 312,805,740 people. It also shows that we have one birth every 8 seconds in the United States, one death every 12 seconds, so we're arriving faster than we're leaving, and one net international migrant arriving every 46 seconds for an average of a net gain of one person every 17 seconds. Lets put that in historical perspective.

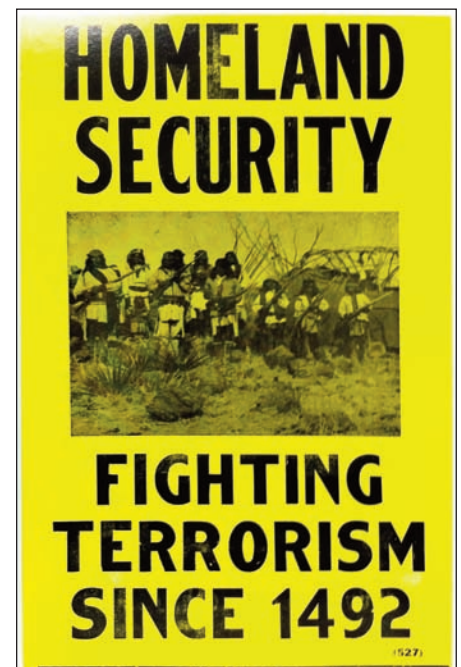
When the Federal Reserve was created in 1913, we were 97 million in the United States. When the National Security Act was passed, we were 144 million. So a world where we're two or three times as many people just on this one continent, that's a very different world. The thing that makes it particularly different is that not only are we many more, but we're becoming networked. So we have more than a billion people on modern communications, and that figure is rising quickly.

So, 7 billion networked people is a very different picture than 7 billion people alone, let alone a much smaller number only 100 years ago. That means it's time to come up with a new covenant. We're sort of facing an all-or-nothing situation when it comes to individual human and property rights and the theory of non-violation. If you look at America, we've enjoyed a history of belief in individual rights - both human and property rights. But our rights have historically depended on violating others' to subsidize our fundamental economics.

And we all remember when the Patriot Act was passed, the Indian reservations marketing t-shirts saying, "Fighting Terrorism since 1492." But it can't continue to work that way; if we're going to respect individual rights, we're going to have a practice of freedom, it's becoming an all-or-nothing situation, and that's a very different change. One of the positive developments is that in fact we are beginning to face that. It's a long time coming.

Michael Ventura, one of my favorite essayists, talks about Los Angeles when he says, "We're standing in the psychic storm of our own being," and that's part of what's happening. We're standing in the psychic storm of our own being, and it's not always pretty. One of the great highlights of the *Solari Report* this last year for me was Bill Tiller, who was the former Chairman of Material Science at Stanford, talking about his research on the ability of human intention to impact the material world - very important scientific research for implications about what the future can be and our contribution to it.

I asked Dr. Tiller what he thought about community prayer or meditation, and he thought a while and said, "Well, you know, if the people - if the individuals involved are coherent, it can be quite positive. But if they're not, it can make matters worse." And so the question - one of the most profound





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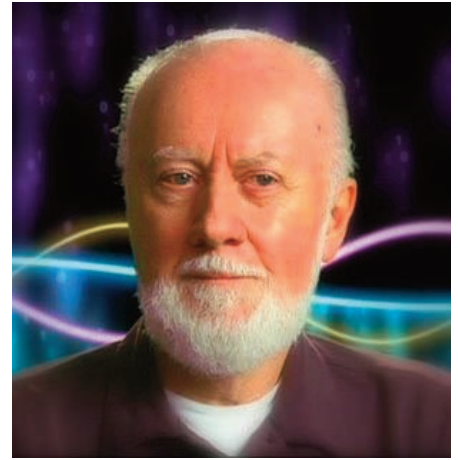
questions before us is, “Are we going to be 7 billion coherent people or 7 billion incoherent people?” It absolutely matters. Where each one of us fall out on that spectrum absolutely matters.

Another aspect of this demographic imperative is the contrast between aging in the first world and the young in the emerging markets. I’ve talked a lot about this over the last two years. We’ve seen the creation of global empire driven by the imperative to pull capital out of the first world as the boomers age and invest it in the young – in the emerging markets. That leaves us with a situation in the first world where the boomers have more promises than we have assets, and as part of our assets we’ve permitted more and more of our assets to be controlled by third parties like pension funds, intermediaries or governments.

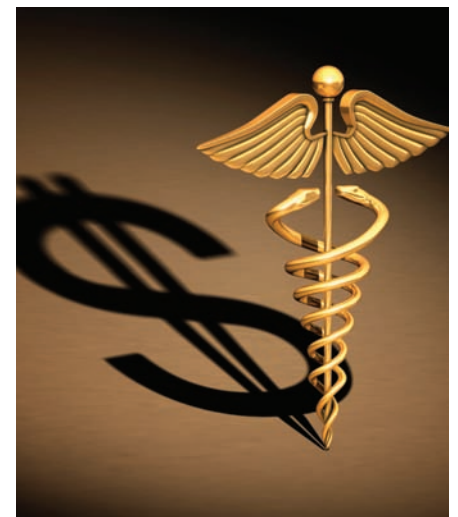
Of course, that makes it much easier now that the cash flows have turned against us producing more capital to be invested in large corporations – those various pension funds and governments are looking at abrogating the contracts. If you look at hundreds of stories that we’ve talked about or that we’ve seen in the news over the last year, that’s the thread that ties them together, whether it’s the American Airlines bankruptcy to get out of the agreements with unions and their obligations to the pension funds, or with legislation trying to change collective bargaining, or attacks on teachers relating to get control or influence of their pension funds, as well as other pension fund changes, European debt workouts go to the heart renegotiating the deal on aging workers in various countries.

Of course, the same thing is the subtext in the U.S. healthcare legislation and the continuing debate this year about it and the Supreme Court consideration expected in spring and summer of 2012. The healthcare legislation sets up a new framework that makes it much easier to ratchet down the cost of those changes as the boomers continue to age. So watch for continuation of those stories as the demographics press on capital allocation. Watch for a discussion of the important things that have to be discussed.

- How many people can live in a place, and how do we share a place with so many more people?
- How do we create a new covenant to respect each other’s individual human and property rights?
- Within the covenant, how do aging boomers and emerging market entrepreneurs align, whether it’s through investment and trade and communication?



William Tiller is a teacher, researcher, author and consultant, and is currently Professor Emeritus of the Department of Materials Science and Engineering at Stanford University.



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- Most importantly, how do we decentralize economic and political power in the face of the tension of sharing places and resources?

**2 Transformations and Awakenings** – Traditional institutions continued to lose credibility in 2011. I put up a quote on the blog this week from a derivatives expert – who said, “Governments gambled on a return to growth solving all the problems; that bet has failed.” Pretty good description. The *New York Times* in fact declared 2011 as the year that governments lost credibility. Governments have been a juggernaut of wealth destruction.

I put up this week an interesting comment from the Financial Crisis Commission. Peter Wallison explaining that through HUD, Fannie Mae and Freddie Mac, in fact, the government had created the financial crisis, not Wall Street. Now, it’s kind of two sides of the same coin, but Wallison makes a good point. The mortgage bubble could never have happened if it hadn’t been engineered with significant effort on the part of HUD and the federal government.

The government investment not just in the United States but in many places has a negative return on investment, and that’s because a lot of what we’ve seen government used for is to help centralize political and economic control and in the process, certainly in the United States, buying off people and corporations and municipalities and many different constituencies to engineer things for the big multinational corporations. So there’s been a lot of sort of creating wealth falsely, and now we’ve reached the day of reckoning.

Now we see huge challenges and budget deals in the U.S. and Europe that underscore how far the whole affair has gotten off track of fundamental economics. One of the examples of this losing of credibility is the disgust which we see in the United States with both political parties. One of the problems both parties have coming into the primary season is it’s hard to get people interested in any of them. The polls confirm that tremendous lack of interest in both parties.

We saw as part of this rejection of traditional political avenues, awakening activism break out all across the planet. Some say it was activism and a desire for freedom. Others say it was a rise in food prices as well as more IMF and World Bank fiddling with regulation and subsidies. We saw Arab Spring, Occupy Wall Street, continuing Tea Party activism, and towns striking in China. People are angry at the corruption, and the explosion of the Internet



We saw Arab Spring, Occupy Wall Street, continuing Tea Party activism whether it was – literally all around the world.

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and handheld devices and social media facilitate a lot more communication and collaboration. Unfortunately, they also facilitate a lot more entrainment and manipulation of what otherwise could be a lot of very sincere citizens, particularly young people.

The test of activism both in 2011 and 2012 is going to come down to two questions. Is it decentralizing? So does it serve the interest of decentralization, or does it serve the interests of centralization? And is it wealth-building or wealth-destroying? Because what we need is activism that is both decentralizing and wealth-building. So for example, Occupy Wall Street's efforts to shift bank accounts out of the big banks and into the community banks and credit unions was decentralizing and wealth-building. Shutting down small businesses and ports in Oakland was both centralizing and wealth-shrinking.

Better to pay attention to farmers than Wall Street – what we pay attention to grows, and what we need to focus on is what we want to grow. So for example, our donation at Christmastime this year was to the Farm to Consumer Legal Defense Fund. The most decentralizing thing in the world is to break up the control of the food supply. To make sure that our food is healthy and nutritious is very wealth-building.

I think 2012 will see much greater awakening, and it's why I am such an optimist and keep stressing that the beginning is near.

The bad news is the beast is coming out of the closet. I don't need to tell you all the negative things going on from chemtrails to GMO to even nuclear war, and we'll talk about that when we get to the empire. But the good news is also the beast is out of the closet. I must say just on a personal note all my life I've struggled with having dealt with the beast in a variety of contexts, and yet walking around in a world where people pretend the beast isn't there and doesn't need to be dealt with. And somehow, I think the beast coming out of the closet gets us to the point where we can see it, it can lose credibility, we can start to ask the questions and move forward.

And so it starts by changing ourselves and how our resources work. The more appalled we are at the beast, the more we can start to change. I'll give you some examples, because there are a lot of very positive things going on. We saw a town in Florida that got the fluoride removed from their town water supply, and in the process saving a couple hundred thousand dollars on the town budget because it's amazing how much of the sort of negative things going on can be very expensive to us as taxpayers. So it's a perfect example, of course, of walking through your municipal and state budgets and getting the negativity reversed.



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There's a wonderful town in England – I put this story up on the blog – that in response to 9/11 started seeing if they couldn't grow food in the town commons. They grew more and more. The rule was if you were walking by some food that was ready to be harvested, and you could use it, just take it. And in fact, now it's been so successful that they have a plan to get food self-sufficient for fruits and vegetables within a couple more years just in their common areas. What a great thing! And it could make a huge difference to household budgets.

We've seen lots of places that have bought and slowed down smart meters, cell towers, big box stores – all sorts of effective efforts. We now see the Montana Supreme Court reverse the Supreme Court decision on corporate funding of elections and campaign contributions at least within Montana. And of course, all sorts of efforts to support and get the right guys elected in the local sheriff races. There are millions of more - it's all a reminder that this is trench warfare, and there's a lot to be done. In the process of awakening, be very careful of manipulation because a lot of the worst proposals are manipulated to make them look like they come from the grassroots.

And as you heard me say, coming back from Switzerland, “One man's ecovillage is another man's labor camp.” Be very wary of anything that is not decentralizing and very, very supportive of individual rights - human rights and property rights. It's time to write a new story. One of the most important things I think for all of us in 2012 is there is a great deal of effort to scare people, whether it's media trying to get your attention, or it's the new world order folks who want more control, and your fear gives them more power or government more power.

I'm reminded of two of my favorite quotes. One is from Caroline Casey who says, “Our circumstances are far too tired for the luxury of realism,” and another from Scripture, “Faith is the substance of things hoped for and not yet seen.” It's very, very important this year that we have faith in our picture of the future as opposed to some pretty ugly pictures that are trying to be sort of hoisted on us. Don't let them do it. One of the positive things we saw in Occupy Wall Street was the ability of young people to organize and collaborate in very un-hierarchical ways. That's one of the positive developments that could make a real difference as we all continue to get networked.

The awakening is positive. We need a way to change and transform which is beyond the control of any central point. And so that comes down to each one of us taking actions again that are both decentralizing and wealth-building for us, and therefore wealth-building for our families and our communities.



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The awakening is positive. It needs to come, and we need to nurture change with a positive heart and avoid the fear.

**3 Planet Earth** – The weird weather that I talked about in last year’s wrap-up continues. We’ve had an unprecedented number of disasters and emergencies in the U.S. We had 753 tornados in April in the U.S. alone coming in and around the April budget deal. I suspect that they’re probably connected. We had earthquakes in New Zealand, cyclone and floods in Australia, Hurricane Irene hit the east coast, earthquakes in Turkey, monsoons in Thailand, peak everything continues, and water wars grow in importance. There are serious questions on space weather and deterioration of the electromagnetic field.

Predictions that sunspots will increase this year are important because there is a historical correlation between sunspot activities and greater warfare and geopolitical tensions. There’s going to be more efforts this year to try to talk people into a carbon tax. Please don’t fall for it. It’s a fraudulent scheme to create a non-accountable global taxation system. As I’ve said before, and will say again, it will make derivatives look like something Mother Teresa came up with.

Are all these problems natural? I doubt it. We’ve talked earlier about different technology and invisible weaponry. We spent a fair amount of time in 2010 looking at chemtrails, but it’s just as important now as it was when we first introduced the topic. I believe the technology is there to influence weather, and weather wars are going to continue to intensify going forward.

We’ve seen tremendous consolidation of farmland going on both in North America and Africa and continents around the world. I started to talk about the importance of farmland in 2004 when I started serving as an investment advisor.

We now see Professor Schiller come out and say it’s going to be the best performing real estate asset class. I don’t disagree with that. I don’t think it’s certainly going to be the best asset class, but it underscores again that it’s important to be prepared for weird weather, whether it’s space weather or weather wars and the value of owning food-producing land and water and water rights.



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**4 Science and Technology** – Science continues to dazzle. We saw developments in physics that were astounding coming out of CERN Switzerland. In the fourth quarter, we saw the announcement that Newtonian physics no longer stood. We see subatomic particles that have exceeded the speed of light. And there’s no doubt about it, that our picture of reality and how it works is standing on its head. I had, as I mentioned before, Bill Tiller on the *Solari Report* last year talking about the ability for intention to impact material reality.

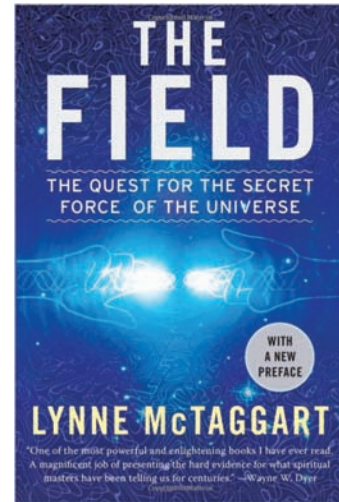
Lynne McTaggart’s going to be on in January, and she wrote the book, *The Field*, which is a great roundup of research on what Rupert Sheldrake calls “morphogenic fields” – on how intelligence and knowledge is shared. She has a new book, *The Bond*, which we’re going to talk about when she joins us. All of the research that she covers and reports on underscores the power of the individual and the importance of organizing our world and our culture around respect for the individual. It introduces science and research which is very different than what most people get in high school and college.

Big questions about what the energy model will be. The *Thrive* documentary is one of the efforts this year to explore the suppression of energy technology and the fact that our dependency on fossil fuel is a political dependency more than a material dependency. I continue to believe that the rush to ensure central control of the seed and food supply - including new global laws to be able to patent life and GMO food and seed –is to replace oil as the control asset for the reserve currency. If we’re not going to use oil as the asset which backs a dollar reserve currency, but instead are going to adopt new energy technology, then the financial folks need another asset to control, and if it’s not going to be oil, then I suspect it’s going to be seed and food.

So even though the two look like they’re very different, I think there’s a very strong connection between what’s happening in the energy model and what’s happening in the food model

Another important development to watch is advanced manufacturing and robotics. I sat down with an interesting activist in Switzerland. He had a grant from the Office of Naval Intelligence. They had hired him to interest people in low-income communities in becoming robotics engineers. He said the Office of Naval Intelligence projected a need for 400,000 robotics engineers in the United States alone in the next ten years.

Advanced manufacturing – we’ve seen a huge wave of manufacturing outsourced outside of North America and into the emerging markets. Advanced manufacturing and robotics could bring it back onshore. It’s going to be very



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interesting because if you look at what advanced manufacturing and robotics can do, it can bring the small guy and small business and the entrepreneur very much back into the game in sophisticated manufacturing. We've seen – in that sort of spirit, we've seen remarkable advances with entrepreneurs and communities that I've been following on the blog.

One is the Maker Movement, with people getting together and forming clubs where they teach each other how to make just about everything. We see one open-source developer trying to create blueprints for the 50 machines you need to have a civilization. We see much greater awareness of the suppression of scientific advances, whether it's energy, healthcare or many different areas that's coming through the Internet. As that happens, more and more entrepreneurs are saying, "Well, wait a minute. We don't need to depend on large institutions for energy, for home building, for all these different things. Let's figure out how to do it ourselves."

Finally, we see the development of crowd funding and people starting again to talk about the importance of community and micro-venture to finance these things. So the entrepreneurial pushback within the area of science and technology is very powerful and offers great potential for both decentralization and wealth building.

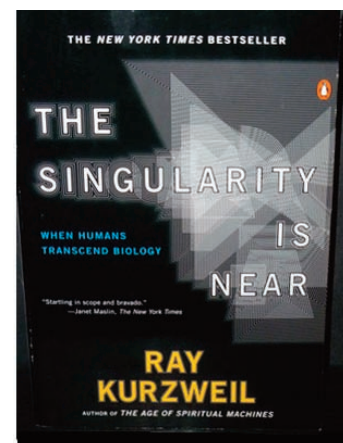
One of the most important shifts right now in technology is the shift of computing power out of the desktop into the handheld device, whether it's the phone or the pad. This has a tremendous impact on the possibilities both for communication and collaboration – as I said before, a lot of the activism – Arab Spring, Occupy Wall Street – depended on this kind of shift to the handheld.

One of our favorite subscribers points out that the phone companies are less committed to open-source, and so there's much more potential for control as people grow dependent on handheld. That's very important and good to point out. There's also a lot more potential for invasive surveillance and compromise of privacy. One book I'd like to talk about in 2012 is Ray Kurzweil's book, *The Singularity is Near*. Needless to say, as we become more dependent on machines and software, the more artificial intelligence determines how things work and the more invasive the collection of information about all of us is, and that can be used against us even financially as we've discussed in 2011.

One of my greatest concerns about science and technology is the extent to which we're turning our mind over to the empire. For example, we see more and more people encouraged to keep their servers and data on cloud comput-



"We don't need to depend on large institutions for energy, for home building, for all these different things. Let's figure out how to do it ourselves."



Ray Kurzweil examines the next step in the evolutionary process: the union of human and machine, in which the knowledge and skills embedded in our brains will be combined with the vastly greater capacity, speed, and knowledge-sharing ability of our creations.

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ers. We see more and more digital books being bought. Amazon is now selling more books through Kindle than physical books. I loaded Kindle for Mac 4 months ago. I'm up to about 40 books on Kindle. I've found it's a great way to just scan books. I scan a couple hundred a year just for the *Solari Report* looking for different trends or ideas or considering different people to interview.

What I realized after I got to about 35 books was, "Holy cow! What's to stop somebody from pushing a button to delete these or simply to change them without my knowing?" If you look back about 10 to 20 years ago, we had knowledge deeply vested in multiple generations in families or networks that were connected, plus in universities, plus in physical books. That's a very redundant knowledge management system. We're going into a world where you're not seeing anywhere near as rich or redundant information within generations of either family or networks that are connected.

Universities are much more controlled by large corporations and defense contractors, and now we see the physical books going away and cutbacks in funding of libraries. And the whole thing when you step back and look at it makes me very nervous because for an individual to be powerful or for a family to be powerful, they need to understand their history. And one of the greatest control mechanisms is controlling the writing history.

One subscriber points out regularly that as the American military goes into Iraq or looks to be targeting Iran, that these are places with great antiquities and much knowledge of the history of ancient civilization. When we occupied Iraq, the first thing that happened was the antiquities got rounded up and shipped off to the British Museum. That's a rewriting of history that's very, very scary and dangerous.

I've made a commitment for 2012 and going forward, if there's any knowledge that I think is important and I think I need, I'm going to keep it in physical book form and not in e-book form. I would really encourage you to do the same. If there's knowledge that you need for your business or for your family or your personal life, just make sure that you have redundant backup and copies and that you're not dependent on the empire for your – literally for your mind.

**5 The Half-Pregnant Empire** – The empire has stalled. We see an effort by the United States military and the political state department apparatus, as the investment moved out in the mid-'90s, we saw the military move out. We saw the build out of a global empire. It depended not just



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on the control of the traditional Navy sea lanes, but the build out of the satellite networks and the control of space. I've said many times before, and with the quote for the 2010 wrap-up, nobody invests money where they can't enforce. And so if we're going to rebalance global investment and rebalance the economy, then we needed a global military that could enforce that capacity.

One of the things you feel in the United States this year, and in Europe, too, is a profound sadness that comes from being led by people who we don't admire, because this is an empire based on force and financial manipulation and financial warfare. It depends on the absence of transparency, and it has evolved a leadership that I think many of us are just simply not comfortable with. But it continues to build out, and it continues to use force. We saw what I have concluded in 2011 a very forceful effort to maintain hegemony in Asia by the United States.

I think Fukushima was a nuclear war. If you look at what happened and who won as we see events unfold, by 2012, who was the winner? Well, first of all, it was the domestic U.S. auto industry. It was the oil card; we see a shutdown of nuclear plants in Europe and real pressure against nuclear that is helping to maintain fossil fuel and the price of oil. And finally, we see a slow down to efforts by Japan, aligned with some of the other players, including China, to emerge as an Asian – sort of a threat to the United States' hegemony in Asia.

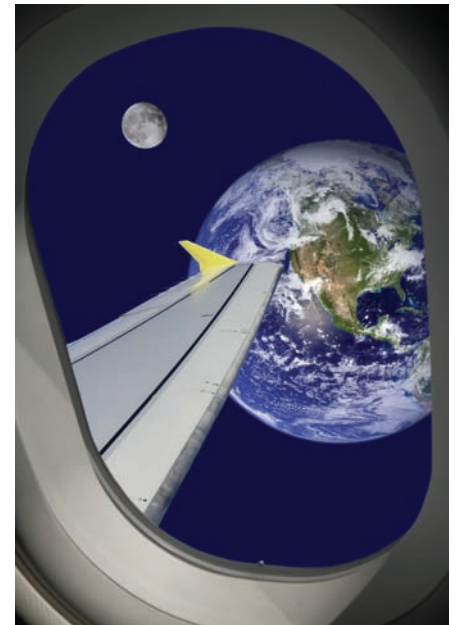
There are allegations that there was a nuclear weapons lab at Fukushima. I don't know if that was the case, but it wouldn't surprise me if that was the case. I think it is likely that Fukushima was not a natural event. It was not an accident. Do we know the facts? No, but it has very profound implications for the probability of a nuclear war or nuclear events going forward. I'm going to talk about that when we get to predictions.

We see China launching their first aircraft carrier and new satellite capacity to not be dependent on the U.S. The asset control of the Middle East continues to be important to maintaining the oil price, so the effort to stop anybody being outside the empire model continued with the invasion and conquering of Libya and the killing of Gaddafi. It turned out that the boots on the ground to get Iraq and Afghanistan into the fold have been painfully expensive, and if anything threatens the empire with the drain of resources to do that.

Iran continues to be outside the model, and we see warmongering towards them. They're selling oil to China and Japan in yen. It wouldn't surprise me if that was part of the reason that led up to Fukushima.



There are allegations that there was a nuclear weapons lab at Fukushima.



NASA announces that they're not going to continue with a government-funded space program, but in the future, space will be developed by private corporations, of course, with government funding.



## *Catherine Austin Fitts 2011 Year End Report*



One of the most important developments in 2011 was the privatization of space. We see NASA announcing that they're not going to continue with a government-funded space program, but in the future space will be developed by private corporations, of course, with government funding. That means taxpayers pay, but private corporations get the technology and the equity, which is a very, very devastating development for the current way that we govern planet Earth.

Give space control to the private corporations, and private corporations will rule. And again, we're watching satellites and space weaponry evolve as just as important to maintenance of the empire as sea lanes.

What we saw domestically was a very insecure empire. "Fast and Furious" was the Department of Justice operation to supposedly targeting the Mexican cartels, but if anything it was a pretty frightening example of the Department of Justice spreading illegal weapons both in the United States and Mexico. What it means is that it's very, very difficult if you're the empire to run narcotics trafficking or help run them globally, including in North America, and the double binds in doing that are getting harder and harder to manage. We saw the Attorney General grilled by Congress, and it was kind of an ugly mess.

Lots of Internet talk about FEMA camps. Yes, they're real. However, if you look at the capacity of the United States to round up lots of citizens and put them in FEMA camps, it's not there. But that demonstrates real insecurity in the government in terms of what could happen from disasters, what could happen from continued unemployment. Finally, we saw the defense authorization, which happens every year, this year come with expanded powers which I'm sure are not constitutional, if we ever get them battled out in the court, to arrest Americans.

Now, if you look at what's been happening in America as a practical matter, what has been happening with physical harassment, with torture, with killing including by the government, this kind of stuff has been going on for many, many decades, but it's never been stated openly in legislation. And I suspect the effort to do it is not because – it's not just because it hasn't gone on; it's because trying to do it when there's lots of factionalism and anger and fighting at the top and the middle makes it much more dangerous for the guys doing it to have it go on. But it's certainly not a good development.

Of course, we see continued efforts in capital control to keep capital from flowing out to global investment and keeping it trapped into the U.S. system. Part of that is because the government continues to need more and more cap-



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ital to finance its operation. And finally, of course, very invasive technology by the government, whether it's smart meters, entrainment technology. And again, beware the way that social media can be used. We've seen a response by the population – literally an explosion in gun purchases, including at Christmas. It appears that a gun seemed to be the Christmas present of the year.

The best quote – I think the best description of the empire this year was biologist, Elizabeth Sartoris' description in *Thrive*. She described the empire as a “desperate sort of empire protecting an old model,” and likened it to caterpillars that eat up their environment. She reminded us that if you want butterflies, you don't go around killing caterpillars. But I do think this year's evolution by the Empire was a reminder that we have an empire that's gone halfway. It hasn't gone the whole way, and what it's doing is something – when you're that centralized, you can get yourself in a very insecure position.

One of the ways it's bought political support from the North America population – from the American population is to promise more and more benefits. And that's just not working, so whether it's the cost of the war in Iraq and Iran or the cost of keeping everybody in Food Stamps or Medicare and Medicaid and Social Security, the financial problem is a serious one. Centralization is not economic, and we've been behaving in non-economic ways for a long, long time, and something has to change. And that's just not a matter of the empire having to change. We all have to change.

**6 Financial Coup E'état and The Slow Burn** – We have watched debt entrapment all around the globe with the debt bubble, and it's everybody from households with mortgages and student loans to nation states trapped by sovereign debt. As I've said many times before, this puts the leadership in a position to reengineer governance out of governments and into private corporations, which is what we're seeing. Those changes, though, have also led to a global currency war. It's almost – you know, the powers of decentralization are happening whether Mr. Global likes it or not.

In the United States, we saw real attention this year paid to the mortgage system, and the MERS system created at the federal level to circumvent the local title systems. Without MERS, we could never have engineered the kind of fraud that we had. In fact, we have one question for tonight from a subscriber. “You've mentioned many times that one asset to own is your own home. I've been renting since 2005 after selling for profit on the last home, and I'm very leery of buying again due to the MERS issue, all the fraud, and



We've seen a response by the population – literally an explosion in gun purchases, including at Christmas. It appears that a gun seemed to be the Christmas present of the year.



"It's your graduation present.  
Have a nice future."

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etcetera. Other than paying cash outright, what is the safest way to handle a mortgage again?”

There continue to be small community banks and credit unions – it’s more the community banks in my experience that will hold a mortgage on balance sheet, not securitizing them, as well as private individuals investing in private mortgages. So you’ll pay a little bit more, but if you’re concerned about that, you can find them. If you do a mortgage that’s securitized, it just means you’re going to have to pay an awful lot of attention because there’s all sorts of tricks and games, and so it’s going to be cheaper financially, but it’s going to be much more expensive to your time. So I would try to find a community bank or a private investor.

Privatization continues to happen. Perfect example – I put an article up on the blog the other day about drones. It turns out drones require significantly more staffers – staffing than fighter planes and pilots, but of course it’s all private corporations. We continue to watch knowledge, technology and liability moved out of the reach of taxpayers and citizens because things are being privatized.

There is more pressure for subtle capital controls. Expect for that to continue.

Expect for the European split up to continue to cause problems throughout next year. Who’s going to be in and out of the European Union is going to be a very interesting situation to watch.

A big thing that happened this year as part of the financial coup d’état was the MF Global bankruptcy. We saw an enormous whacking of the commodities market at the end of the year. We have coming out of that a real sort of, I don’t know, terrorism on the Internet to persuade everybody that the financial system is completely corrupt and hopeless. And I’m going to surprise you all now by putting in a very strong plug for the financial system.

I have tried for the last 20 years to do as much as possible outside of the financial system, and I have to tell you I trust Fidelity to respect my financial contracts and rights a lot more than many of my network and neighbors. I wish I didn’t have to say that. The reality is if you look at what’s happening globally, we need to increase liquidity, not decrease it. And that means we need to have a culture where we can have more liquidity locally or in network and where we continue to have liquidity global. So we’re going to need a liquid global market, and we’re going to need more liquidity locally. It’s not an either/or; it’s an and/and.



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The demographic imperative is going to rule. Globalization is here to stay.





So the theory that MF Global proves the financial markets and the financial community are completely without integrity is just not true, and it's amazing how much the financial system gets right. It's amazing how much it gets right despite the corruption, which in no sense do I mean to underestimate. But millions and millions of people globally continue to look to the banking system and the investment system to respect their assets, and that system continues to respect them. It's very important to look at what the financial system does well. We need to nurture and grow it and clean up the corruption, but not throw out the baby with the bathwater.


The powerful trends we talked about in last year's wrap-up continue. We are going to continue – despite the sort of currency wars and the deflation forces underway, we're going to continue to see a shift to the emerging markets.

The demographic imperative is going to rule. Globalization is here to stay. Paper reasserted itself up against tangibles this year, quite remarkably, but we continue – again, the demographics are going to rule, and tangibles are going to become more and more important versus paper, particularly as the credit problems continue to emerge in the sovereign debt markets.

New technology is the wild card and is the thing that can make the economics go. We are faced with a challenge: we either have to change or depopulate. And so of course, as you know, I prefer change, but for those of us in North America, it's going to be a very big change.

**Gold outperforms all stock markets in 2011**

Country	Index	Index % change	Gold in local currency % change
USA	S&P 500	- 8 %	+18 %
UK	FTSE 100	-13 %	+ 20 %
GERMANY	DAX 30	- 21 %	+ 20 %
FRANCE	CAC 40	- 25 %	+ 20 %
ITALY	MIB 30	- 29 %	+ 20 %
SPAIN	IBEX 35	- 20 %	+ 20 %
SWITZERLAND	SMI	- 15 %	+ 18 %
SWEDEN	OMX	- 22 %	+ 21 %
JAPAN	NIKKEI 225	- 19 %	+ 13 %
AUSTRALIA	ASX Ord.	- 15 %	+ 25 %
HONG KONG	HANG SENG	- 22 %	+ 19 %


Prices as at 25 Nov 2011


**7 Market Roundup** – The S&P was flat this year. The Dow was up 5.5 percent. It's very interesting. I was up in the New York in December 2010, and all the papers declared that the Dow was going to have a good year. It took a lot of work, if not MF Global, but sure enough the Dow was up a tad for the year.

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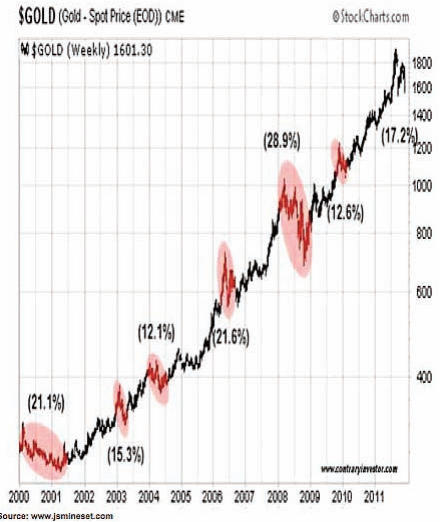
Global stock markets were down. The BRICs and the emerging markets got hit very hard. Gold was up eight percent. We started the year at \$1400, flew up to \$1900 and then went back down into the \$1500s. It was an ugly end of the fourth quarter. November and December normally are good months for precious metals. This December was a dreadful month for the precious metals.



My predictions didn't do so well. I predicted that gold would end the year at \$1,650.00 in the beginning of the year, and my feeling was the Dow would be up and gold would be \$1650 and sort of the central bankers would never allow gold to significantly outperform the equity markets. But when gold headed into \$1900, I didn't stick with my original. I changed my year-end forecast to move above \$2000. That turned out to be wrong, and sure enough the gold price is now hovering about \$1620. So I wish I'd stuck with my original.



Silver had quite a volatile year. It was down 11 percent after rising from \$30



Source: www.jaminesset.com



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to \$50 in the spring, and then falling back down into the high \$20s. The surprise top performer for the year was the ten-year treasury, which was up 16 percent, outperforming equities and commodities. But again, it took MF Global and a real sort of pull down of the futures markets to achieve that. What's interesting is if you look at how the markets were doing as of the end of November, it's very interesting to compare gold and the global equity markets.

We had – for example, at the end of November, we had the S&P 500 down 8 percent and gold up 18 percent. And if you look at across the other markets, the same thing – gold up dramatically against the stock markets in a variety of markets around the world. And so it took sort of December to bring them back into balance, but that's what happened.

Municipal bonds did just fine, ignoring Meredith Whitney's prediction of a catastrophic number of bankruptcies. Part of what helped out was that the U.S. dollar index roared above 81 at the very end of the year. And it's proof again that the politically managed system can keep a slow burn going; now, albeit it took escalating force that is counterproductive to economic health. If anything, it's wealth destroying.

**8 Highlights for the Solari Report in 2011** – I invested a fair amount of time in 2011 trying to make sure that our subscribers had a framework for managing investment in this environment. Part of it was inspired by so much of the manipulation – particularly the pump-and-dump of silver in the spring and too many clients and subscribers sort of getting tricked by various things on the Internet, including fearful predictions. So we did two *Solari Reports*, one called “Unpacking Financial and Investment Advice, Part 1,” and “Unpacking Financial and Investment Advice, Part 2,” and a lot of that was to help give you a framework for accessing and digesting information in the media in this kind of environment, particularly given the volatility and the uncertainty.

And then finally, at the end of the year, in October, I gave a speech in Mill Valley called “Investment Strategies for Changing Time.” That's available for streaming by the subscribers. These presentations combined with our investor's collection of audio seminars, which you have access to, are designed to give you a framework to understand what's happening going forward and how you can manage and organize your resources around you and your family and your loved ones in a world where economic warfare is the defining environment. Our financial markets are defined by economic warfare. That





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means a great amount of volatility as we've seen in 2011, and it's going to continue if not get worse in 2012.

And so it's very, very important that you understand the long-term trends and are able to invest in them and do so without being in a state of fear. I'm hoping that these presentations will help a lot.

Another highlight on the *Solari Report* was the Precious Metals Market Report. Franklin gives tremendous advice on gold and silver and investing in gold and silver. Also it's always a pleasure to be with him in Tennessee because he and his family have created a series of family enterprises: a precious metals dealership, a farm, a church, and a whole community. You get the sense of what it's like to live happily ignoring the empire and building the kind of world you want to live in.

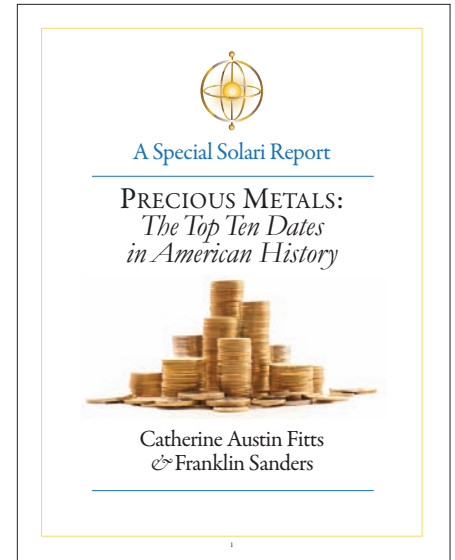
One of the highlights of the Precious Metals Report was a presentation and write-up of the top ten dates in the history of precious metals in the United States. It gives a wonderful view of the war between the forces of centralization and decentralization in precious metals and agriculture.

Two of my favorite *Solari Reports* this year were interviews with Adam Trombly. Adam did one on entrainment technology. All year long, I'd been warning people about entrainment technology, including its use to sell financial products and services. I was struggling to find someone and finally shared with Adam my challenge. He agreed that he would join me for a *Solari Report*, which I was very surprised and gratified by.

I think that *Solari Report* was very useful. It's hard for people who don't know that such stuff exists to fathom that anybody would use it. It's very real, and we need to understand it.

Adam also joined me for a *Solari Report* on free energy. Adam is one of the people interviewed by Foster Gamble in the documentary, *Thrive*. Understanding the existence of this technology and the suppression of this technology helps us get a better understanding of why we don't have material problems; we don't have economic problems: we have political problems.

I got a wonderful letter from a subscriber who, after listening to the two interviews with Adam, said that she'd gone to sleep and had a dream. In her dream she was able to envision a very different kind of world. She said, "You know, I know about a lot of the things you talk about on the *Solari Report*, but I literally didn't understand the kind of energy technology that has been suppressed, number one, and I really didn't understand how much of the control depended on these kinds of entrainment technologies and subliminal



Two of my favorite *Solari Reports* this year were interviews with Adam Trombly.

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programming and other kinds of propaganda and mind control.”

And she said, “But when I understood that, I could really sort of intuitively and emotionally appreciate what a world might be like if those two things went away.” And to me, that was very, very hopeful and positive. I agree; the more you understand about what’s really going on, the more you understand that if we could find a way to remove the negative forces how amazing the world could be.

Another great moment, as I described before, was Bill Tiller talking about the power of intention and then the importance of coherence. His insight really underscored for me the importance of coherence. One of my New Year’s resolutions is to do everything I can to improve my personal coherence. It reminded me that that one of the most important things we can do for the world is to try and grow more coherent despite the fact that the environment is encouraging the opposite.

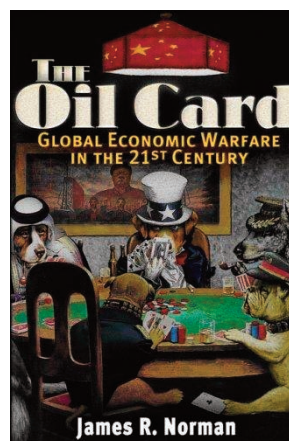
Another great moment, Dr. Gwen Scott who came on and did an interview on how to protect ourselves from the impact of chemtrails – I went through the material with her before we did the *Solari Report*, and I called her back and said, “Oh, I’ve figured out how we can organize this. I’ve organized it into ten action steps.” And she listened to my ten action steps, and she said, “You forgot the most important one.” She said, “You know, if you look at everything that’s been going on, we should all be dead, but we’re not. So something else is going on, and we need to understand that and count on it.” What an unbelievably important insight - it’s one that I think a lot about even now on a regular basis.

Jim Norman was back in 2011 to talk about *The Oil Card*. If you have not read Jim’s book, *The Oil Card*, or listened to any of his interviews on the *Solari Report* I cannot underscore the importance of it. When you see the importance of trading oil in the dollar, the importance of controlling the sea lanes and the trade in oil as the support to the reserve currency and the dependency of the financial system on our control of oil and our checkmating of China, you see a lot that explains what’s going on in the world, including the things that our leaders can’t proceed to describe to us that have to be covert.

And you see the extent to which the financial markets end up being used for economic warfare. It doesn’t mean that the world’s a more pleasant place, but it’s certainly a more logical place. I would encourage you if you haven’t done so to tune into some of those interviews.



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Peter Dale Scott was on at the end of the year and described some of the legal basis of the shift to a global empire. North America as a legal matter needs to become a district within the empire, and it was some very important insights that really gave me an aha and helped me to see into the insecurity of the empire.

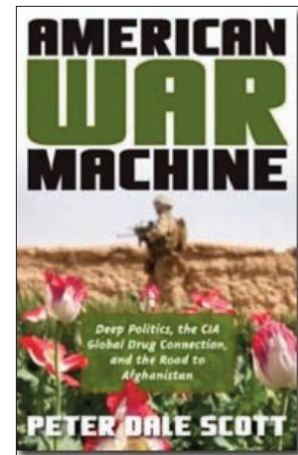
Laura Thompson did a *Solari Report* – she’s a wonderful nutritionist from California – on how to protect ourselves from radiation poisoning. We did that after Fukushima. Because of the fallout of Fukushima or other things that could happen – if you haven’t listened to it, you need to do so. If you did listen to it, it’s probably worth listening to again and sort of integrating some of that into your healthcare plans for 2012.

Foster Gamble, the producer of *Thrive* – wonderful interview. I was in Switzerland; Foster was in California, and he talked of all the different feedback he’s gotten since *Thrive* has been sort of launched globally in ten languages.

One of the things he talked about was how the greatest controversy was his very strong support for the power and importance of individual human and property rights and the principle of non-violation. That section of *Thrive* is my favorite because that is the fundamental principle that needs to be part of a new global cultural covenant. I don’t mean to suggest a government covenant, but a cultural covenant. If you haven’t watched that part of *Thrive* – if you haven’t watched *Thrive*, I would really tune into that part when you do.

**9 Unanswered Questions of 2012** – This month I did an interview with the Daily Bell, a wonderful website that’s based in Austrian economics. One of the questions I underscore is, “Who is really in control, and why are they doing this?” One of the reasons I kept underscoring that question was the Daily Bell had a series of questions about, “How do we reengineer the financial system and the currency system?” They’re very interested in sound currency – I am, too. But I think the fundamental thing to understand is that financial tools are simply supporting systems.

The fundamental question is, “Who’s really in control, and why are they behaving the way that they’re behaving, and how do we want to be governed, and who do we want governing us?” I am tired of living on a planet where I spend a significant amount of time trying to figure out what’s going on and who’s really running things, and I can’t find that basic information. So if you



Peter Dale Scott described some of the legal basis of why if we’re going to be a global empire, North America as a legal matter needs to become sort of a district within the empire.



The movie *Thrive*, written and directed by Foster Gamble, premiered on November 11, 2011 in San Francisco. I am in the movie along with Adam Trombley.



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look at the basic information we'd all like to have to have a comfortable and sensible map of our world, we don't have it. I think part of the awakening is people are going to get very frustrated about that and start to ask questions.

And that's, unfortunately, going to lead us – or fortunately going to lead us into some very strange places, including sort of, “Who's running the UFOs, and what are crop circles?” and a whole lot of other things that have not been part of the socially acceptable conversation. It's interesting – I'm headed to Ashland, Oregon, to speak at the end of the month, and I was talking to a wonderful person from Ashland about what I was going to be talking about, and he had just watched *Thrive*. And I said to him, “Oh, what did you think?” and he said, “Well, I thought it was unfortunate they got into topics like UFOs and crop circles.”

And I said to him something I've said many times, and that is, “If you study the economics in the United States, because the United States just breaks down into 3,100 counties, what you discover is that each county is being drained to finance the black budget. So whether it's mortgage fraud or narcotics trafficking, you have all this sort of organized crime, which as an institutional matter is financing the black budget. And so if a group of soccer moms want to get together and back narcotics trafficking out of their neighborhood, they ultimately end up running up against black budget helicopters and James Bond.

“So we have to talk about the black budget, and we have to talk about who in the world is financing the UFOs, and what are crop circles because in fact it's at the very heart of our local household and community economic problems. The whole planet, if you look at the money, is being harvested, and it's not to make Goldman Sachs partners rich. The kind of money we're talking about – you know, \$4 trillion disappearing from the federal government in only a few fiscal years, you know, that's more money than just can make lots and lots of billionaires. We're talking about the kind of money that can finance space stations and private space programs and Lord knows what.

“So the whole planet is being harvested. It's very centralized. No one county or no one place is allowed out. That's what I was talking about when I said we're going into Libya because we can't afford leakage. The more fragile the empire becomes politically and economically, the more no one place can afford to be outside the model. Everybody's got to get into the model, and if the model's dependent on producing money for the black budget and on this global harvesting, then we've have got to bring transparency to that question. We've got to talk about it.”



And so we have to talk about the black budget, and we have to talk about who in the world is financing the UFOs, and what are crop circles because in fact it's at the very heart of our economic problems.

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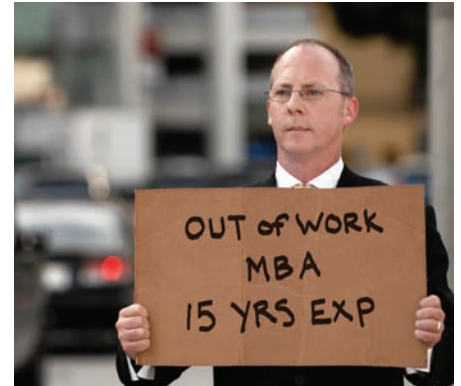
And so I expect a big question in 2012 is for people to be saying, “You know, who’s doing this? What is really going on?” A second big unanswered question is, “What is the end game on unemployment combined with austerity and retirement demographics?” If we have a whole world of aging baby boomers and all the commitments that have been made to them and all the retirement provisions that have been made to them turn out to be not there or to be there in less amounts at the same time that unemployment is skyrocketing, what exactly and how exactly is that supposed to work?

Now, in fact, new technology, entrepreneurship, lots more liquidity at the local and the micro-equity level can really address that because we can grow our own food. Small business can create huge amounts of jobs. But what we’re seeing is many of these positive efforts being targeted and shut down by government. So what’s the end game on this because the tension between people who want to create income and want to create retirement provision versus financing a government that’s stopping us from doing it, that’s going to cause very profound tensions, not just that are going to show up in Occupy Wall Street, but are going to show up on the line.

There are continued questions about what’s going on with space weather and deterioration of the electromagnetic field, and I think those are things that people would love to have understandable transparency about and which is very difficult to get. So watch more questions there.

There are going to be questions about real solutions and beware the manipulation of them. So we’re going to see more push to try and get activists to tee up a constitutional convention in 2013 or 2014 after the election, a very dangerous idea, and more sort of crazy financial solutions such as calling for the end of money and all sorts of things that, of course, will serve the centralizers. But the solution conversation is going to be ongoing, and there’s going to be plenty of questions.

And finally, the – one of the big questions is can an empire really last built only on force without “the mandate of Heaven.” And of course, you know my answer to that is, “No, it can’t.” And that’s why I think it’s so important that the rest of us continue to focus on the global conversation and real solutions in our own life. Let’s get on with building our world, because I don’t think the empire can last based just on force. But that doesn’t mean it’s not going to try.



If we have a whole world of aging baby boomers and all the commitments that have been made to them and all the retirement provisions that have been made to them turn out to be not there or to be there in less amounts at the same time that unemployment is skyrocketing, what exactly and how exactly is that supposed to work?



Let’s get on with building our world, because I don’t think the empire can last based just on force. But that doesn’t mean it’s not going to try.



**10** **New Year Resolutions** – Here’s mine. Everybody’s different, so translate these into your own situation. I really am very focused on how I can build coherence in my own life and my own work this year. I was very struck by what Bill Tiller said, and I think one thing we can do is not feel as obligated to run around and save the world, but to really build coherence in ourselves, our family, and that gets back to building wealth within ourselves and within the world that we walk around and touch and know. And I think what Bill really helped me understand was the extraordinary impact that our living right can have on the rest of the world.

I posted for “Let’s go the movie!” for the wrap-up a reference to the Afghani forerunner of polo; it’s a game called Buzkashi that you can see it in *Rambo III* – Sylvester Stallone as Rambo plays in a tribal Buzkashi – and *The Horsemen* with Omar Sharif, which has a scene of the royal Buzkashi. The Taliban has stopped or banned it supposedly, but until recently it was the great national game in Afghanistan. What you see in the Buzkashi is two teams on horses with whips play for the – instead of a ball as in polo - body of a dead lamb.

And the rules are essentially there are no rules. What they do is one rider carries the lamb, and then the other team tries to get him to drop it by whipping him, and his team tries to protect him by whipping the other team. And it’s quite violent; people get killed. But every time I see that scene from *Rambo III* – and you can watch it; it’s up on the Internet – it reminds of the financial markets. You see a great raid – we had Stewart Thompson on the *Solari Report* in 2011, and he describes sort of a raid on the gold bugs and, of course, the goal was to get you to sell your gold. And these swings back and forth in the market are accompanied by enormous propaganda and various teams spouting their spin, and it’s all designed to “whip” you to buy or sell exactly when you shouldn’t.

And so another one of my New Year’s resolutions is to maintain my composure as I experience the volatility and try to make sure that that volatility works for the benefit of my investors and clients and subscribers.

I’ve been stunned, particularly in the last six months of 2011, at the extent of the fear mongering and the anger on the Internet and in the media. And I can’t tell you how important it is to me going forward that I improve my spiritual Teflon against the fear and anger. It’s a little bit like fear and anger is the 800-pound gorilla, and we have to not pay any attention as it runs around the set making a mess.

We have to stay focused on the world that we’re building, and so one of my





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New Year's resolutions is to avoid the fear mongering and the anger.

Again, as I always do, I try and focus my actions and transactions on things that are both decentralizing and wealth-building. And those are just two crosscutting principles that I use to sort of govern my day-to-day actions. To support me I always ask the questions, "Will this decentralize? Will this build wealth?" And of course, you know, it's not always clear and simple, and sometimes you just have to do what makes sense that day. But I just think that those are two crosscutting principles that, if each one of us does our best, can make an enormous difference.

In the *Solari Report* in 2011, I wanted to help you see the game – the game of economic warfare, the game of the different kinds of manipulation. In 2012, I want to focus more on the how-to's – how to do this, how to do that – different concrete ideas. So we're going to get much more into nuts and bolts.

I'm going to continue to build a global network and conversation. I think as a cultural and spiritual matter, we need to emerge a new investment model, and we need a new covenant that's global. We're all going to be part of that - I want to do my bit.

Finally, food, water, health detoxing – the pollution and the environmental pollution, the electromagnetic pollution, as we covered in 2011, continues to rise. There are many things we can all do to protect ourselves against it, but we have to be proactive in a way and invest in that in a way that we certainly didn't have to a decade ago.

**11** Predictions for 2012 – Predictions for 2012 – figure war with Iran, I give 85 percent. No, it's not going to be boots on the ground; it's going to be covert. It could be an air war. It could be Israel, but the Department of Defense is sick of being spread too thin around the globe.

We have 500,000 American soldiers who've been harmed or wounded who are young, and we're going to be caring for them for the rest of their lives one way or another. We have to integrate them back into society.

DOD, who is also looking at significant cutbacks in the military budget as we face the budget wars of 2012, has no appetite for an invasion of Iran. But the drumbeat for war is very significant.

The chance of a nuclear event is very high – I would say 75 percent. I think Fukushima was a nuclear war and one of the things Fukushima did was prove that nuclear events can help keep the slow burn going.



So my focus in 2012 is much more on the how-to's and the nuts and bolts. I'm going to continue to build a global network and conversation.



Given the – how the global economy handled Fukushima, I'm back to 70 percent on the slow burn, but my fear is that we're going to buy that 70 percent with great – much greater violence, including 75 percent chance of a nuclear event.

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I said for 2011 that there was a 70 percent chance we were going to slow burn, 25 percent chance of a 2008 meltdown, and 5 percent of a real financial system meltdown. Then when Fukushima happened, I dropped slow burn to 65 percent and took 2008 up to 30 percent. Given how the global economy handled Fukushima, I'm back to 70 percent on the slow burn, but my fear is that we're going to buy that 70 percent with much greater violence, including 75 percent chance of a nuclear event. That's one of the reasons I encourage you to listen to Laura Thompson's audio in the archive on how to deal with radiation poisoning.

The oil card will continue. The weather wars will continue. My guess is the election will delay a lot of negative things that people are concerned about.

I think Obama will be reelected. I give it a 65 percent chance, Romney a 30 percent chance, other including Ron Paul very small 5 percent, but in that 5 percent I include a military coup. I think the challenges of the U.S. military in maintaining the empire given the budget circumstances and the drain of resources through Iraq and Afghanistan – I don't underestimate the stress that's being put on them. I would point out that there are more people in the military supporting the Constitution and frustrated with the corruption in the civilian leadership than is commonly understood.

If we get 2008 financial markets, that's going to help Romney. But as long as the financial markets, particularly the US stock market is maintained at or above current levels, Obama has a very good chance of being reelected. That might mean we see a war before the election. Certainly not now. The military has enough to do with bringing the troops back. The closer we get to the election the greater the tensions will be.

401K and IRA changes that many, many subscribers are worried about, I give very small chance of happening this year. I think thanks to the election, say 30 percent chance of significant changes this year.

It'll rise to 60 percent in 2013. The election will hold back a lot, so 2013 could be more difficult. The big wild card to watch out - we truly do have a U.S. dollar bubble with the ten-year being up 16 percent this year. The treasury market has done wonderfully, despite a downgrade by S&P and despite unprecedented borrowing and deficits. So all the fundamentals say that the dollar should be at the bottom of the basement, and yet it's the best performer for the year. If warfare goes wrong – again, I said we have a very fragile, insecure empire. If warfare goes wrong, the dollar could get slammed or destroyed, and that's a wild card.



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And so the problem coming out of precious metals if precious metal prices are falling is where do you go? The dollar can look good. The problem is there's no fundamental economics behind it.

I've spent a fair amount of time in all the things that I provide on finances, whether it's unpacking financial advice or the investment strategies or my old audio seminars, "Positioning your Assets for Growth in Uncertain Times," it pays to be in things that have fundamental economics behind them, and right now the strength of the dollar comes from unprecedented force. I don't underestimate the power of the force behind the dollar. The problem is force is not enough to hold a global empire together.

So the wild card going forward is could we get a situation where the dollar really gets slammed or destroyed because it is so centralized and so fragile and so dependent on force.

Look for the precious metals bull market to continue. We've seen it become an uglier place thanks to the pump and dump of the speculators, a lot of that because of the futures market. I expect gold to rise through \$2,000.00 this coming year. Whether it will stay there and end up there by the end of the year is another matter. I'm going to be spending a lot more time with Franklin next week on the precious metals wrap-up and a look forward for 2012.

The equity markets are going to continue to struggle under the debt loads with unprecedented volatility. It's hard for me to imagine that interest rates could go lower. I couldn't believe they'd go lower this year, but they did. They're still unlikely to go up. The central banks are committed to keeping interest rates low as we struggle through the debt loads. They are going target their quantitative easing to keep the GDP going but do it in a way where the money's going in much more targeted ways as we've seen in the second half of this year, whether it's the interest rate swaps or what I call the covert QE3 with disasters. So intervention will be going in a targeted way and not so much spilling over to bubble the markets.

Despite the ongoing currency wars, the bond market is still going to be with us at this time next year.

Finally, in December 2012, we will have an amazing planetary alignment. My prediction is it will be a beautiful moment for consciousness. We, after all, have a very high component of water in our beings and in our connection. I don't expect it to be a momentous moment in the material world. I think all the predictions of catastrophic events in 2012 are interesting, but other than humans blowing each other up with nuclear or other weapons, I



Look for the precious metals bull market to continue.



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think otherwise it's going to be an uneventful world in the material world.

So there's no reason not to move forward creating new beginnings; our future is going to be what we make of it.

**12** **Heroes**—If you've listened throughout 2011, you know we have a hero for each *Solari Report*. It's astonishing if you go back and you look at all the heroes we've had for 2011 how many extraordinary people there are in this world, how many people have inspired us, how many people we can look to for leadership.

The world is full of some pretty wonderful people, but there's no doubt the standout in 2011 was the Fukushima 50. Fukushima 50 is the alias that was given to the group of employees who at the crippled Fukushima power plant stayed on as everyone else was evacuated to deal with the ongoing series of nuclear incidents.

I can't imagine what would have happened without their courage and sacrifice.

I also want to mention another hero for the 2011. One of the most interesting parts of 2011 for me was traveling a great deal, and I made a real effort as I traveled to meet subscribers and clients who I had just met by email or phone. I was stunned at the number of amazing people that I met.

For many, many decades I only worked for big corporations and governments. It's a relatively new thing for me to work with individuals, particularly with families.

This year was my first opportunity to meet a lot of you in person. I was astonished as I learned story after story after story of people who literally hold the world together.

Let me tell you about yourselves. You're people who take care of business. You start and run businesses or work in very interesting ways. You're professionals. You're doctors. You're lawyers. You're engineers. You save money, you live very modestly. You save, and you invest. You take care of people in your family.

You take care of your parents. You take care of your children. You take care of cousins. You take care of nieces. You take care of neighbors. You're unbelievably giving. I had a wonderful client this year who said, "You know, it's not the activists who are going to change the world; it's the people on the line." And in fact, that was a great insight which I have been thinking and



## HEROES

### **The Fukushima 50.**

**Dr. Nick Begich**

**Bank of Malvern**

**Chris Martenson**

**Stewart Thomson**

**B. Blake Levitt**

**Geneen Roth**

**Dr. Laura Thompson**

**Jesse Ventura**

**Suleiman Abu Rukun**

**Col. Lawrence Wilkerson**

**James Quaid**

**Chuck Gibson;**

**Bag handlers outside airports**

**Marcy Kaptur**

**Abigail Dolittle**

**Dick Gregory**

**Sally Fallon Morrell**

**Brian Rogers**

**Dennis Kucinich**

**Dr. Sam Milham**

**Michael Hart**

**Ray Anderson**

**Steve Jobs**

**Jamie Johnson**

**Rene Copeland**

**Dr. William Tiller**

**Foster & Kimberly Gamble**

**Gerard J. Arpey**

**Peter Dale Scott**

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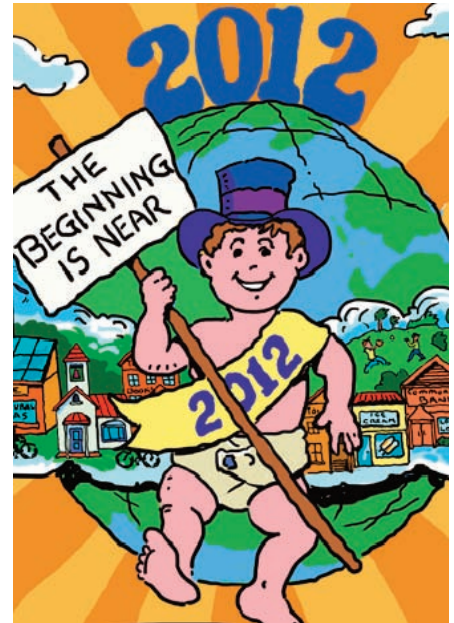
talking about a lot over the last couple months since he said it. Because, in fact, if you look at who really runs the world, it's the people who are on the line running the operations, whether it's government or business or communities or military.

### **When the consciousness of the people on the line change, it changes everything.**

What's amazing to me about all of you is that despite all the corruption, despite all the hardships, despite all the changes, despite all the lies, despite all the weirdness, you hold everything together. You make things go and are positive and loving. Your leadership is a constant reminder that the power of love and gratitude translated into action is more powerful than all the corruption, greed and small-mindedness on the planet. And I assure you, I don't underestimate the power of those forces right now. But it's a reminder of where real power comes from, and it's the power that we need in 2012.

And it's the power that says to me the beginning is near, because many of you have had it with the old system and the old model. As inconvenient as it is, I think we're all ready to start to begin anew.

So that's it for the wrap-up for 2011 and look forward for 2012. I look forward to a great year together. On behalf of the entire Solari team, thank you again for your interest, your questions, your feedback and for all you do in the world.





## Let's Go To The Movies

(A complete list of the movies we've reviewed since 2009)



Jan 8, 2009 Syriana	Oct 22, 2009 Three Days of the Condor	Jul 22, 2010 Angels Don't Play on this HAARP	Apr 14, 2011 The Listening (in ascolto)
Dec 11, 2008 Bourne Identity	Nov 5, 2009 Michael Moore's: Capitalism: A Love Story	Aug 5, 2010 Dr. Riki Ott: Democracy Now	Apr 21, 2011 Full Signal
Dec 18, 2008 Predator Evasion: Enemy of the State	Nov 12, 2009 Sir James Goldsmith Interview	Aug 12, 2010 Using Silver and Gold to Build Local Economies in Indonesia	May 5, 2011 No End in Sight
Jan 22, 2009 The Godfather series: how the economy really works.	Dec 3, 2009 The End of Violence	Sep 2, 2010 Richard Dolan at Project Camelot	May 12, 2011 The Truman Show
Feb 5, 2009 The Take	Dec 10, 2009 The Rise and Fall of a Scientific Genius: The Forgotten Story of Royal Raymond Rife	Sep 16, 2010 Dr. Robert Lustig on Sugar Addiction	Jun 2, 2011 Scientists Under Attack
Feb 12, 2009 Trading Places	Jan 14, 2010 The Dixie Chicks - Shut Up and Sing	Sep 23, 2010 Battlestar Galactica	Jun 9, 2011 Rogue Trader
Mar 5, 2009 The Endurance	Feb 4, 2010 Manchurian Candidate & Telefon	Oct 7, 2010 Burzynski, The Movie	Jul 7, 2011 They Live
Mar 12, 2009 Eyes Wide Shut	Mar 4, 2010 Eric Toensmeier on Permaculture	Oct 14, 2010 My Fair Lady	Jul 14, 2011 Default: The Student Loan Documentary
Apr 9, 2009 The International	Mar 11, 2010 SuperSize Me	Oct 21, 2010 Century of Self	Jul 21, 2011 We Become Silent: The Last Days of Health Freedom
May 7, 2009 A Very British Coup	Mar 18, 2010 Syriana	Nov 4, 2010 Inside Job	Aug 4, 2011 The Oiling of America
May 14, 2009 Point of No Return	Apr 1, 2010 One Man, One Cow, One Planet	Nov 11, 2010 Kyle Thiermann's Buy Local, Surf Global	Aug 18, 2011 The Femme Nikita
May 21, 2009 Network	Apr 8, 2010 The Last Days of Lehman Brothers	Dec 2, 2010 The Art of the Steal	Sep 1, 2011 Die Hard With A Vengeance
Jun 4, 2009 Documentary: Maxed Out	Apr 15, 2010 Toxic Skies	Dec 9, 2010 Unstoppable	Sep 15, 2011 Startup.com
Jun 11, 2009 Other People's Money	Apr 22, 2010 Le Rossignol (The Nightingale)	Dec 16, 2010 Daniel Estulin in EU Parliament	Oct 6, 2011 Longitude (TV Series)
Jun 18, 2009 Welcome to Mooseport	May 13, 2010 CWRoberts Proposes Practical Spill Solutions (Good Old Boy Permacul- ture!): <a href="http://solari.com/blog/?p=7254">http://solari.com/blog/?p=7254</a>	Jan 13, 2011 Eliot Spitzer: Client 9	Oct 13, 2011 Blue Gold - World Water Wars
Jul 2, 2009 Intelligence	May 20, 2010 Aerosol Crimes	Jan 20, 2011 Gasland	Nov 3, 2011 Margin Call
Jul 9, 2009 Michael Clayton	Jun 3, 2010 Interview with Jim & Linette Crosby	Feb 3, 2011 The Crash Course	Nov 10, 2011 Gold Money interview of Mr. Vieira
Aug 13, 2009 JFK - Documentary	Jun 17, 2010 Oil Spill in Alaska with Rachel Maddow - 1979	Feb 17, 2011 The Girl With the Dragon Tattoo	Dec 1, 2011 Thrive
Aug 20, 2009 Phoenix Lights	Jul 1, 2010 Spartacus	Mar 10, 2011 National Treasure	Dec 8, 2011 Water, the Great Mystery
Oct 8, 2009 Spike Lee's "When the Levees Broke"		Mar 24, 2011 The Hand That Rocks the Cradle	Dec 15, 2011 Crack the CIA