

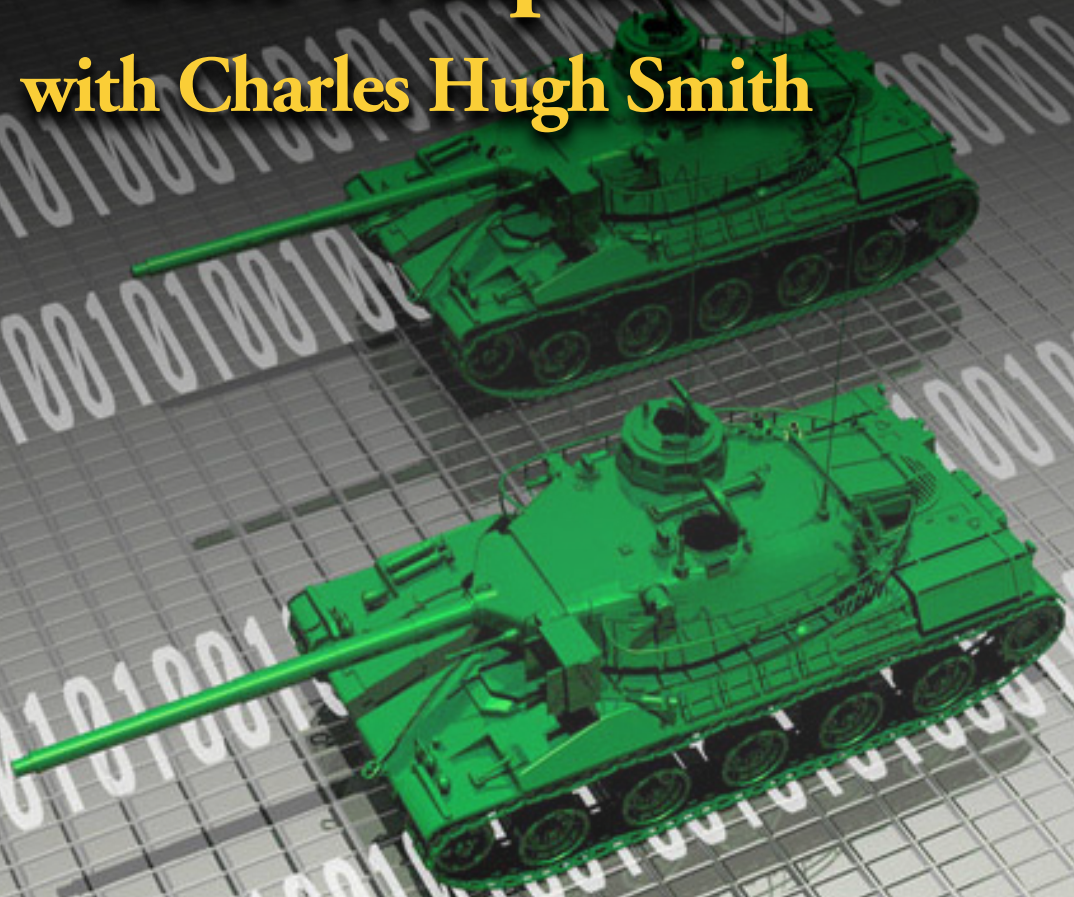
BUILDING WEALTH IN CHANGING TIMES



The Solari Report

APRIL 17, 2014

Soft Weapons with Charles Hugh Smith





Soft Weapons

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C. AUSTIN FITTS: So ladies and gentlemen it's my privilege to welcome to The Solari Report someone who I've read for years. His name is Charles Hugh Smith, he has a wonderful blog called [Of Two Minds](#) and publishes not only there but is republished elsewhere widely. Within the financial world he has a very popular blog on the internet. One of the reasons I love Charles' work is that he looks at a very wide range of stuff and tries to integrate it from the biggest aspects of global geopolitics and finance, down to the most intimate level. He looks at "who," the questions of "who." He analyzes who's doing this globally and who's doing it in your household or what it is. So there's nothing he's not trying to integrate.

The quote I used from him in the blog post for today's interview was "We have to solve our own problems." I really appreciate his efforts to bring everything back to me, my family, my community, what do I do? What's the action, since that's what I control and that's what I have the ability to work with? So I think of him as someone very much focused on identifying and increasing how we individually and collectively gather power. So Charles Smith welcome to The Solari Report.

CHARLES HUGH SMITH: Thank you so much, Catherine, I'm honored to be here.

C. AUSTIN FITTS: Well I have to ask you how did you come to be such a famous blogger on the Internet? I'm sure you never dreamed of it, in grade school you never said, "I'm going to grow up to be a famous internet blogger."

CHARLES HUGH SMITH: I don't know about the famous part but it is an enduring mystery to me as well and I think the only answer I've come up



with is it's the power of the distributed media that the Internet has enabled. It's enabled voices that would otherwise be completely marginalized like my own and many others to enter, if not the mainstream then at least a free distribution system.

So it's exciting in the sense that anybody that was outside of the mainstream was really marginalized before the Internet and now those of us have entered the Darwinian world where the value of your work is able to come through. That's how people decide whether to give you their time or not. Do they find value in your work and if they do then they show up to your site. So in that sense it's a meritocracy, if you will, which is refreshing in a system in which meritocracy has been replaced with cronyism.

C. AUSTIN FITTS: Some people call it the long tail so we are able to create a business. For example, you've created a publishing business where you publish most of your own books. Does that sound correct? You've been able to create a publishing business with a market and develop a following out here on the long tail, so bravo. We're going to talk about that more later on in the interview. The thing that finally got me to sit down and say we've just got to get Smith on The Solari Report was your recent blog on the Ukraine and where you quote one of your many readers as describing soft weapons.

I was intrigued by it because I have felt a great deal of frustration over the last decade and a great deal of divide between many financial commentators and me. This may be because of the importance I see of soft weapons playing a role in managing the economy. Also, seeing its role in determining what happens to you politically. So I said, "okay, this is a great place to bring up the topic of soft weapons and the role of soft weapons in permitting a much greater centralized management of the economy."

By no means do I expect you to be an expert on soft weapons. I don't believe you've spent your lifetime in covert operations, but tell us your impression of soft weapons and why you brought up this discussion in the context of the Ukraine.



CHARLES HUGH SMITH: Okay. Well, I think it's an excellent question and it's one that's really under covered in the media but even in the blogosphere. Few people have direct experience of it, which I know you do in spades and I had my own little brush with a COINTELPRO. This was the late 1960s, early 1970s CIA, FBI infiltration of the antiwar movement. Here's how I approach the topic: I see soft weapons being used in three different general areas of the economy. There is one at the top level that we might call the geopolitical level. They are the powers that be or the deep state. There are various terms we use to describe that power structure which uses soft weapons against other nation states, against alliances and suppliers of commodities. There are a variety of targets and a variety of techniques and I think we're going to see multiple levels of that in the Ukraine. Perhaps we'll see it in east Europe in general and we can talk more about that.

The second level is of course the soft weapons used against domestic political opponents or targets. I think this is what you experienced and I had a little taste of it when the FBI called me up at home when I was 19-years old. I was a draft counselor at the time in 1972, the year before the draft ended. It was a comical thing, like they must have watched a lot of TV because it was like, "we know where you live" and that primitive soft weaponry by today's standards. It is still effective when some powerful agency that is threatening you with five years in prison calls you.

There's that level of soft weaponry, which included intimidation similar to what I experienced on a small level. Then there's phony accusations and infiltrating your group. The infiltrator will do things like suggest a violent action so the state can then totally destroy you. There are lots of levels of soft weaponry that can be used against domestic.

The third level is I the soft weaponry used against marginalized populations. One example of that domestically here in the states is the rise of debt prisons. You get a ticket in a speed trap and you forgot to pay the fine or didn't have the money because the fine is hundreds of dollars, and then you enter this Orwellian world where a private company is handling your parole. It has it owns fees and then when you fail to pay that, or can't muster the hundreds of dollars to get out of that,



then you end up in jail. So I consider that as a level of soft weaponry because it's not like storm troopers coming in and arresting you but you end up caught up in a system that punishes and represses the marginalized.

C. AUSTIN FITTS: Right. That's why creating such a complex legal and regulatory structure is so powerful. If you divide the world into two classes: one that doesn't have to comply with all the rules, and the other that does, you can always control the second with mind-boggling complexity. It's impossible or it's near impossible to be perfect.

CHARLES HUGH SMITH: That's right. There's a huge information symmetry between us and them. One of the things I always look for is, who has access to the information and whose denied access to the information. For most of us, the legal code is impenetrable and hiring an attorney is very expensive or out of our financial reach. We have almost no information about how the legal system works and what we're being charge with. The other powers that be have all the information and the means to use it.

C. AUSTIN FITTS: I would add another category to soft weapons and that is economic intelligence in insider training.

CHARLES HUGH SMITH: Oh yes, excellent.

C. AUSTIN FITTS: You've got huge machinery sucking up information and then using that information to optimize what you're making from each individual or business. Then also using that information to slow them down or compete. There's been a great series of articles in the last week or two about Yelp, which is a website that among other things provides reviews of local business. There are many allegations that appear from small businesses that it's really an extortion racket. If they don't advertise with Yelp then they start getting these phony-baloney false reviews. There are complaints that when Yelp made a deal with Yahoo, the

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positive reviews disappeared. The question I have is if this is true, how could it be so? How could a business like that get that much air cover? Well, if you look at all the publicly traded stocks that have local restaurants or local chains, and are trying to move in and compete with a small business, you know that's where your air cover is likely to come from.

If you and I were going to sit down and flush it out and say, "Okay, we're going to build a Wikipedia page on soft weapons," it would end up being thousands of pages long. I always tell people that it's like the *Joy of Cooking*. They have thousands and thousands of recipes. The machinery behind it has been growing for decades, as the digital technologies have become more and more ubiquitous and invasive. So this is a big topic.

CHARLES HUGH SMITH: Yes and I'm fascinated with your example of Yelp because this is a very subtle form and it's privately held while impacting small businesses. All of whom are desperate to level the playing field since they don't have the advertising budgets and billions of dollars. So Yelp offers a platform, at least superficially, that gives them a chance to use customer reviews to level the playing field against corporate America. Only to find that it's been gamed. It makes you extremely cynical about the system.

I'd like to throw out another topic of soft weapons on this economic insider trading that you mentioned. I'm curious if you see the same division I do in high frequency trading, which is a systemic skimming operation that's invisible to everybody. It's information asymmetry on a systemic level. Then there's another classification of that manipulation by insiders. Like the Jesse Livermore School where a handful of deep pockets go in and ether buys or sells something to beat it up or create a trading trend and then manipulate the market simply with buying and selling in the open market.

It's interesting that even if you don't have systemic info, even if you're not a high frequency trading firm skimming billions a year, you have enough money you can manipulate the system without even having



control of the server.

C. AUSTIN FITTS: Well in theory yes, but where I see the big money is where the private guys determine a general direction. Basically G7 agrees that they're going to make it go there so the bureaucracy gets on board. You have a primary trend and direction and you know it but others don't necessarily know it. There's a wide variation of how tight the circle is that gets this information. Then you align with that primary trend and coordinate back and forth. You've got the federal credits, the governmental credits will back you up. To me that's where the really big, deep insider trading or insider intelligence lies because it's not just trading, it's in the long term investments where you buy cheap. So to me that's where the huge, big money is made. It's in the identification management, creation of the primary trend, and the feedback loops.

So for example, if you look at the yen-carry trade for many years that the hedge funds were playing. If I'm a hedge fund and I'm assured that here's how interest rates are going, I can borrow with zero percent and invest at something more, it's the same as the federal credit that banks were running. It's a machine that simply prints a cash balance and then I can use those profits to invest. It's building my retained earnings in a rigged game and then I used that rigged game. What I have to do is, I have to put the money where I'm told to put the money. I have to invest in what the machine says when it wants the investments invested in it.

CHARLES HUGH SMITH: Yes, I think that's an excellent summary.

C. AUSTIN FITTS: Right. The focus is not on high frequency trading, it's a little bit like a limited hang out. Here's something you can identify, we can cancel it and it can reaffirm the credibility of the system, but you know the bigger, longer, deeper gain.

Another example of a great modified hangout is when you have a number of commentators as you're running around the internet talking about the options trading on 9/11 in the airline stock. Whatever that was it was less than one percent of one percent of the insider trading and the money made on that operation. The real big action would have been



on the long bond market, the currency market and the related derivatives. It would have probably been some of the mortgage markets as well. The big, deep, long fixed income. It's a way of satisfying the body politic.

When I was in the Bush administration they would always try and satisfy everybody by getting somebody on their luncheon. His or her luncheon with the homebuilder for \$37.95 on the theory that that's what everybody could relate to.

CHARLES HUGH SMITH: Right. This ties in very well with something you've discussed at length previously, which is setting up a front. I see what you're saying in that the whole high frequency trading thing is just another front. It's like, "we're really managing the system and it's really open and transparent now that we've fixed it." Yes, and I think you're absolutely right that the major trend has allowed the big money and of course, the currency carry-trades are an excellent example of that. As you say, playing against the reduction and interest rates borrowing at zero, that's where the really big money has been made.

C. AUSTIN FITTS: As you've watched the economy, where have you seen the soft weapons make the most significant difference? Where have you noticed this? Where have you bumped into them? Where does it come up for you?

CHARLES HUGH SMITH: I think one area that I see it on at least a geopolitical level that has a domestic impact, is energy and energy flows. One example would be looking at the way that Saudi Arabia and the US suppressed the price of oil in the late 1980s. That certainly contributed to the collapse of the Soviet Union, which was even then dependent on oil revenues for hard money.

So it's at the international level but it has a huge impact domestically in terms of the price of oil and the effects of that. It's something I've been thinking about in terms of the Ukraine and that I wonder if this supposed rift between Saudi Arabia and the gulf states in the US that have got some mainstream coverage is another front. That longer term



soft weapon is used to lower the price of oil such that it puts pressure on Russia. I don't know if that makes any sense within this topic.

C. AUSTIN FITTS: Oh, tremendous sense. We've had Jim Norman the author of *The Oil Card* on The Solari Report more than a few times. Jim's thesis is that we ran up the oil price to bust the Soviet Union coming into 1989 and we are now running it back up to try and checkmate the Chinese. What's interesting is if you look at what's been going on with the Chinese since Russia. The tension with Putin has grown. We seem to be trying to soften up and improve relationships with the Chinese. There's clearly a dance going on there around energy because if you bring the energy price down that puts Russia in a very bad place.

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CHARLES HUGH SMITH: Yes. Our other friends in Iran and Venezuela will also be negatively impacted.

C. AUSTIN FITTS: With regards to the United States trying to use soft weapons to target individual people and decision makers in Russia, in my experience, I have rarely seen a population of people who could stand against soft weapons. Part of that was because they couldn't fathom that they existed. We've done a lot of Solari Reports on things like entrainment technology, mind-control, and different component parts of soft weapons to try and help people understand that these things exist.

Nothing has been as effective though, as the Edward Snowden revelations. We have somebody who was on the inside of basically the telecom infrastructure saying, “Oh, here's how it works” by dumping out lots of documents over a long period of time. He's young, attractive, interesting, and for some reason somebody somewhere is promoting him. That's given the world a lot more education on what soft weapons are like.



Step one is understanding that these things exist and how they work. To understand the extent to which they can work by machine and artificial intelligence. A lot of people think that it's limited to a COINTELPRO type of operation and they don't understand. "No, you can do this, you know that they can target billions of people with the right telecommunications." So one thing is knowing that it exists but then the second thing is knowing that a population can build immunity and how.

CHARLES HUGH SMITH: Right. The Ukraine is an interesting and, to some degree, difficult-to-fathom state and situation because there are a lot of players. I have one correspondent, an American ex-pat who lives in Ukraine and has lived there for many years that I rely on for an on-the-ground report. It's hard to sort out even what people in the Ukraine are seeing.

But we have to remember that Russia has a large and well-established deep state. There's an agenda that we can only guess about from their side. I think it's very interesting what you're saying about the individual spy versus spy COINTELPRO approach. There are a lot of tricks there to undermine an individual with blackening their name in the media, using sexual seduction as a weapon. There's a whole range of targeting an individual or a group.

C. AUSTIN FITTS: It's very expensive and time consuming.

CHARLES HUGH SMITH: Yes. If you're manipulating a population as you say, to my mind it brings up the question "Why are Americans so passive in the face of all the things that are happening?" It may be a superficial answer, but to me the first thing that comes to mind is they're afraid. So then you go, "Well, what are they afraid of and how did they become afraid?" That opens the discussion of, "What kind of soft weapons can create an atmosphere of fear in an entire populace?"

C. AUSTIN FITTS: Oh, I think it's much deeper than fear. If you look at the soft weapons, I think for many decades starting with COINTELPRO, the telecommunication system became more efficient and could do more



by low cost means. I think you're looking at a population that's been targeted by significant soft weapons for decades, everybody. So the entrainment technology, the mind control and programming, the influence; it's all been there for a long time. I've studied the things that have happened to people.

When I first got in my “enemy of the state” period I said, “okay, who else has lived through this? Who won, who lost, who made it, and why? I'll just go back and study best practices.” What I discovered is to my amazement, millions of people have been murdered, poisoned, killed, and destroyed. The soft weapon machinery in this country has harmed and hurt far more people than we would ever imagine. In fact, you'll go back through a family's history and they will not even realize what happened to them. They just think it's rotten luck. Controlling Americans invisibly and fiddling with them is the biggest job program in the country. That was all before the 1990s when we started dropping SWAT teams into neighborhoods and rounding up innocent people to put them in the equivalent of slave labor camps.

So I think Americans are afraid but I think one of the reasons they're afraid is the energy is invisible. It's hard to see who's really doing this and what's effective. So I know many Americans who I think are very courageous but they don't know the right question. One of the reasons I come back and I love your work is that their question is okay, “what's the action?” “What can I do to navigate this and take care of my fiduciary obligation to me and my family but also contribute to a real solution?” Everybody intuitively understands that we can't get out of this alone. We've got to get out of this together.

So we have to find a way to collaborate and the question is, how? I just wrote a commentary on the blog called “The Touch” and it was about the extent to which you start to see something develop that's positive in a community or in a different group or organization and then suddenly they start getting worked over by the soft weapons and it falls apart. It's happened to me hundreds of times and it asks, “why does it happen so easily?” So I think Americans are looking for effective action and feel stumped about it.



CHARLES HUGH SMITH: Yes and that's a fascinating topic on several levels, Catherine. I'll start my response by referring to the 1967 book, which made a bit of a splash at the time, *The Politics of Experience* by the psychiatrist R.D. Lang. What the book is really about is how our experience of the world is shaped. In the context of our discussion of soft weaponry you can say the ultimate soft weapon is shaping someone's experience so that they experience an event in the way that you want them to experience it, so that it's totally internalized.

For the soft weapons we're discussing, the ultimate weapon is to control or influence our experience of the world so that we experience like we're being told to. But we experience it as our own internal experience and we're not even aware that we've been shaped.

So then I think, "What can we do? What's our personal response?" Well, the first thing is to recapture our own experience of the world and to be aware of the way that our experience is being shaped by the media. To be aware of the socialization we went through in grade school. There's a lot of different components to that shaping of our experience. So we have to take control of our own experience and to me that starts with limiting your exposure to the mind control parts of the system, which is mainstream media. For the digital media in general, we can't allow ourselves to become deranged by over exposure to information.

"We have to take control of our own experience and to me that starts with limiting your exposure to the mind control parts of the system, which is mainstream media."

C. AUSTIN FITTS: Go hug a tree.

CHARLES HUGH SMITH: Yes, just realize that our experience starts out by needing to re-authenticate the experience and that allows us to wall off how much of ourselves is exposed to that. The second topic that you bring up is forming community. It's long been my thesis that the rise of the central state has really crippled our ability to form communities. We've lost the cultural tools to form community. Guys like Christopher Lash and a variety of other commentators have talked about the terrible



loneliness and isolation that's now the default setting for Americans.

C. AUSTIN FITTS: Well it's very isolating. I have to tell you my story of Victor The Cleaner's smile. There's a wonderful scene La Femme Nikita, have you ever seen Le Femme Nikita?

CHARLES HUGH SMITH: I'm familiar with it.

C. AUSTIN FITTS: In the US it was called the Point of No Return. Anyway, Nikita's an assassin in a situation with two other operators which has gone wrong, two or one. They have to call in what's called "the cleaner" who is the person who comes in and surveys the situation. The cleaner may then off everybody that needs to be offed and is always a very dangerous character. Harvey Keitel plays the cleaner in the American version and he's very scary.

So he comes in and kills the first operative and turns to Nikita and she looks at him with a very chipper smile. She then says, "How can I help?" to prove that she's completely coherent and onboard to be as useful as possible. He doesn't try and off her till later, at which point she escapes. Anyway, during the bailout, I was at the gym and it's the only time I ever watch television. I can scan the channels. There were about eight TV's up all on the financial news and I was listening to music on an iPod yet looking at the ticker tapes come across.

Everybody had the same smile on and I said, "I've seen that smile before. Where have I seen that smile?" Then I said, "Oh, it's the Victor-the-cleaner smile. The Victor-the-cleaner smile is what you get when something is terribly frightening and you say to everybody, "How are you?" They then say, "Fine, we're fine. How are you? We're fine." So a lot of what I see in America is people saying that everything's fine. At some level though, whether conscious or unconscious, they know it's not. They just are trying to get along within target range of Victor-the-cleaner.

CHARLES HUGH SMITH: Yes. Then what we have is a system, which is leaning more and more on the productive workers that are left to



generate more work and more value. So then for those people that do have jobs in corporate America, or even government, more is expected of them and there's less of their life for themselves. It's the red queen running in place and that's what I see amongst my cohort of people with jobs. Everybody's just running as fast as they can to stay in place and so it's really hard to get off of that machine.

That's why many of us look to the alternative economy. It's what I call the community economy or what other people call the emerging economy. It's part of the economy that's enabled by the Internet and by connecting local communities. Then that ties into a very powerful system, and in systems analysis we say, "You can't change the system without adding a feedback loop." So the internet allows a whole other feedback loop into community so that if somebody's got a good idea now, some place thousands of miles away from me, I can access that good idea. I can copy it, or communicate with them. So it's a very disruptive feedback loop that's positive. I think everyone's trying to control that.

C. AUSTIN FITTS: Let me tell you a little secret. If you were to draw a circle around an echo system let's say in America, it's the county. The current financial wealth is one percent of what it could be if things were optimized. When I say financial wealth I just mean we don't have to trade it or treat it as financial wealth. The poverty that exists is created by not allowing the system to optimize. The key to getting it from one to 100 percent is you've got to back off the small weapons. You've got to find a way to build your immunity system against the soft weapons.

So what you're on to is very powerful and I for one believe we can build our immune system to it. If you look at where people have succeeded in backing up the system, two examples I use are gun control, another is home-schooling. But we can't back it up without talking about it, which is why I'm so appreciative that you are willing to do so today. Not everybody's willing to confront this issue.

CHARLES HUGH SMITH: Yes, Catherine, and it's interesting how people find inspiration from relatively small things. In other words, I think the



typical American is starved for authenticity, honesty and a positive alternative. People want these but they don't know what that means. One of my favorite lines of my own is, "A home garden and home cooked meal are revolutionary acts." The reason why I say that is that taking control of your own authenticity. You know your own integrity. You're going to eat a real-food meal you prepared with somebody else in your household and have an experience that can't be commoditized by some corporation. You've taken back a really important part of your life.

That's part of the immunity to soft weapons. It's minimizing our exposure to the media, which is the channel for the soft weaponry. It's also just recovering that sense of agency, if you will. A lot of people have lost that sense of agency because they've been conned into, "Gosh, it's cheaper for me to go to the all-you-can-eat buffet than to buy food and make a real meal." It's not the same. You know one is a commodity controlled by a corporation; the other one is in your control.

C. AUSTIN FITTS: You have a new book that I was delighted to see. I didn't know until this morning that you had a new one published. So it's on a topic very near and dear to my heart. Before we close I would love to cover the new book and talk a little bit about it.

CHARLES HUGH SMITH: Great, Catherine, it's the result of me integrating my own marginalized 40 years of work and I've had a lot of different jobs and have started businesses. Now I have some experience in what you might call an Internet related business or the emerging economy. So I wanted to integrate that with what I've learned about the way the economy works. The book is the result of that union of looking at how the economy works and what opportunities are still left there. Taking my own experience as a beginner, as someone who's been out of work, someone who's started a business and who has found a job, then putting those together.

C. AUSTIN FITTS: So tell us the name and tell us about what it's about.

CHARLES HUGH SMITH: Okay, the title is Get a Job, Build a Real Career and Defy a Bewildering Economy. Those of us who know a lot about the



economy will understand that it's bewildering because it's undergoing a lot of changes. Some of which are controlled and some of which are the result of destabilizing systems, which is say the technology. It's throwing a wrench in a lot of systems that people assumed were stable. So we have to deal with an unstable situation as individuals and my basic idea is you can't rely on an institution to accredit your ability as a human being. You can't really count on an institution to accredit your integrity, which is something that's often overlooked as in terms of value and what I would call part of our human capital.

The thrust of my book is we can take charge of accrediting ourselves and take it away from institutions. We can accredit ourselves and use the internet as a way of doing that. It will help us get a job and build positive collaborative communities.

C. AUSTIN FITTS: One of the challenges of doing that it all comes down to the mathematics of time. If you look at a person's time they can pursue credentials in the centralized system, which can be very expensive and not successful. Part of the key to having the time to build skills and to build a brand independently is to swing that time over to things, which are effective. So instead of getting \$200,000.00 of student loans to study something that it turns out is not economically relevant in the world that we're going into, use that money, invest your parent's money, or invest the money you made. Don't take out the student loan and invest that time in things that builds highly specific skills that are really useful in the economy that we're going into. It gets back to this thing about not getting tricked and suckered into spending your time on something that works for the centralized systems but not for you.

“Instead of getting \$200,000.00 of student loans to study something that it turns out is not economically relevant in the world that we're going into, use that money, invest your parent's money, or invest the money you made.”

CHARLES HUGH SMITH: I think that's a brilliant summary of what I was trying to say. We have to invest in ourselves. If we had to summarize, “what can we do as individuals in this gamed system?” We would say,



“Invest in yourself and ask yourself to whose benefit. Who is going to benefit from that \$200,000.00 invested in an essentially useless credential?” It’s not the individual, although that’s what they’re sold.

Another subject that is under explored is the value of having a variety of skills. That’s another thing that seems to have been eroded by our economy’s focus on specialization and getting a degree in casino management or something. We seemed to have lost the bedrock of human capital, which is a variety of life skills. If I’m going to hire somebody, I don’t really care what their degree is and I think a lot of people in the economy are starting to feel this way. What I want to know is that they have personal integrity and that they’re honest. I want to know that they are forthright and they’ll do what they say. That they have a variety of skills because it turns out in the real world having a variety of skills cross pollinates.

C. AUSTIN FITTS: Right.

CHARLES HUGH SMITH: Yes, that’s how we solve problems. Really when we come down to ‘what are we doing at work,’ what is work? Well, it’s creating value to other people and it’s solving problems.

C. AUSTIN FITTS: It’s being useful. It’s being of service.

CHARLES HUGH SMITH: Yes. I’m excited about the opportunities we have to build small businesses, enterprises in communities that are outside the mainstream but running in parallel to them. We’re still going to use the grid and the highways on occasion. We’re not going to completely be cut off, but we’re going to fly under the radar and we’re going to establish positive things. We’ll be beneath the radar where we’re not going to threaten the powers that are and call upon the B52’s of soft weapons on ourselves. We’re going to create a positive life in a very sick inauthentic world.

C. AUSTIN FITTS: Well it’s like a body with cancer. Every cell that turns healthy adds to the chances of all the cells to turn healthy. So let me ask you the toughest question because just looking at you and all you do



from afar, you seem to have figured this out and it's something I struggle with. I'm going to ask you because hopefully there's some insight here that can help me. When you deal in this environment, what I see in any place I go, any community, any area of the world, there are people who never lack for income. They're unbelievably hard working. They love to learn. They're helpful. They have good habits.

What's amazing is they maintain good habits despite the fact that they are constantly watching a system that can hiccup and mess them up. You will see in many areas that have the black neighborhoods (we used to call it the beat down), have been worked over by soft weapons or hard weapons or both. It's where people give up. They develop a bad attitude, they get cranky, and they develop bad habits. They fall out of the mode, which makes for successful entrepreneurship.

So I've wondered, "How can I maintain great habits and a positive attitude in a world where these things are so ridiculously unfair and complex?" A lot of it comes back, for me, in understanding who you can and cannot trust. It comes in limiting your interaction with those you can align with in a trustworthy way during this period. To me you seem to be someone who's maintained a very positive attitude. You keep working and producing. You clearly are very organized; you have great habits. I see this by just watching you from afar. How do you do it? How do you maintain that kind of excellence in the face of something full of such entropy and clearly very morbid?

CHARLES HUGH SMITH: I think it goes back to what you said just now, about finding trustworthy people. I think that all of us need a circle of other positive people, in other words, people who are outside the matrix. Studies have found that when people are tackling a very difficult thing like alcoholism or losing weight, things that are just really difficult, it turns out that nothing can replace a group. That it's like being with a group of people who see the same thing and are dealing with the same issues that seems to be what we as humans need to keep with the program or advance our own growth.

This isolation and atomization that we get then, that's what causes a lot



This isolation and atomization that we get then, that's what causes a lot of us to become negative. We feel so alone and that's a great control to atomize people. So try to find a group of people who are like-minded and will encourage you to grow as a human being. That's my first strategy.

C. AUSTIN FITTS: Right. It's a good one. It's a good one particularly if they can develop an understanding and immunity to the soft weapons.

CHARLES HUGH SMITH: Yes. I use these words that just don't fit into the mainstream. Nobody talks about integrity and authenticity but I think that that's really the core. That if you feel like you're being yourself then it gives you the resilience and that requires some practice and self-knowledge. We all have some reservoir of will power and the academic studies show that it's not unlimited. We have to invest our willpower as we do with our finances and our time. We have to invest that willpower in ourselves so that's the other trick I use. I just constantly try to invest in myself and people I care about. I try to limit or minimize the amount of money and time I spend supporting the matrix.

C. AUSTIN FITTS: Well, I think that's excellent advice. I know people will sometimes look at somebody who is still operating within the matrix and say, "Don't you wish you were back there with them?" "Oh no." There's a wonderful energetic healer on our team and I sat down and calculated with her and said, "If instead of trying to save the world I instead had spent my money..." This is because I had lost so much. I was trying to do community venture funds and bring transparency to government money by place.

Anyway, so I ran into the buzz saw and I said, "Instead of trying to do community venture funds, if I'd just taken my money and invested it in what I thought I was going to go up in value I'd be worth \$39 million today." Then she said, "Yes, but you'd be dead." I said, "You're right, because I'm not somebody who does well at living an inauthentic life" and I realized I would be dead. I physically could not have tolerated the life and the insanity of the situation, anyway.



Well Charles, it's been a privilege having you on The Solari Report. Could you describe your website and your books? How do we find you, how do we stay up with your work? How do we buy your books and continue to support your work?

CHARLES HUGH SMITH: Please visit me at oftwominds.com and that links to my books and the blog right on the site. Catherine, I want to say that I really admire your work, not just in elucidating very difficult concepts and structures, but also in the community building that you have attempted to do and that you promote. That's really the future and so I have just great admiration for you and your work.

C. AUSTIN FITTS: Well, I keep trying.

CHARLES HUGH SMITH: And you're succeeding.

C. AUSTIN FITTS: I'm willing to succeed. I'm willing to succeed. I do feel though that I've been perpetually vested on the soft weapon issue, which is why I wanted to talk about it and talk about somebody who understood the absolute importance of taking action at the individual and small group and community level. That's the building block so I always say, "The planet is the body and the community is the molecule and unless the molecules are healthy..." well you know where that goes. So we're willing for it to work.

Charles, in that spirit, again, thank you for being on The Solari Report you have a wonderful day.

CHARLES HUGH SMITH: Thank you so much, Catherine.

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Nothing on The Solari Report should be taken as individual investment advice. Anyone seeking investment advice for his or her personal financial situation is advised to seek out a qualified advisor or advisors and provide as much information as possible to the advisor in order that such advisor can take into account all relevant circumstances, objectives, and risks before rendering an opinion as to the appropriate investment strategy.