

BUILDING WEALTH IN CHANGING TIMES



The Solari Report

DECEMBER 11, 2014

Precious Metals Market Report with Franklin Sanders



Precious Metals Market Report

December 11, 2014

C. AUSTIN FITTS: Ladies and Gentlemen, it is my pleasure to welcome back to The Solari Report for the Precious Metals Market Report a man who needs no introduction, Franklin Sanders.

If you look at what's been going on in both the currency markets and the precious metals markets, I've been dying to talk to him. Of course, this is the way I get to talk to him – in depth about precious metals.

Franklin, it's a cold, sunny day in Tennessee, and it's good to be indoors. Welcome back to The Solari Report.

FRANKLIN SANDERS: Thank you. I'm glad to be here. The only other place I might like to be is in Alabama.

C. AUSTIN FITTS: Why Alabama?

FRANKLIN SANDERS: We had to pick up a bull. I was going to go, and then I remembered I had to be with you today so Justin got to go instead of me. There's a fairly new breed of cattle called South Poles, which are bred to do well on nothing but grass. You don't have to feed them grain. They're just a big, blocky, beautiful beef animal.

A few weeks ago what we've decided to do is to start breeding those to our Highland cows because Highland cows take a long time to grow out and they don't put out much fat.

We went to look for a young bull, and we found one on the tail end of Lookout Mountain, which goes down into Georgia and Alabama. It's just beautiful country.

C. AUSTIN FITTS: It is beautiful. Lookout Mountain is beautiful, beautiful



country.

FRANKLIN SANDERS: You know how you feel here on our farm. We call it the Top of the World farm because it feels like you're on the top of the world. Somewhere out there there's an edge you can look over and see the rest of the world, and Lookout Mountain feels that same way. There's always a lot of energy in a place where people are doing new things.

C. AUSTIN FITTS: Right

FRANKLIN SANDERS: Their mental energy seems to flow out all over the place.

C. AUSTIN FITTS: It's funny. When I became head of the FHA we had been the number one property disposition operation in the country, and then when the RTC got created we became number two. The guy who was running number one was a great guy. His first name was Lamar, and I'll never forget that he used to always say, "I'm from L.A. (that's Lower Alabama)."

FRANKLIN SANDERS: Yes!

C. AUSTIN FITTS: Which, of course, Lower Alabama is one of the prettiest places in the world!

Anyway, well, we're going to talk about precious metals. We want to get an update, and we're also going to talk about precious metals at the very heart of the rebalancing of the global economy because there is a war going on, and gold is right at the heart of it.

It's been quite a ride this year. Gold ran up and now it's done. Then it went back up, but it's touched that \$1,200 line more times than I care to remember, and each time I don't know if it's a heartbreak. You feel like you're on a roller coaster.

Anyway, the one thing I wanted to mention was I was watching John



Mauldin on a TV show the other day. Somebody asked him if he was selling his gold. He said, “No, that’s my Central Bank insurance.” He said, “I keep an insurance at all times.”

Bring us up to date on the market, Franklin. What’s been happening, and what can you tell us about where the market is now?

FRANKLIN SANDERS: Just let me add one thing. I saw a quote from Kyle Bass the other day. He said, “Gold is the no-brainer because it’s the same thing as a put on the political system.”

I thought, “That’s about right. He’s got that.”

C. AUSTIN FITTS: That’s true.





FRANKLIN SANDERS: Let me bring you up to date. I'll refer to the charts as we go along. If you look at the gold chart, that's about a year. There's a rule in technical analysis that whenever a market continues to challenge a line – whether its trying to break through that line on the down side or the up side – the more times it challenges the line, the greater the possibility that it will break that line.

You have support for gold about \$1,180 that was hit in June of 2013 and again in December of 2013. It looked like it was solid, but then that broke in October of this year. So that changes the game. Then you say, “Okay, what's the turnaround here?”

If you look at that chart, you'll see that gold went down to \$1,130. Then on December 1st we had a most extraordinary day. In fact, just about the most extraordinary day I've ever seen in the gold market. That is, you can see that big, long black line that shows that it went down to \$1,141.70 during the day but came back up and closed about \$1,218. That's a stupendously strong move, and you'll notice it happened on very high volume if you look underneath at the volume.

The strength of the move confirmed by the strength of the volume says that that is at least an interim turnaround. It's a very strong turnaround, and gold has come back and crossed over not only the short-term downtrend line – which is the dashed line – but also the downtrend line from October of 2012 which is extremely strong.

Everything is conditional until it's proved, and the fact that gold has turned around – or the idea that gold has turned around – will only be proved when it gets above that last high, which was \$1,255.60. Past that, then, there is resistance around \$1,300. Then the real hurdle comes at what I call the 'fish or cut bait' line at \$1,350.

Where we are now is we have what appears to be the first step of a turnaround. However, you have to remember that there has been so much morale damage done to the gold and silver markets in the last three and a half years that it will take a while to rebuild that morale. It just takes time; that's all. If you do that much damage, it just takes time



to rebuild.

C. AUSTIN FITTS: I'll tell you what my concern is. I want to go through both sides of the market on this one.

If you look at what's been going on in the currency world, we have had cheap dollars available to borrow all over the globe now for years with quantitative easing. With that ending and the possibility that the feds could raise the interest rates, there is what I call a 'bear trap' coming in the dollar. The dollar has gone up about 10% or a little bit more since the middle of the year, but you could see the dollar go much, much higher if that happens because you've got countries all over the world that have borrowed dollars and who need to pay back in dollars or pay interest in dollars. They have to earn those dollars whereas the US doesn't. It can just print them.

I'm really concerned about the dollar flying up much higher and what that could do to everything.

FRANKLIN SANDERS: You're anticipating what I'm going to say. You're stealing my thunder, Catherine.

C. AUSTIN FITTS: Okay. I'll shut up!

FRANKLIN SANDERS: We're going to get to the dollar very shortly.

C. AUSTIN FITTS: Okay

FRANKLIN SANDERS: I'll explain why I left that to last.

The second chart shows the silver market, and here you have the same sort of set-up you had in gold. You had triple – in fact, quadruple – bounces off of the \$1,860 level. Again, every time you hit that line again, the likelihood that you will go through the line increases.

You see that in September silver broke through that \$1,860 line and went on down sharply. Then you had that colossal reversal on high



volume. In silver's case, it actually went down \$14.15 and closed at \$1,669, which is an enormous range over \$2.

Again, in all these years of watching gold and silver, I don't think I've ever seen anything like that on the upside. The only thing that compares to it was the huge fall in April of 2013.

If you look at where silver is on the charts, you can see that it's broken up through both the 20-day and the 50-day moving averages, which means that it's momentum is above the market. The momentum is carrying it higher, and it's also broken through the high that was made in August of 2013.



I'm sorry; It has not broken through that yet. It is almost at that point, but all of this is just talk until it breaks through that \$1,860 line because what was support for so long now becomes resistance when you're coming at it from the underside.

C. AUSTIN FITTS: Right.

FRANKLIN SANDERS: You'll notice, too, that the 200-day moving average is right now at \$1,903. That really is the line that we have to get through because the market's momentum is down. The 200-day moving average is a very long-term moving average so when the market is below that 200-day moving average, it means that momentum is still carrying it downwards. It's like trying to climb with a big bag of rocks on your back.

Once we get above that 200-day moving average everything gets a lot prettier for silver and gold. The halfway point of the whole rise from 2001 to 2011 is about a little over \$24, so that halfway point is very important, too. The halfway point is like the pivot on a seesaw. It's like





the fulcrum on a seesaw and there is a lot of momentum for the market when it's above the halfway point.

That's what we're seeing in silver and gold. If you look at the next Chart #3, it should be the Dow Jones Industrial in gold. Here is the importance of this chart. It tells me which is going to rise against which. Are the metals going to rise against stocks, or are stocks going to outperform silver and gold?

I watch this chart very closely.

C. AUSTIN FITTS: It's a ratio chart?

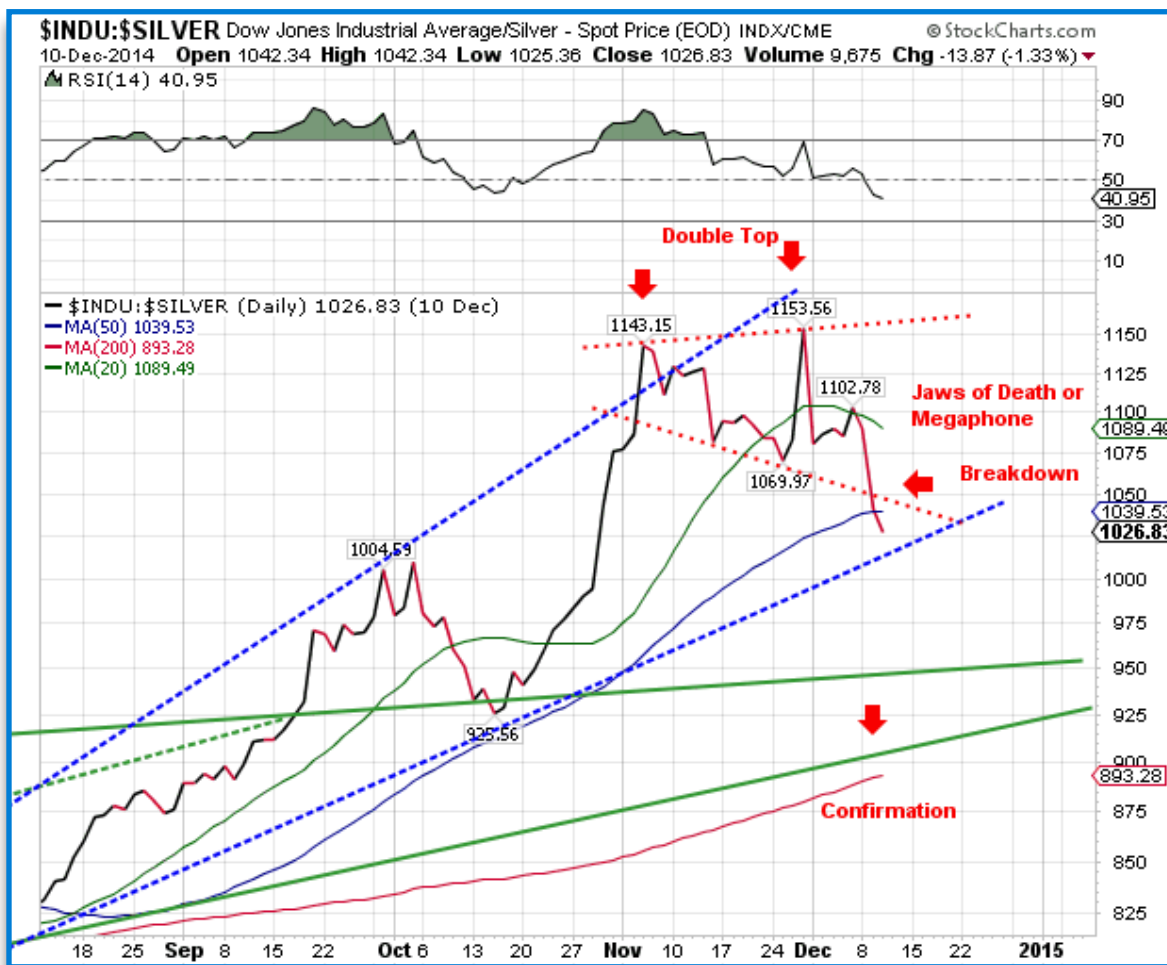
FRANKLIN SANDERS: Yes. It's the Dow gold and the Dow silver. That's the most important indicator I see, and there's no point in arguing with it. If you're arguing with it you're just hitting yourself in the head with a ball-peen hammer.

If you look at the industrial's gold chart, you can see that it looked like it had topped. Remember we had the bottom in gold about \$1,180 so at the end of December it looked like it had topped where those blue arrows are. Then again in June it made another top, but then it broke out in September above the line that marked those double tops. That proved that those weren't tops.

Then it came back and rose to a new high, but it made a double top. Then it formed this megaphone or broadening top for most of what you see there at the top.

It has since broken down out of that. It's broken down through the 50-day moving average, but we won't have a sure confirmation until it closes below the 200-day moving average which right now is about 13.29 ounces.

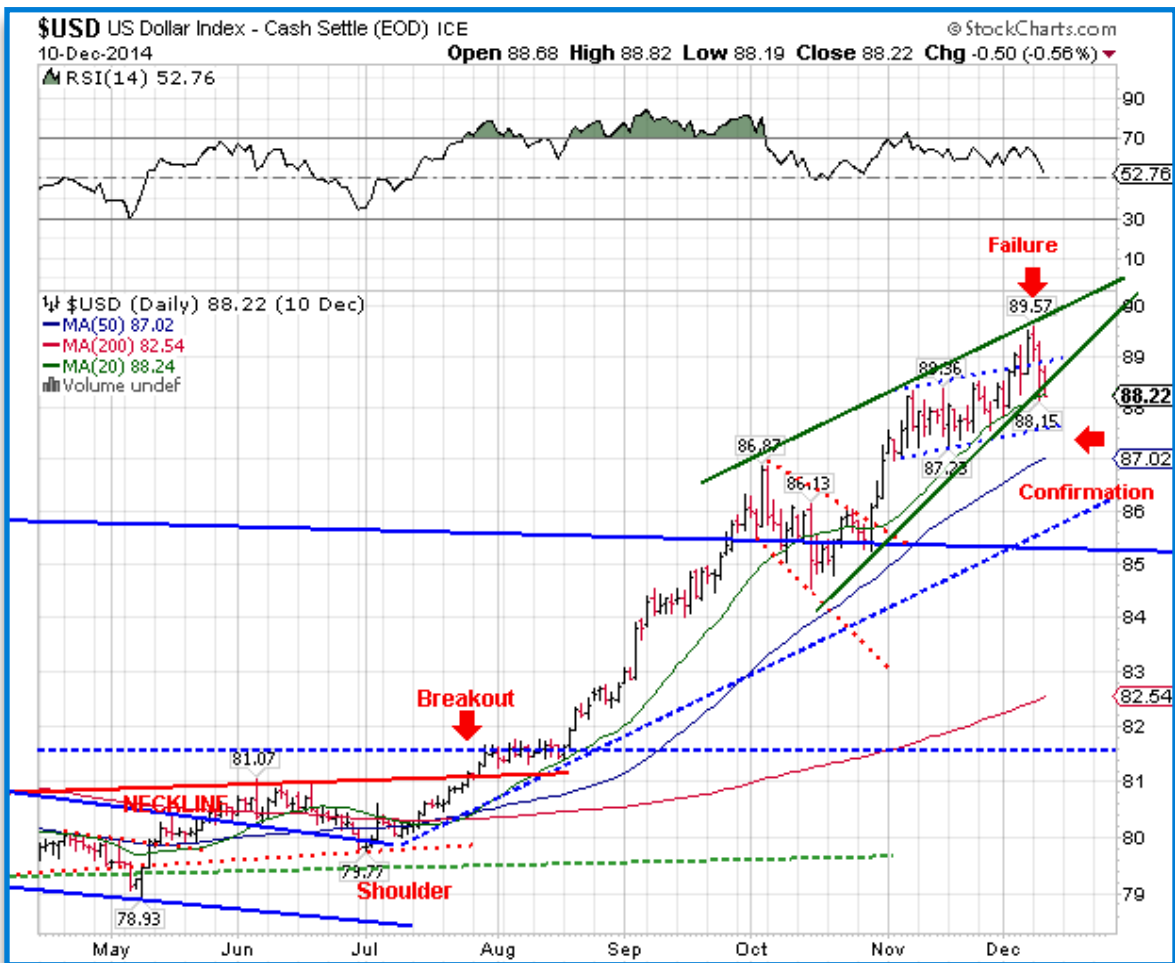
You look at the silver chart and it looks a lot the same. You see the same broadening top formation, the same double top. You see the same breakdown out of the megaphone or jaws of death formation. Again, we



need confirmation at the 200-day moving average, which also happens to be the uptrend line.

It looks like it's turned, but I can't say that it has yet because we don't have that wonderful confirmation of closing below the 200-day moving average. Then I'm going to steal my thunder back. Let's talk about Chart #5, which is the US Dollar Index.

What was plainly seen coming in the US Dollar Index was I had an upside down head and shoulders formation, which is a reversal formation – a reversal from down to up – and that took quite a while to form this year. Then it broke out in July right there about 81.50, and then it rose higher. It formed what is called a 'rising wedge' that is outlined by the green lines on this chart. You'll notice that a few days ago it failed at the



top of that formation and it's fallen back, but to get confirmation it really needs to close below about 87.50. That will tell us, "Yes, it's fallen out of that rising wedge," which normally resolves by falling down.

However, what this chart right here shows is if you could see a longer term version of this chart – and by longer term I mean a five-year chart – you would see that you have drawn the correct conclusion. It implies that the dollar will go much higher. When I say 'much higher' I mean 93.5 or something like that, which is substantially higher.

C. AUSTIN FITTS: Right. See, I think it could go through 100. That is my concern.

FRANKLIN SANDERS: Well, it might. I mean, if you get a big demand for the



dollar. Here's the problem. There are a lot of people in the world who have been short dollars who have been playing the dollar carry trade because the Federal Reserve has been guaranteeing that the interest rates would not go up so they could borrow dollars. For a long time the dollar was falling so they could pay back in cheaper dollars that they were borrowing at virtually no cost.

Now when they have to reverse that trade, let's say they took the dollars and invested them in stocks, now the stocks are coming down and the dollar is going up. They're caught in a vice. They've got to get out and reverse that carry trade. They've got to go buy dollars and sell stocks. Even if this carry trade is more complicated where they're borrowing yen and they're selling yen and buying dollars and so forth, what it's doing is putting upward pressure on the dollar.

I do not believe that a rising dollar necessarily cuts off gold and silver. I mean, they can rise in the face of a rising dollar. They can't rise, I don't think, over any long period time in the face of a rising stock market.

C. AUSTIN FITTS: Do you think they can rise in the face of rising interest rates?

FRANKLIN SANDERS: Oh, yes. Sure.

C. AUSTIN FITTS: Okay.

FRANKLIN SANDERS: Here's the main thing. What is it that causes gold and silver to rise? It's not that they're inflation hedges because you can look, for instance, at the period from 2001 until 2008 and gold and silver were just humming right along. The inflation during that time was not that terrible. There was inflation all during the period of 1980 to 2000 and silver and gold were falling the entire time.

It's not so much that gold and silver hedge against inflation that they are a hedge against falling confidence in the financial markets. The financial markets are stocks, bonds, and currencies. The currency, of course, forms the value or what gives value to the bond market and – to an extent – to



the stock market.

What happens is when you get a falling confidence in the financial market, people run into gold and silver. That is what I call 'monetary demand'. It's monetary demand that drives gold and silver. It's not physical demand. It's not even so much inflation. Ultimately inflation is down underneath there; that is the reason people lose confidence in the financial system. But the inflation can go on a long time without helping silver and gold. It's just a matter of confidence.

C. AUSTIN FITTS: Except for this, and that is you've got 1.3 billion people in China and a huge population in India as well. They are gold and silver buyers. They hold wealth in gold and silver.

If you come here, a much greater portion of the population holds wealth in financial assets. I think as the middle class grows in Asia, the question is: How much are they going to stick with their traditional gold and silver, bank deposits, and real estate? Are they going to stick to financial assets?

That is one of the big variables in what could happen here because even if the US stock market does well, one of the big questions is: Does the Indian and Chinese stock market do well? And will those populations be buying gold and silver?

If they're buying gold and silver, the demand is going to be huge.

FRANKLIN SANDERS: Right. Remember these are marginal things that you're talking about. In other words, the question is: How do those demands balance against each other? Is the demand for financial assets greater than the demand for physical assets or not?

The Chinese have a history of distrust of paper money that goes back 2,000 years. I mean, we're talking about an ancestral memory that can't be matched in the West for what paper money or inflation can do to you.



They know. They understand. The Indians do, too, but they don't have the same historical experience with it.

One of the things about China that puts me in a very small minority is I don't believe it. I've gotten reports from eyewitnesses for the last 10-15 years that the investment there has been misdirected. I've got stories about building ghost cities out in the country where they build whole new cities and put together turnkey plants, but there is no demand so the people never move in.

I'm being asked to believe when I'm told the story of the Chinese economic miracle that a socialist economy can perform well. I don't doubt that it can perform well in some ways, and certainly the fulfillment of huge amounts of American demand has moved jobs and industry to China, but what about the misdirection? One of these days that misdirection is going to come home. When it does, there is going to be a big train wreck there.

That is one of the questions in my mind. When I think of the imponderables, I think, "Yes, the Chinese economy has improved enormously, but how much disaster is still being covered up and waiting to emerge?"

C. AUSTIN FITTS: I know, because I have lots of personal reports in the real estate as well, so I'm not saying those things don't go on, but I just think the Chinese are going to power through.

If you look at all the things they have going for them, they have the wherewithal to keep growing and to handle their problems. I really don't think you're going to get a train wreck, but I do think the Chinese have serious problems.

Here is the biggest problem: Our land mass, Franklin, is bigger than the Chinese, and they have four times as many people. They have less arable land and less water. Imagine having 400% more people in the United States on our land mass with significantly less arable land and water. What is that like? Can you imagine trying to keep everybody employed?



I do think they have enormous entrepreneurial and intellectual skills. Frankly, they were the lead economy until 200 years ago. The IMF or World Bank just announced their GMPs surpassed ours, but it's been that way through most of history. Part of it is they just have so many people.

I'm not worried about their train wreck. I do think that part of what I see going on around the world is when I started buying precious metals it was a very tiny, thin market. What I do see is the consolidation in the prices has led to many, many more people buying gold and silver and educating themselves as gold and silver was almost as though the prices had gone too high and shut out a lot of the market. There is a real building out of the retail market.

With the Chinese and Indians wanting to buy, I just see that no matter what happens there is going to be, to me, more and more building out of the retail market.

I wanted to ask you: What have you been seeing in terms of interest on the physical side in the retail market? Are people buying? Are they using this as an opportunity to accumulate?

FRANKLIN SANDERS: Big buyers are coming back into the market, but it's still in the beginning stages. But those big buyers are coming back into the market. We're seeing way more activity.

We're seeing way more activity since September than we have seen for quite some time. That's just anecdotal evidence. That's just one little business's experience, but the fairly large traders are coming back in.

Here's an interesting thing about silver. Did you know that the silver ETF has actually increased its inventory this year while the gold inventory has decreased, which I find very interesting.

C. AUSTIN FITTS: That is interesting.

FRANKLIN SANDERS: It indicates that more and more people are buying



silver, even as the price goes down.

C. AUSTIN FITTS: Well, I keep getting reports on very strong demand for silver coins at the Mint. Is that the case?

FRANKLIN SANDERS: That's true, and let me just mention one other thing that probably is an even better indicator than that. The premium on 90% silver coin, and the premium is that amount that you have to pay above the gold or silver value to get some physical item in gold or silver. That premium for ten years, with the exception of the time of the financial panic, has been the lowest of any item across the market.

Well, in 2013 that premium began to rise and got up as high as \$5 an ounce over silver, which is huge.

C. AUSTIN FITTS: You're kidding!

FRANKLIN SANDERS: No.

C. AUSTIN FITTS: That's unbelievable!

FRANKLIN SANDERS: The thing is that it started in January of 2013 when the silver price was going down, and it increased. It did not moderate, even when we had that terrible fall in 2013. It worked back down to the point where 90% silver was like \$0.20 or \$0.40 an ounce over spot at wholesale back in the summer, and then it started to rise again. Right now it's about \$2.00 an ounce, which is historically high.

There is a relationship between that premium and the price. Normally when you see that price it means when you see that premium high, it means that there is huge demand on that stuff – physical demand for that stuff in the market. That kind of silver, remember, is the most liquid and the most divisible form of silver.

When I see those high premiums, it says to me that there is huge physical demand for silver. That leads to the inference that there is going to be a turnaround fairly soon.

“That premium for ten years, with the exception of the time of the financial panic, has been the lowest of any item across the market.”



Well, whether we've seen the final turnaround or not I don't know. You can't say that yet because you don't have upside confirmation, which would require at least a close in gold above \$1,350. But I do think that is a good working theory for right now.

As I said, even if we've seen the ultimate low in this correction that started in 2011, it's going to take some time to rebuild the market. But the strength is there. That is what the implication of the high premium on 90% is, and that is what the implication of high demand on silver eagles from the Mint is.

C. AUSTIN FITTS: Right. It's not that I think it's going to happen, but the one thing I am worried about is if we do get a high dollar scenario next year - and there is a bit of a fear about the liquidity in the bond market - if we break the \$1,100 line there is a straight shot down to \$700 or \$800. I just want people to be prepared for this thing to swing. I just think you have to be prepared to live through some pretty wild swings, up or down, and keep your wits about you. That's the one thing I would warn.

Before I go on, I want to talk about that in the context of rebalancing the global economy. Before we do, since we're talking about accumulating physical coins, I just wanted to bring up the calculator again. One of the things I discover is to me the calculator is an amazing tool. I can brag about this because it was Franklin's idea.

The silver and gold calculator, which you can link to from Franklin's website or from the Solari website, the URL of www.SilverAndGoldAreMoney.com. It's a wonderful tool where you can put in an amount of currency - about 20 different currencies, including the dollar - and it will tell you in gold and silver what you need to pay. It just is a calculator to toggle back and forth between global currencies and gold and silver. It just makes it easy.

There is an equivalence page where if you click on the equivalence page you can see the melt value of any gold or silver coin for a list of the most common bullion coins, both gold and silver.



If you are pricing your gold and silver coins or negotiating to buy, it's a wonderful tool. The reason I bring it up is at Christmas time, Christmas was the reason that this happened – from my point of view – because I was complaining about trying to reconcile how to calculate what coins and how much I should give to all the kids because I have a tendency to give to the kids in my family using gold and silver.

You started telling me about your idea for the calculator, and the next thing you know, there it is! We decided to do a calculator.

I find that one of the big obstacles for people owning and using gold and silver is not having a ready calculator. Finally the audience persuaded us to turn this into an app so you can get an Android or iPhone app for your phone.

Franklin does a great job of always saying, “If you want to start a community currency, just do it. Just use gold and silver. Get them out of your closet and use them.”

If you haven't discovered the calculator, particularly if you are going to be gifting coins to kids for Christmas, it's a great little tool. As I said, again, there is an equivalence page. If you're interested in looking at what the potential coins you might be interested in buying and holding are, there it is.

Franklin, it was your idea. I just needed it. So I decided to do a whole bunch of work to get it.

FRANKLIN SANDERS: It's just so much better when people understand what they've got and what the value is. I understand it's confusing, but with that app there is just no excuse. It makes it really easy to know what you've got and what it's worth.

C. AUSTIN FITTS: It does make it really easy. Somebody is always asking, “When I talk to a dealer, how do I calculate the premium?”

I said, “Just go to the equivalents page, and the melt value is calculated



for you.” So it’s really easy to figure out what the premium is.

Let’s get back to the Rebalancing the Global Economy because I was working on our wrap-up. You know we do the wrap-up at the first Solari Report of the year. It’s a very big deal for me. One of the things I realized is one of the most important stories of the year was all of the politicking and noise around the rebalancing of the global economy.

One of my greatest frustrations this year, Franklin, is meeting at the luncheons and workshops with subscribers and having them ask me about totally absurd scenarios, and realizing that the reason why they are worried about them is that they don’t have a picture of that rebalancing and how it’s happening and what it means.

Here’s the reality. The price of the US dollar – the US Dollar Index – and the price of gold is right at the heart of this pendulum swinging back and forth and back and forth and back and forth as this rebalancing goes on.

One of the things I wanted to do during the wrap-up is really help them get a framework and get a picture of the rebalancing so they can sort-of see it in their mind and not fall prey to some of the more unlikely scenarios that people talk about.

I called you and I said, “Would you help me with this?” because you are always good at bringing people back to ground. Maybe we could go through some of the more extreme scenarios and sort-of help people look at these in context. I thought I could bring them up and we could talk a little bit about them.

One of the ones that has been driving me crazy for many, many years is the Iraqi Dinar.

FRANKLIN SANDERS: Oh my gosh!

C. AUSTIN FITTS: So tell us about the Iraqi Dinar.



FRANKLIN SANDERS: I have actually had people call me up and ask me how to distribute \$1 million between silver and gold and what they ought to buy. We would carry on this long conversation, me thinking they were serious, and then they would tell me, “It’s going to happen next week. They are going to up-value the Iraqi Dinar.”

C. AUSTIN FITTS: And I’m going to have \$1 million.

FRANKLIN SANDERS: Yes. I mean, why anybody has fallen for that story I can’t figure it out. The story goes something like this: The Iraqi Dinar was devalued, literally blowing it in the streets, thrown away, but somehow or other the Iraqi government is going to come back. Thanks to oil production, it is going to revalue the Dinar from one-tenth of a cent each to \$10 each or something like that.

All of these people who have bought these physical Dinars, which were – as I said – blowing in the streets – are suddenly going to become fabulously wealthy.

I don’t even know where to begin with a story like that to say that that is not possible. That is just not going to happen.

“I don’t even know where to begin with a story like that to say that that is not possible. That is just not going to happen.”

C. AUSTIN FITTS: I’ve seen extremely intelligent people end up putting \$20,000-\$50,000 in Iraqi Dinars who think they are going to end up with \$200 million or more. The thing is, it’s not just the money that they put in, but they put in hundreds – if not thousands – of hours. They will have lawyers draw up documents for the trust for their kids for when they get the \$200 million. It’s not just that they lose their money; they lose their lives to the fantasy.

FRANKLIN SANDERS: Yes.

C. AUSTIN FITTS: It’s very, very scary. The thing that scares me the most about it is all the different things you could be doing with that time that would really be building real wealth, obviously, in far less dramatic but



real ways that are ignored while you're living this fantasy. It's very, very scary to me.

FRANKLIN SANDERS: It brings back a proverb or axiom that I made for myself years ago. I'm dead serious about this. I learned my lesson so hard that I wrote on a piece of paper and posted where my eyes would see it every day the motto 'Get rich slow'.

You understand the reason. You have to govern your greed because there is no limit to greed. Greed is the one lust that can never be satisfied. Everything else – hunger, thirst, sex, all of that stuff – at least for a little while can be satisfied and you can have some relief from it. Greed is not that way. Greed just calls out, "Give me more," over and over.

The root of this is that people want to be rich. It's better to get rich slow than to get rich quick. I'm not against people having money. I'm not against people being rich, but I have seen more people – more families and more children – ruined by an excess of wealth than I've ever seen ruined by poverty.

You're much better off to say, "What's the best use for the money that I've got, and how can I make it grow over the long term?" than you are to waste your time over spider web deals that are never going to come true. They just won't do anything but invite your greed.

C. AUSTIN FITTS: It's interesting. I have a habit in my life as an investment advisor helping people. I have people come to me who have been very much harmed by financial fraud and I help them clean up and reset their house in order and their perspective in order as a result.

One of the things you realize as you get into the stories is that ultimately a lot of people get hooked by their greed. In other words, these things could never work if you followed best practices.

FRANKLIN SANDERS: The line that is attributed to Barnum is, "There's a sucker born every minute." That is true. People are cheated when they are told what they want to hear. The folks who cheat them know that



they want to hear this, and they tell them something that reason out to shout, “This can’t possibly be true.” But they tell them that it’s true, and that is how they are caught by their greed.

You have to be serious with yourself.

C. AUSTIN FITTS: It was very funny. I was invited to speak at a conference at the last minute. I was surprised that they were willing to pay my speaker’s fee, but off I went.

Sitting in the wings were two people in charge of marketing for these two newsletters which I will describe as fairly scummy. They listened very carefully. Chris Martenson was there, too.

They listened very carefully to everything Chris Martenson and I said. After the conference was over, suddenly all of my update and subscriber client lists got hit with a very aggressive marketing from both these newsletters. It was really funny because I would have clients or subscribers email and say, “Oh, I should get this. These guys are saying exactly what you’re saying.”

I said, “No they’re not. They’re saying the opposite of what I’m saying.” What I realized was that they were using all of my words and expressions, so they had really done a study of what we were saying and how to say it. Then they targeted our list to try to sign people up.

What they were selling was the end of the world. “The collapse is coming, and it’s momentary, and I’m an insider, and you need to know...” What I realized was that they were basically selling terror, speaking to people’s real fear of significant financial loss because of what is going on in the environment.

It was very cleverly done, but what they were trying to do was market to people their picture of either what they felt was going to happen or what they were afraid might happen. It was very cleverly done, but it was clearly a scam. These guys weren’t interested in helping people; they were interested in selling whatever they were selling. It was pretty ugly.



FRANKLIN SANDERS: I suppose that everybody knows, but I don't guess they do, that it's axiomatic in the newsletter industry that the two things that sell are fear and greed. It's the fear of events that might destroy you, and greed for the big hit or the big check and the desire to get rich quick. That's what sells newsletters. That's what sells financial information. That's what they're after.

C. AUSTIN FITTS: Let me bring up another one, "JP Morgan Chase is on its last legs and they are about to collapse shortly." This one really irritates me. "If you just buy more silver, you'll collapse them shortly."

The reason this one irritates me so much is if you look at the operational dependency of the clearing systems and the US government systems on JP Morgan Chase and the New York fed member banks, you're talking about the financial equivalent of ripping up all the train tracks in America if you are really going to let JP Morgan Chase go down.

Besides, JP Morgan Chase is just a tool. It's a vacuum cleaner. It's a mechanical bureaucracy that the money flows through it, but the money that is stolen doesn't stay in it.

I'll never forget I was talking to a group of gold bugs who were sure that JP Morgan Chase was on its last legs and about to go down, and when it went down they would win and the bad guys would lose. I said, "Are you crazy? The guys who have stolen \$40 trillion are now long \$40 trillion. They've got some of their liabilities in JP Morgan Chase. If JP Morgan Chase goes down, they just recapitalize it with the US government and you're not going to touch their \$40 trillion."

"What do you mean they're going to lose?"

They have a \$40 trillion long and a \$10 billion short, and you wipe out JP Morgan and they don't lose any money.

FRANKLIN SANDERS: But let me add something to that. The people who follow that theory, I believe, are ignorant of the way that a broker works. The best strategy of a broker is to never be short or long. You don't



make money by the rise or the fall in the market; you make your money by being the middleman for trading whatever the commodity – the stock or the market – is.

What they see is, say that JP Morgan has enormous short position in New York on the Comex. Let's say they even have an enormous short position in the OTC market there, too. That is balanced by a long position somewhere else. Maybe the long position is in Hong Kong, maybe it's in London on a London LBMA. I don't know where it is. It could be in the OTC market, but the point is that if you're short one million ounces in one market and you are long one million ounces in another market, you cannot be hurt because whether it goes up or down, you are going to have a balanced position.

I think when people get all upset about JP Morgan's derivatives position or JP Morgan's long or short, they neglect that part. They neglect the possibility and fact – almost the certainty – that for whatever they have got short in one market they are long in another.

C. AUSTIN FITTS: To me, it's an equivalent of if a guy walks into your house and uses a vacuum cleaner to vacuum up all your money and then walks off with the money, there is nothing to be gained by shooting the vacuum cleaner. Do you know what I mean?

Here is the reality, and I keep saying this but I am going to keep saying this until I see it catch on in a popular notion. You want the money back. There is nothing to be gained by shooting the vacuum cleaner. If money has been stolen, you want the money back.

I keep saying again and again, "Crime that pays is crime that stays." It doesn't matter who you send to jail; it matters that you get the money back in your pocket.

"It's an equivalent of if a guy walks into your house and uses a vacuum cleaner to vacuum up all your money and then walks off with the money, there is nothing to be gained by shooting the vacuum cleaner."



If they say, “Let’s get these guys,” I say, “No. Get your money back.” That’s what you want to do. You want to get your money back. You don’t want people punished; you want yourself renumerated.

Another one: Climate change. This one always makes me furious.

I wrote a review a couple of months ago. Naomi Klein has a new book out, which is about as dreadful as it gets, called *This Changes Everything*. Grossly oversimplified, basically what it says is that climate change is a huge emergency. We have to centralize control and live in poverty to save the planet.

It’s interesting because clearly if you look at the rebalancing of the global economy, there are many, many places. If you look at China, China has a GNP of \$10,000 per capita. We have a GNP of \$53,000 per capita.

If you’re going to rebalance, either our productivity has to go up enormously or our per capita expenditures have to go down enormously or theirs have to come up, etc. So it’s almost as though climate change is fronting or is a political excuse to make the rebalancing fashionable by cutting our expenses.

FRANKLIN SANDERS: It is a tool. The whole thing is made up, and it is all a tool. I mean, it’s 100% a tool – a myth. It’s a control myth.

May I take off on that?

C. AUSTIN FITTS: Yes. Please take off on this one.

FRANKLIN SANDERS: Okay, because this one really gets my motor revved, and I’m up to about 3500 rpm’s already.

C. AUSTIN FITTS: You should read that review. It’s very good. I really sliced Klein’s effort.

FRANKLIN SANDERS: Here’s the thing. You notice the hogwash. Here’s how you can smell the hogwash from across the county. They’ve changed



their terminology from ‘global warming’ to ‘climate change’ and the reason is because they’ve been so manifestly contradicted by the weather in the last few years where we’ve had extreme colds, extreme wet in some parts of the country, extreme drought, and so forth, but not extreme heat.

Back in the 1970’s when they first floated this whole environmental movement they were telling us about how the whole world was going to freeze to death and it was going to be a new ice age. Then in later years they skipped to the global warming thing. All of this has been shown to be a made-up conspiracy, a completely engineered, manufactured out of whole cloth conspiracy.

Back in the 1980’s I was hired by Larry Abraham to help research the environmental movement. We wrote a book called *The Greening*. In fact, I found some copies of *The Greening* if any of your readers want to email me. For \$13 I’ll send it to them.

We published it in 1993, but it is still valid because it shows you the idea. The idea is taken from a report from Iron Mountain – and I think the establishment really believes this – that the capitalist economy produces so much that you have to waste a certain portion of that production in the moral equivalent of war, either by war or the moral equivalent of war.

They were searching around for something that would give them the ‘moral equivalent’ of war and they came up on the environment and the so-called threat to the environment.

Look, in the United States, by and large, the threat to the environment has been fixed. I mean, this is not 1965 when the Cuyahoga River had so much oil floating down it that it caught on fire.

C. AUSTIN FITTS: Right.

FRANKLIN SANDERS: Here 40 years later you’ve got an environment that really has been cleaned a whole lot. Something needed to be done. I’m



not against that.

C. AUSTIN FITTS: Except that somebody is spending billions of dollars to spray crap on our heads.

FRANKLIN SANDERS: None of that goes together and none of that makes sense, but what I'm trying to explain is that the whole global change and climate change and global warming meme, that whole complex of lies is a social myth that is being used to control you. It's total hogwash from the bottom to the top.

C. AUSTIN FITTS: Right.

FRANKLIN SANDERS: Weather cycles are just incredibly complex, and it is normal when you get increased volcanic activity. The volcanic activity goes through cycles. When you get increased volcanic activity in the northern hemisphere, what happens is that you get a kind of a shield from heat in the northern hemisphere from the output of those volcanoes, which is a huge output of physical tiny matter that goes up into the atmosphere, and you have a long period of global cooling.

That interacts with the currents in the Pacific Ocean, El Nino and La Nina, and it is just really, really complex. It is very difficult to point to two years or ten years or even 30 years or 100 years and say, "Aha! Look at that! You've got a change."

C. AUSTIN FITTS: But if you look at this as a tactic, if you're the leadership in the United States and you've got to radically increase productivity or decrease expenditures in the average consumer, they unleashed a process with the World Trade Organization in the mid 1990's. The genie is out of the bottle and it can't get stuffed back in.

Now that you've done that and the middle class is rising globally, you've kept the false prosperity going in a whole variety of ways. I did a great interview with Stephen Roach, and I think his book is the best to describe how that all worked.



The reality is you've either got to get productivity up here or you've got to get living standards down. It's one or the other. There are many different ways to do it, so I'm not saying we all have to live in poverty whatsoever, but it's a very big change.

I think climate change is a much better marketing tool than, "Here is the reality of what we did in the 1990's and it's too late." The truth is not going to sell, so climate change is one of many different fantasies that they've come up with that they think is a way to market all of this.

FRANKLIN SANDERS: You have to realize that the environmental movement, which embodies the climate change myth or includes the climate change myth, is bigger still and has this additional myth of overpopulation. "The whole world is going to be filled up with people, and we're all going to starve to death. We're not even going to have room to stand up. We're going to be so crowded!" Hogwash! Utter hogwash!

Did you realize that by 2050 the world population will go into a steep, steep decline? It's true because what happened was in the 1960's there was a crossover between the demographic transition and the slowing death rate where births were still high and deaths were dropping very quickly so you had a population bulge.

These people looked at that and said, "Oh my gosh! We're going to be so overpopulated! We're all going to starve to death here in 30 years," because they straight line extrapolated that change in population. But it's not a straight line. It has since then dropped off.

Did you realize that the fertility rate in countries like Germany, Italy, and even Spain and all of Europe, the fertility rates are so low that by 2040 or 2050 or 2060 those people will cease to exist! They will be gone.

"You have to realize that the environmental movement, which embodies the climate change myth or includes the climate change myth, is bigger still and has this additional myth of overpopulation."



C. AUSTIN FITTS: Well, but the lower fertility rate is really one of the reasons I think they are bringing in so many people from Latin America because you can't keep social security going because of the 'demographic winter'. There is no doubt about it that the G7 is facing a demographic winter all over the place.

So you can't get this worked up about this because I've got three more.

FRANKLIN SANDERS: Alright. Let me just say that overpopulation is a myth, but they want to reduce population because it's easier to control.

Go ahead.

C. AUSTIN FITTS: Here's the thing. When you centralize the financial system, what you do is you draw lots of people into megacities. There you do get very intense population issues, particularly in a place like China. I'll ship you off to Beijing and Delhi. If you've ever spent a week in Delhi, you know what intense population is.

To me there are a lot of population issues, but a lot of it is when you centralize the financial system that is what you get. You get these very dense locations.

Another one, and this one is a sad one for me because it's one I tried very hard to talk Foster and Kimberly Gamble out of, and they've fallen for it hook, line, and sinker. Now I'm in the position of having to talk all of my subscribers out of listening to it.

Did you get a chance to take a look at the video I sent to you of them presenting this?

FRANKLIN SANDERS: No, I'm sorry. I did not.

C. AUSTIN FITTS: Essentially what they're saying is that the wealthiest families in the world are called the 'Dragon Elders' which is a group of Asian families, and they are the wealthiest families in the world – not the G7.



They are highly spiritual people and they are going to use their gold to recapitalize the planet. The dollar is going to collapse. In fact, the first time I went through this with them in detail was June, and they said that the dollar was going to collapse in July. Of course, it's gone up over 10% since then.

They don't know them personally and haven't met them, but they have it on good information that this is all going to happen. Essentially they are all going to show up and save us.

If you look at everything I know about how the economy works, it's completely in defiance of the facts. Let me just run through the facts as I know them to be.

My experience is that this planet operates by force. I'm not saying I like that, but that has been my experience. If you look at who has the global satellite systems, China has a regional satellite system and the United States and Europe have global satellite systems.

The US Navy is the most powerful but the G7 navies basically control the sea lanes. So how in the world could a group of Asian families be the wealthiest and be more powerful than the G7 nations which control the satellites and sea lanes on a planet where everything is run by force?

That one kind of doesn't make sense to me, but let's just assume that it's true. That even in the face of that, the group of Asian families have been able to accumulate enough gold and enough wealth to be wealthier than the people who control the planet by force. If you look at China – and I'll use China as an example – the per capital GNP is about \$10,000. At least it was two years ago. The US is about \$53,000.

China has experienced enormous environmental damage to kind of continue to keep the US's false prosperity going. We outsource manufacturing to them. They ship lots of goods to Wal-Mart. That kept the consumer game here going.

They had an enormously high savings rate. So the Chinese people have



worked very, very hard and saved all their money to keep the American consumer in heaven for another 10-20 years and have suffered enormous environmental damage as a result.

Why in the world would they use their profits from that to then save and keep the American consumer in heaven when, in fact, they haven't used the money to heal the environment where they are or to bring people out of poverty where they are? It doesn't make sense.

FRANKLIN SANDERS: Not if they are mysteriously benevolent people as the theory demands. I mean, where is the benevolence in that? Why don't they fix it up at home?

C. AUSTIN FITTS: Right. So you would think that if they did have this wealth that they would first want to finish bringing people out of poverty where they were, and they would want to heal the environment where they were. You certainly can't imagine that they would say, "No, we're going to use this wealth to recapitalize the health and well-being of the consumer in the G7." It doesn't make any sense.

FRANKLIN SANDERS: You know what it sounds like? It's the myth of the absent king. You find it in the Richard the Lionheart and Robin Hood myth where the king is good, but there are other bad people between him and the world or circumstances who are keeping him from acting so far, but very shortly he is going to come back and set everything right.

Whether this is Frederick the Great who is sleeping in the hills of Germany or whether it is Richard the Lionheart in prison in Austria, whatever it is, the idea is that somebody will come back and set everything right.

In human terms, that just never happens, but in the myth that is very attractive.

C. AUSTIN FITTS: Yes. I lived in Hong Kong for a year when I studied Chinese during university. I've known very wealthy Chinese families and Asian families. I don't pretend to know if the Dragon Elders exist or



what they're like, but having known very, very wealthy Asian families, I would say that they are remarkably without sympathy for the average American.

They see the average American as being lazy and not particularly hard-working and disciplined. If you look at the brutality of life around them, you see that they see Americans as being very spoiled and having no idea what it is to really work and compete in the kind of world that they have to work and compete in.

The idea that they would use their wealth to support people who they see as hopelessly clueless and spoiled is inconceivable to me.

There is one other point. In finance, I've always been trained that you have to verify. If you look at the entire practice in the G7 of financial disclosure and transparency, the whole idea is that you have a right to know anything that is material to the making of your investments.

If somebody is going to promote something that would affect how you use your time and money, then you have the right to look at financial statements. You have the right to do complete due diligence.

“If somebody is going to promote something that would affect how you use your time and money, then you have the right to look at financial statements.”

The idea that, Franklin, you have it on good inside information from a source that you can't disclose to me, so I can trust that these other people who you've never met is okay, we have two degrees of separation and it's all done on say-so and there is no verification or disclosure whatsoever. If you said this to a Wall Street banker, he'd break out laughing because there is no verification whatsoever.

My fear that someone would listen to this and be influenced in terms of their investment strategy by these kinds of, “I have it on inside information...” part of it is playing on people's desires to get inside information because we all have the feeling that somewhere someone



knows what is going on and we'd like to get into that inside circle and get that information.

FRANKLIN SANDERS: Oh, that is a very powerful human desire. Very powerful.

C. AUSTIN FITTS: Right. People tell me, "It's so hopeful," because the people who run things are really good and they're going to save us all.

The next one is Benjamin Fulford. "Mother earth has taken over the bank information systems. The energy of the earth has decoupled the bank information systems so they will no longer obey the central banks, and that is very good news."

Somebody sent me this, seriously, and said, "This is so hopeful!" I thought, "Oh, no!"

Do you want to talk about mother earth?

FRANKLIN SANDERS: This goes back – and I pointed this out in our 1993 book, *The Greening*, which I'm plugging again – that they have been creating a new religion since the early 1970's and it is a repaganization and revival of the mother earth culture, the Gaia culture, complete with a "scientific magician idea that the whole earth is actually self-conscious and alive".

It's a weird brand of pantheism, but that is where this is coming from.

C. AUSTIN FITTS: I kind of believe that because I believe the Holy Spirit is everywhere.

FRANKLIN SANDERS: Yes, but that is quite a different thing than pantheism.

C. AUSTIN FITTS: Well, if you've ever studied morphogenetic fields, I do think that there is great science behind shared intelligence and all those things, but that is a very different kettle of fish than some of the things you are talking about.



To me, this is, again, fairy tales with no hard evidence. The funny thing is that the more you get this kind of stuff, the better off they make the corporate media look, which is a terrible thing. It's the last thing you want to have happen.

So the last thing I have to bring up, because you and I have gone through this many, many times, is, "The future is hopeless. There will be a nuclear war."

I'm going to tell a story. I had one subscriber call me, and they were a person who was very wealthy personally. They said, "I have \$78,000 in credit card debt. What should I do?"

I said, "What do you mean you have \$78,000 in credit card debt? Why do you have \$78,000 in credit card debt? Why don't you just pay your bills?" Again, this is a person who is personally very wealthy.

They said, "Well, the economy was going to collapse so I never paid my bill because I knew the economy was going to collapse and I'd be able to get out of it." Some newsletter writer recommended that we should all do this – run up our credit cards, and then when the economy collapsed we would just renege on the bill. He said, "What should I do?"

I said, "Pay it."

He said, "I can't pay it because I only owe \$30,000 and the rest is just fees and interest that has impounded because I haven't paid it."

I said, "Call them up and see if you can negotiate them down, but you are liable; Pay it."

He wrote back and said, "Why should I pay it?"

I said, "Because that is the price of being an idiot."

FRANKLIN SANDERS: That reveals the integrity, too. Something that is very astonishing to me – and I've heard this before, especially from that small



sliver of evangelical Christians. I say ‘small’ because with all the Christians in the world, there are not that many. They believe that the rapture is going to boost them out of here before the trouble starts.

I’m serious! I’m not making this up, and now you’re laughing.

C. AUSTIN FITTS: I know!

FRANKLIN SANDERS: They say, “Go out and charge your credit card up because you’ll never have to pay it off.”

Well, that embodies – somewhere buried in there – I’m pretty sure the idea that God says it’s okay for me to steal because I’m going to be boosted out of here by the rapture. I mean, that is a terrible, terrible way to operate.

I heard people shortly before Y2K who were operating on the same delusion – that Y2K was going to take the whole world down, and therefore they could charge up \$20,000 or \$30,000 worth of charges on their credit card and it would all go away at Y2K.

Listen, the one thing you can count on more than anything else –

C. AUSTIN FITTS: The banks will find you!

FRANKLIN SANDERS: That’s right. It’s the continuity of the system. This continuity and the places where systems break down occur in history, but they are very rare. The collapse of the Roman Empire did not happen many times; it happened slowly. World War I happened once. There was basically thirty years of war, but you can go back and forth in the centuries and you will not find discontinuous events like that.

By ‘discontinuous’ I mean events that disrupt the whole economy, the payment system, and society. What these people are doing is they are betting on worse than an inside straight. They are following a smaller chance than an inside straight, and worst of all, their moral motivation is to cheat somebody else.



Now I realize that there is a moral conundrum there because we have to ask if it is possible to cheat a bank. That is the question. I mean, can you be immoral with the immoral?

C. AUSTIN FITTS: It's not immoral to cheat a New York fed member bank. Let's face it.

FRANKLIN SANDERS: I understand the moral quandary, but I think it's better to stay far away from that and say, "Look, I need to pay for what I get in this world because that is what is fair."

C. AUSTIN FITTS: Right, and I'm going to do business with somebody I wouldn't want to cheat.

FRANKLIN SANDERS: Right. Exactly.

C. AUSTIN FITTS: Right.

FRANKLIN SANDERS: But these folks who take that outlook, they are believing in a myth for adults, and it is a terribly destructive and immoral myth, too.

“These folks who take that outlook, they are believing in a myth for adults, and it is a terribly destructive and immoral myth, too.”

C. AUSTIN FITTS: Right, but I think if you go back and look, knowing what we know, if you and I were sitting in 1900 looking forward, we would say, "It isn't hopeless, but there is a lot to go through."

I always say that the future is created by those who build it, not by those who think it's hopeless. You take hopelessness and get rid of it because it's not very useful.

Well, what this all brings me back to is this. You're going to laugh, Franklin. I was on a radio show the other day and I said that there was a real mystery. We didn't know who was really in charge and why they were behaving this way. I, for one, have spent a lifetime trying to figure it out and I still didn't know.



Somebody wrote on the posted comments after they listened to the radio show, “Well, you know she’s lying because she was on the inside and you know she knows.”

I thought, “Oh, God! That’s how bad they think things are. They think all these people really know! They don’t understand the naiveté and ignorance all the way around.”

Anyway, I think that when you don’t understand what the real governance system is and why people are behaving this way, when you don’t understand the black budget and all that stuff, I think that kind of uncertainty – and then, of course, the rebalancing of the global economy – is tearing everything apart left and right. Technology is tearing apart everything left and right.

Now we’ve got four billion people on the internet all in a position to make money with greed and fear from each other, so that kind of uncertainty means that we don’t know what is possible.

Somebody was asking me what I thought of Mark Armstrong’s scenario. Apparently he said that the US Dollar Index is going to go to 165, which is where it was back in 1984. It hit 122 in 2002. So the last high was 122, but the 1984 peak was 165 and he said it’s going back to that peak.

Then, of course, on the other hand, you’ve got people saying that gold is going to go to \$10,000 and they tend to move inversely.

When you look at the swings on the US Dollar Index and gold for all these scenarios, it is pretty profound. I, for one, given how extraordinary this rebalancing is, I don’t want to say, “That’s impossible,” because, in fact, if you look at the range of scenarios of what is possible, it’s pretty wide. That’s what happens when you go through a period of change.

What I try to do, and what I’m going to do for the wrap-up, is bring it down – as I always do – to a group of scenarios, one of which is the slow burn. My attitude in a world where anything can happen is that you want to deploy your assets to make sure you’re fine no matter which way



it goes.

FRANKLIN SANDERS: Yes.

C. AUSTIN FITTS: This gets back to your ‘making money slow’. In other words, you’re building a garden, you’re building a business, you’re putting savings away in all scenarios, and you’re prepared to deal effectively with all scenarios. That’s why I think you’ve got to bring all these scenarios down to, “Could the Dragon Elders really exist? Well, yes. It’s a half of one percent. Are they going to save us? Well, that’s one percent of one percent of one percent.”

But could it happen? In theory, yes. It’s a matter of bringing those scenarios down to the percentages you believe in.

I’m a lot more worried, if you look at the statistics, that you and I are going to have a heart attack this year than you and I are going to get hit by nuclear war. I think part of this is getting out of the world of fearing the extreme scenario and getting into the practicality of looking at the real risks of slipping in the bathtub, having a car accident, or having a heart attack, and doing something about that.

FRANKLIN SANDERS: May I add something to that?

C. AUSTIN FITTS: Please.

FRANKLIN SANDERS: I run in strange circles and I meet a lot of really well-meaning people of integrity – upright people – but I have met many folks whose lives have been literally wrecked by concentrating on the end of the world, the collapse of the dollar, the collapse of society, the collapse of this, that, or the other. Literally their lives have been ruined because they have prepared for the smallest outcome and it has taken over their life.

C. AUSTIN FITTS: Right.

FRANKLIN SANDERS: Now they’re backed into a corner. They’ve painted



themselves into a corner, and there they sit on 500 pounds of beans with their 45 revolver in their hand, waiting for the marauding hoards to come.

C. AUSTIN FITTS: Right.

FRANKLIN SANDERS: It's sad, Catherine. Seriously, it's sad. It breaks my heart.

When I talk to these people and realize they've put their whole life in pawn to this idea that may never come true, and probably won't come true, because the one thing that has inertia in the world is continuity of the system.

There are five and a half billion people in the world. Every one of them gets up in the morning not thinking, "Uh-oh. What am I going to do when the world collapses today?"

They get up in the morning thinking, "How am I going to work today so that my world doesn't collapse?"

C. AUSTIN FITTS: Right. You've got everybody on the planet trying to make money, getting the system to work. That is a mighty force. It's a mighty, mighty force.

FRANKLIN SANDERS: Absolutely.

C. AUSTIN FITTS: The moral of this story is: When it comes to adult fantasies and extreme scenarios – or 'adult fairy tales' as I call them – they are very entertaining. They are very stimulating, but when it comes to deploying your assets, you want to deploy your assets – your time and your money – to deal with the likely scenarios.

If you want to deploy some for the extreme scenarios, fine. Just remember you need most of your assets to deal with likely.

I'm with you. Put up a sign on your desk saying, "Get rich slow."



My mother was a Quaker, and she used to always regale us with, “Slow and steady wins the race,” but it’s true.

FRANKLIN SANDERS: It is true. But you really don’t think that the Iraqi Dinar is going to come back?

C. AUSTIN FITTS: You know, one percent of one percent of one percent. What can I tell you?

FRANKLIN SANDERS: Okay.

C. AUSTIN FITTS: I believe Jesus is coming back. I believe he’s here, so I can’t laugh at people. They laugh at me, but I think there is a much better chance of Jesus being here than the Iraqi Dinar coming back. So there you have it.

“They laugh at me, but I think there is a much better chance of Jesus being here than the Iraqi Dinar coming back.”

I did want to talk about being your own doctor because speaking of taking care of the likely scenarios, you have a story to tell. You’re going to share the blue algae story and then I’m going to share a couple of others. Tell what it means. Tell everybody about what I did for you this month.

FRANKLIN SANDERS: This was a fabulous favor. It really was.

Years ago I used to take blue-green algae – and when I say ‘years ago’ I’m talking about the early 80’s – because it supposedly helps your mental sharpness. Maybe it helps energy levels, too, but certainly mental sharpness. I used to take it. You know how you do things in your life and then you kind of forget about them. You get off of them and you forget about them.

About a month and a half ago you said to me that you’d been visiting with a subscriber out in Nevada and he was talking about blue-green algae. He told you that you ought to take 30 of those 500 milligram caps a day. I nearly dropped the phone. I thought, “Gosh! That’s a huge number of those pills!”



I couldn't gag that many down. I could do 15, but that was all I could try.

I got some of this stuff, and it's blue-green algae from Oregon. All of it says 'Klamath' on it. There are a lot of different brands, but the last part of the Latin designation is flos aquae. I started taking this stuff, and I'm not joking. In about three weeks my brain came back. It was like it had been on vacation.

Yesterday I was doing a calculation for a customer, and the customer asked me how much 90% was. I said, "Well, it's \$13,142 a bag."

She said, "What would a half bag be?"

I said, "Well, a half bag would be \$6,571." I never even thought about it. It's just that kind of thing. I didn't have to dig out the calculator and write it all down on a piece of paper. Your mind just works so well, and I haven't done anything other than take the blue-green algae.

C. AUSTIN FITTS: I'm glad you said this because if I told you how much spirulina and blue-green algae I live on, my theory is your body needs protein, and if I tried to get that much protein in steak I'd have to crawl around.

FRANKLIN SANDERS: We'd have to eat a cow a day, I know.

C. AUSTIN FITTS: So I just think we need the nutrition. That is the efficient way to get it. I love that stuff; I live on it.

FRANKLIN SANDERS: You have to tell your story about vitamin C now.

C. AUSTIN FITTS: So Franklin did a great article on the *Moneychanger* on vitamin C. I guess it was two months ago. I thought, "I need to start taking vitamin C again."

It just came in and I'm looking forward to that. The reason I wanted to bring this up is you and I have a long tradition – and part of it is there is



such great stuff in the *Moneychanger*. I would mention that you took a lot of the interviews in the *Moneychanger* on health and published them as a book. Is that book still available on your website?

FRANKLIN SANDERS: It is. I have not updated it and I have several things that I need to put back in it.

C. AUSTIN FITTS: But it is very good. One of the reasons I love the *Moneychanger* is the health things. Franklin and I come from a long tradition of realizing that the last thing you ever want to do is you only ever want to go to a hospital or doctor when you absolutely have to. You want to do everything you possibly can yourself, and a lot of that is educating yourself.

I'm always getting great tips from you on the *Moneychanger*, but I'm always trying to send it back, too.

FRANKLIN SANDERS: I appreciate it. I really do.

C. AUSTIN FITTS: I don't think there is one old-time recipe that we haven't gone through, tried, swapped, and figured out.

I think what has been amazing to me, Franklin, is I will give you an example. Whenever I have a problem, there are three things I first use: iodine, a castor oil pack, and various forms of detox.

Whenever I have a problem, those three things get applied and I don't consider going into a doctor unless the three won't work, and they work for 90% of what ails me. Now I'm not saying that is going to be true for another person because everybody is different, but I look back and when I think of all the times those three things worked – maybe 100 times – if I had gone to a doctor I would be much poorer and I'm sure I would be much sicker because they would have chopped me up, put me in surgery, and God knows what would have happened to me.

FRANKLIN SANDERS: It's fascinating to me that you just mentioned those things because I've had a recent experience with iodine – super-saturated



iodine solution – which you can get from Tahoma Clinic Dispensary and I think it's \$18 for an ounce or something like that. It's hugely strong.

A doctor friend of mine said, "Look, take that stuff and mix it half and half with DMSO. Use that."

I have to tell you that for moles or warts, it just takes it away. It's just gone.

C. AUSTIN FITTS: Yes. It would be particularly gruesome for me to describe all the different things iodine has solved. If I get a problem, I just slap it on and it's like a miracle drug.

FRANKLIN SANDERS: Castor oil is the same way. Castor oil is a very potent anti-inflammatory.

C. AUSTIN FITTS: Right.

FRANKLIN SANDERS: If you have arthritic pain in your hands or joint pain or muscle pain, you can use castor oil for that. Castor oil also will take off warts and do a lot of other things, but it's really a potent medicine, and it's inexpensive and easy to use.

The worst thing that is going to happen is you're greasy.

C. AUSTIN FITTS: If it doesn't work, you had a nice, relaxing castor oil bath and you're greasy, and that's the worst thing that can happen. To me there is very little down side, and there is nothing like doing it yourself.

Anyway, let me give another plug for do-it-yourself, but I'm glad the algae worked. I will say that spirulina and algae, to me, are the greatest form of high quality nutrition with very little bulk. I'm glad it worked.

Well, Franklin, before we close down, thank you very much. We've gone through gold and silver, we've gone through the rebalancing of the global economy, we've touched on the calculator and gifting to the



children we love, we've talked about scenarios for the 2015 investment strategies and regaled our frustrations with adult fairy tales.

The last thing I have to bring up, just because I know how much you and Susan appreciate red wine, is I don't know if you've had a chance to watch the documentary for this week's Solari Report, *Red Obsession*.

FRANKLIN SANDERS: Not yet, no.

C. AUSTIN FITTS: I want to recommend it to you because one way to understand the rebalancing the global economy is to look at it through the lens of one product. This documentary is a marvelous documentary. It's narrated by Russel Crowe who does a fabulous job. It describes the bubble in Bordeaux wines as a result of the Chinese obsession during the years 2008-2010 when you had two extraordinary vintage years. It's hysterical. If you love wine, you're going to find it very interesting.

Talk about a bubble coming from demand in a thin market. Dealing in precious metals, it's one that you would appreciate. I recommend it to you because if you don't have a chance this week to go to Shanghai and get a feel for what it's like, you'll get a feel.

Of course, the Australians are down there being bubbled by it every week, so they know.

Anyway, this has been wonderful. Before we close, is there anything you want to add?

FRANKLIN SANDERS: Yes, I want to add something about the gold and silver markets. It's too early to say that stocks have topped yet. They look like they have, but it's just a little bit too early to say that stocks have topped and gold and silver have bottomed. But that time is here, and it will be made obvious in the next few months. I'm just about as sure as I get that

“[This documentary] describes the bubble in Bordeaux wines as a result of the Chinese obsession during the years 2008-2010 when you had two extraordinary vintage years.”



within the first six months of next year you will have seen the stocks top and the gold and silver bottom. The silver and gold will have begun that long process of rebuilding a base and beginning to rally again.

C. AUSTIN FITTS: I've just got to add that I'm a skeptic because I think the US markets will probably top. If interest rates start heading up, the US equity markets will probably top, but there are stock markets all around the world that have been way clocked, and commodities as well. The question is: Will they start to come back with precious metals? It's a big question.

FRANKLIN SANDERS: Right.

C. AUSTIN FITTS: It could be worse; you could be in the oil markets, down 37% for the year.

FRANKLIN SANDERS: Yes, and you know the thing that is scary about oil is that the S&P tends to track the oil. Whereas the decline in oil may be good news for the aircraft industry and for the middle class, especially people who spend a large part of their income on gasoline, but for the stock market in general it's not such good news.

C. AUSTIN FITTS: I think the problem the US stock market had, Franklin, was how do you keep up corporate earnings? You kept up corporate earnings mostly with buybacks. I think oil could really help – certainly not the oil sector, but it could help the manufacturing and a lot of the other sectors keep up earnings, and it could keep money in the consumer's pocket which is also going to be a big problem.

But with a global slowdown, I just think corporate earnings are going to struggle. That's part of what could top everything out.

FRANKLIN SANDERS: What the dropping oil price and also the commodity industries are pointing to is trouble in the global economy, I think. We'll see.

C. AUSTIN FITTS: I live in Hardeman County. We've had trouble in the



global economy for the last 20 years.

But here's the thing, and it's Christmas time so we should talk about it. You can't build a strong economy if you fight. Right now there is a complete multiple personality disorder. Everybody is trying to fight dirty and there is an unravelling in the global order. You can't make money if you're killing each other, and you can't make money if you're pouring all your money down a military expenditure hole.

I think the cost of force continues to go up, and one of the things that is going to cost us is people trusting in trade and doing business together.

FRANKLIN SANDERS: It's the worst thing that could happen to the economy. War is the worst thing that could happen to the economy, but it operates and has operated for the last 30-40 years like that.

C. AUSTIN FITTS: Right. So 'Peace on Earth, good will to men' is what the economy needs.

FRANKLIN SANDERS: Absolutely. Odd, isn't it?

C. AUSTIN FITTS: Franklin, you and yours have a wonderful, wonderful Christmas!

FRANKLIN SANDERS: Oh, same to you, Catherine.

C. AUSTIN FITTS: Goodbye.

DISCLAIMER

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.