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# The Solari Report

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September 01, 2016

## Precious Metals Market Report with Franklin Sanders



Catherine Austin Fitts



Franklin Sanders



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**C. Austin Fitts:** Ladies and gentlemen, it's a pleasure to welcome back to The Solari Report, Franklin Sanders, for our quarterly Precious Metals Market Report. There is so much going on in the markets that I don't even know where to start, but Franklin does.

Franklin, welcome back. Talk to us about gold and silver.

**Franklin Sanders:** It's good to be back. I'm not sure that I'm the person to report and tell you what's going on, but I'll tell you what I think it looks like.

I've got some charts. If you look at Chart #1 it shows Gold since 2011. There's a heavy diagonal red line across that chart that comes from the August 2011 high. Gold has not yet gotten out above that downtrend line. That will be the final confirmation that gold's direction has changed.

When it closes above \$1,400 or \$1,450, it has closed above the downtrend line that ruled from October of 2012 until December of 2015. There was an inner channel, shown by a blue-dotted line. It's gotten above that line. It's broken out of this long-falling wedge that it had formed, which is normally the direction that you expect a falling wedge to break out. It's upward. They break out the opposite way they point. That was a long, long formation. That's about a three-year formation that lends credibility to it.

It's above the 200-week moving average. It's just got everything going for it that you could want except that final confirmation, which will be a close above \$1,450. Once we see that, it will be off to the races.

The next, Chart #2, shows Gold in the Last Nine Months. The bottoms that we saw in December in both gold and silver have issued in a strong uptrend since. If you look at that green uptrend line, gold has touched off that line once. Other than that, the line has contained all of gold's movements in the last



nine months.

It's gotten up here. After a 32% rise from December to July, it really deserves a rest. So that's what we're seeing now. The rest will probably take it back to \$1,300. I have a little red arrow on that line that shows about where it is. It might be \$1,290, but it's somewhere around there. That line ought to hold, and then gold will take off again, probably in September or October.

One of the things to remember and bear in mind is that gold has a very strong seasonal trend to begin rallying in August or September, and then another strong seasonal trend to finish the year higher. We ought to see that this year. But what we're really waiting for is a close above \$1,377.50. That was the July high. Once we see that, we'll know that we're off to the races.

**C. Austin Fitts:** Franklin, let me ask you: The Fed meetings in the third week of September, it looked to me like some of the price action this month was related to the chatter between Fischer and Yellen about what the Fed was going to do with interest rates. The question is: If the Feds bump up interest rates in September or December – and clearly the US dollar index is trading in relation to the interest rate expectations – what does that do to the dollar, and what does that do to gold?

**Franklin Sanders:** You've hit my hot button, and I'm going to wax contemptuous here.

**C. Austin Fitts:** Have at it!

**Franklin Sanders:** I'm going to pour as much scorn as I can possibly pour on the Federal Reserve. You probably know this better than I do, Catherine. They send out those apparatchik – like Fischer and Yellen and the whole crowd of them – to influence the market by running their mouths and get to convince the market to believe this thing or that thing. So they manipulate by

**One of the things to remember and bear in mind is that gold has a very strong seasonal trend to begin rallying in August or September**



propaganda the exchange rate for the dollar and for gold and other currencies. They've been doing that forever.

It wasn't any accident that Fischer suddenly decided the week of the Jackson Hole conference to begin the week with this announcement that he thought it was time to raise interest rates. Do you think he did that without consulting anybody? He didn't just wake up one morning and say, "Well, I ought to go have a press conference today. I ought to make a speech today." Not at all.

All of that is planned, and the interesting thing is not dollar strength; the interesting thing has been dollar weakness. If you look at what's happened to the dollar and the euro and the yen since 2015, the ECB and the Bank of Japan have created huge amounts of new money. They've increased their balance sheets by about 50%. The Fed's balance sheet has actually decreased.

The effect of that takes a while to operate, but the point that I'm making is that if you want to talk about strength of currencies, the dollar is probably stronger than those other two yet the dollar has been persistently weak.

I reserve this: It's possible that the market is telling us something I don't know. That is certainly possible. But it seems the most obvious explanation is that they are manipulating the dollar down through these actions in order to support the euro, certainly, and the yen. This business about them raising rates, which they tried last December and tanked the stock market. They just pulled the plug on the stock market when they did that. I think they're scared to death to do that, but they want to talk about it because it keeps the dollar up. It keeps the anticipation of an interest rate priced into the dollar exchange rate, and that buoys the dollar.

I don't think they're going to do that in December, but even if they do it, we're at a different stage than we've been at before. Hanging over all of this is a social mood of repudiation – a social mood of revulsion by the public against all institutions because all institutions have failed them.

Central bank credibility is right in the heart of that, and central bank credibility is crumbling. I think that's what you're seeing. I think that's the reason all of this money has poured into silver and gold since December 2015.



**C. Austin Fitts:** Right.

**Franklin Sanders:** I don't think there is any other reason because it's always monetary demand that drives silver and gold; it's not physical demand. It's always monetary demand, and monetary demand arises when people look at the financial system, the currencies, and they say, "Hey, I don't trust this," and they run.

I have nothing but scorn for the Fed. They're a bunch of lying monkeys. They really are. It's like watching a bunch of lying gibbons. I don't know if you've ever been to the Memphis Zoo, but they used to have a great gibbon cage. A gibbon is a big, long-armed monkey who is especially adept at swinging, and it has a pretty good-sized tail. They scream and holler and make all kinds of noise at each other.

**C. Austin Fitts:** I confess to being confused – and we'll talk about it when we get to productivity, but not now – by the Fed's ignorance of the US economy.

**Franklin Sanders:** Do you really think they're ignorant? They're lying!

**C. Austin Fitts:** Normally I assume that they're not ignorant, but this time around they expected the US economy to be much stronger this year than it has been, and I'm surprised that they're surprised. That has me scratching my head. But we'll get into it with productivity, because I agree with you.

**Franklin Sanders:** Let me just mention something before we leave that. There's nothing more determined than an ideologue whose ideology is not working. Their whole Keynesian ideology is that the problem is a want of demand, and all they have to do is lower the price of money – that is the interest rate – and suddenly people will slap themselves on the head and go out and borrow a bunch of money and get the economy going. It doesn't work that way. Production comes before consumption. That is Say's Law. That's what Keynes was at with 'pains to contradict'. But the fact is it's true.

It's certainly possible that they are the victims and prisoners of their own false beliefs. It wouldn't be the first time that has happened.





**C. Austin Fitts:** I do think that with the official reality, you brainwash the population, and before you know it, you're falling prey to the brainwashing. I think that may be part of what is going on.

I also think they may not have the analytical tools they need to really see the economy on a place-based basis and separate private from public money, but let's get into that on productivity.

Right now, I'm very interested to see what you have to say on the silver markets.

**Franklin Sanders:** Look at Chart #3: Silver Since 2011. This is just a gangbusters chart. You've got the long downtrend from the April 2011 high, and that's the red diagonal line that falls across the page. Silver formed a falling wedge from mid-2013 to December 2015, and then it blew up through the 20-week and the 50-week the downtrend line. It only stopped when it hit the 200-week moving average.

**Silver formed a falling wedge from mid-2013 to December 2015, and then it blew up through the 20-week and the 50-week the downtrend line**

The breakout over that downtrend line is extremely significant. This has got farther to go, but you'll see on the left side of the chart there is a green line that goes through roughly \$26.30. If you just extend that all the way over, that's really the point we need to get to when we say that silver is on the other side.

**C. Austin Fitts:** Do you mean the 20-day moving average and the 50-day moving average?

**Franklin Sanders:** No. This is a weekly chart. I'm talking about that horizontal green line.

**C. Austin Fitts:** Right.

**Franklin Sanders:** It's at about \$26.10. That's about the halfway point. Think of that like a seesaw. Silver has to push with its legs to get up here, but once it gets over there, the weight on the other side will carry it up.



**C. Austin Fitts:** Right.

**Franklin Sanders:** That's kind-of a barrier. This 200-week moving average is also a barrier. That's about \$19.57.

If you look at Chart #4, which is Silver in the Last Nine Months, you can see the strong uptrend since December. That bottom green line is the uptrend line, and silver has just risen and risen and stubbornly risen and kept on going. All I can say is that this is an extremely strong chart.

Even now it's up 37% from the December low. That's huge. It's correcting back. It will probably go to \$18, and it might go as far as that uptrend line which right now is a little lower than \$17.50. Less likely is that it goes all the way down to the 200-day moving average, to \$16.43.

This is just a strong chart, and what's happening now is just a correction. Regardless of what the dollar has done in the last ten to eleven months, gold and silver have just continued to rise.

I think you're entering into a new period when fear or lack of confidence – or whatever you want to call it – has been driving silver and gold. They've been rising against all fiat currencies, and that's what we want to see. That's proof that they're competing against those alternative currencies.

**C. Austin Fitts:** It certainly looks like the long-term goal is reasserted. It reasserted its run-up. We're in a normal correction, and we would expect that to continue into the fall.

**Franklin Sanders:** Every bull market is a primary trend that lasts 15-20 years, and every bull market has a midlife crisis – as I call it. Think about the stock market in 1987. It started up in 1982 and made great gains from about 780 to 2700, and then just fell like a rock in a few days to 1,900 or 1,800. They lost about 1,000 points. It took three and a half years to come back.

Gold and silver did that from 2011 through 2015, and now they're ready to go up again. Now they're ready for the next leg up. Generally this second leg up outperforms the first leg up. So if you had a 7.5 times increase in gold from



1999 to 2011, and 12.5 times increase in silver, then you've got some really good things in front of you.

Let's look at Chart #5, which is the Gold/Silver Ratio. The reason I watch the gold/silver ratio is because the ratio is the gold price divided by silver. It tells you how many ounces of silver one ounce of gold will buy. Generally speaking, when gold and silver are in an uptrend, the ratio is in a downtrend and vice-versa.

Since 2011, the ratio has been trending up to the top of the range. If you looked at a 20-year range, the line at 85 would mark the top of the range. It got all the way up to that in March of this year. It fell down, and it has walked through the uptrend line from the April 2011 low. Now it's broken down.

I have a mistake on my chart. It has fallen about 25% since the high in March. It's just a textbook breakdown. If you look at the RSI at the top, you see that indicator shows that it's gone as far as it can and it has turned around.

Chart #6 shows the Gold/Silver Ratio for the Last Ten Months. It zooms in on those breakdowns. You can see that it was in a trading channel above that green line, and it formed a triangle, broke down out of that triangle, broke down through that bottom boundary, bounced back up for a final kiss goodbye to that channel line, and then – wham! It broke down again and made a bottom of \$64.84 in July, and it's rallied since then. That's what you would expect. It made a complete full move down, and now it's going to make a corrected move. It's made a touchback to the downtrend line.

**C. Austin Fitts:** So there's no doubt that silver looks very attractive.

**Franklin Sanders:** Oh, yes. Silver has way outperformed gold this year. I think that's great!

I have two other charts. Chart #7 shows the Dow and Gold for the Last Eleven Months. There was a peak in the Dow and gold from the 2011 uptrend. It fell through that uptrend line in February, and then it's been dancing around since then in a megaphone that formed lower highs and lower lows.

I don't know how long this will last. Maybe it will go farther. It's just barely





punctured that downtrend line, but it is below the 200-day moving average. So the main trend is down.

**C. Austin Fitts:** Right.

**Franklin Sanders:** Chart #8 is the Dow and Silver. It is even weaker than the Dow and gold. Silver is stronger. That peaked in December, too. It formed a falling triangle and broke down out of that fallen triangle. It's straightened back up to the bottom boundary of that. It's about ready to turn back down, too, because the indicators are turning down again.

So all of that is my story, and I'm sticking to it.

**C. Austin Fitts:** Here is the one thing you don't show: You don't show any relationship between gold and silver and the US dollar, but I would say that the fundamentals on the US dollar have never looked weaker in our lifetime. I think part of what all these charts are saying is exactly that. In other words, the fundamentals behind the dollar are weak, and that bodes well for gold and silver.

**Franklin Sanders:** I'm sorry I didn't make that clear. My presupposition is that the chief force that drives the gold and silver market is confidence or lack of confidence in the financial and monetary market. Whenever I talk about gold and silver, that presupposition is always lurking there even though I don't necessarily mention it.

That drives much more. Physical demand is not even important compared to that. When people become concerned about the financial system, they run to gold and silver, and it shows up in the price.

**C. Austin Fitts:** I thought the financial system was in an emergency state in 1991! I live in a state of constant amazement about the whole situation. So the fact that somebody should be losing faith in 2016 is always baffling to me.

I think one of the reasons I sometimes feel sympathy for the people at the Fed is, if you look at what they're trying to do, which is both fiscal and monetary policy.



In other words, they have to address the whole situation with monetary policy because the Congress refuses to address it through fiscal policy. Let me give you an example. I just put up a commentary on Lockheed Martin. They have for many years run the accounting and payment systems – or some of them – and the missing money have gone missing through that. They're the biggest contractor at the Department of Defense.

In January they announced that they were spinning their information systems and global solutions group into a new company that SAIC had created to spin-out their information systems. So they're both taking, I believe, their government contracting group to doing information and payment systems from the US government, including DOD, and spitting it out and putting it in these new companies so it's off their balance sheet.

They announced that they were going to do the deal in January and close the transaction in July, and then in August, the Department of Defense Inspector General announced that during 2015 there were \$6.5 trillion of undocumented adjustments. They can't produce audited financial statements in their \$6.5 trillion of undocumented adjustments. That tells me that SAIC and Lockheed would rather have the liability off their balance sheet than control the accounting and payment systems going forward.

The title of my commentary was, "Lockheed Cuts and Runs."

**Franklin Sanders:** I think the Fed is complicit in all of that.

**C. Austin Fitts:** Of course.

**Franklin Sanders:** They're complicit in this sense.

**C. Austin Fitts:** They're financing the \$6.5 trillion that is being stolen.

**Franklin Sanders:** Oh yes.

**C. Austin Fitts:** They're providing liquidity that makes the securities fraud possible.

**Franklin Sanders:** Right. The Fed was created to enable deficit financing.



That's part of the reason they were created. They're not really there to manage inflation or to manage the currency; they're there to manage inflation expectations. Do you see what I'm saying?

In other words, they have a pure propaganda function in addition to 'managing the money supply'. They are part and parcel of that. The fact that they dress it all up with academic language and incomprehensible mathematical models and suits and ties and big meetings and all, that's all persiflage. That's all persiflage and camouflage.

It's hard for me to have pity on them. It's pretty hard to have mercy on them.

**C. Austin Fitts:** Remember that I'm sitting here thinking, "But for the grace of God go I." I could be in that box.

**Franklin Sanders:** Right.

**C. Austin Fitts:** I'm grateful not to be in the box, but there's no way that you can address the fiscal problems that we face. You have a group of people who are demanding more money every year whom you can't say no to, and you have to pretend that they don't exist.

I call it the financial coup d'état, but when you have folks moving money out of government at that speed outside the law and you have no choice but to finance it, you're in a very ugly position because everything you do and say is a lie.

**Franklin Sanders:** Right. This is like Greenspan. He's the most despicable person imaginable because in 1967, the year and month I got married, I read a book called *Capitalism: The Unknown Ideal*. Greenspan wrote the essays in there about the gold standard and about money.

I got started on this road that has taken me to jail on account of hard money and real money. I got started by Greenspan. Then Greenspan wears his knees off crawling around Washington, trying to get a position. He gets a position on the Council of Economic Advisors and is finally appointed Chairman of the Fed, and everything Greenspan knew and everything he did when he was the Federal Reserve Chairman, knew it would destroy the economy. He knew. There is no question that Greenspan didn't know.



Greenspan wasn't a Keynesian; Greenspan wasn't a dope. What did Greenspan get? He got fame, he got accolades, he got the status of Senior Statesman – which is ridiculous – and he got loads of money for acting as the Judas Goat for the economy and prosperity of a whole nation.

**C. Austin Fitts:** Alan Greenspan, more than any one person, engineered the financial coup. Basically someone stole all the retirement savings in America plus more, starting in 1997, and moved it out of government accounts. They moved it out of municipal accounts and moved it out of household accounts and put it God-knows-where.

With another \$6.5 trillion missing from DOD, we're headed into \$50+ trillion. If anybody did that, it was Alan Greenspan. He's the number one culprit.

He just stole all the retirement savings in America, not to mention what was going on globally.

In the scheme of things, if you look at how much money he got, it was a relatively small percentage to destroy the financial system of your fellow man.

**Franklin Sanders:** Right. That's why I call these people criminals. They can't be blind to what they're doing. Whether it's \$6.4 or \$6.5 trillion, that can't escape their notice.

**C. Austin Fitts:** I'm glad you brought up Greenspan. I just finished drafting the productivity section for the Second Quarter Wrap Up. It's called 'Productivity, Prosperity, and the Popsicle Index' and one of the things that inspired it was in the first quarter Alan Greenspan made a pronouncement that we were in real trouble because our productivity growth was not growing; it was falling. That was going to cause us to not be able to meet our retirement obligations.

Apparently stealing \$40 trillion doesn't affect the retirement. Now it's the failure of labor to become more productive.

**Basically someone stole all the retirement savings in America plus more, starting in 1997, and moved it out of government accounts.**



**Franklin Sanders:** “It’s your fault. It’s your fault that you still have to eat.”

**C. Austin Fitts:** Right, and one of my concerns was that I’ve heard a lot of different pronouncements. There was a very interesting speech last year at the World Economic Forum by an economist saying that the problem was productivity, particularly productivity in government education and healthcare.

What is interesting is, if you look at what I consider to be low productivity in those areas, it has been purposely lowered to pump up corporate earnings. Healthcare is not productive because it’s being buried by pharmaceutical policies and what is good for pharmaceuticals, destroys health.

If the productivities in those areas are low, it’s because they’re being harvested to pump up the productivity in the corporate sector. If you look at the numbers on the productivity that is growing, it’s growing because you’re destroying it broadly.

The definition of labor productivity in a corporate sector is rising, but if you look at productivity more broadly and more broadly defined, it’s being destroyed to get that juice.

You’ve got a win-lose relationship between corporate productivity and work force productivity and general productivity. The second section of the presentation is called ‘The Absurdity of Addressing Productivity, Prosperity, and the Popsicle Index’ because I talk about how bad things are. Two of the examples I use are: NBC ran a segment encouraging people to microchip their children – put a microchip in so that they can track them for safety. They held up two Chihuahuas and pointed out how well microchipping is working for your pets, so this would work very well for your children.

Then I showed the video of Aaron Russo talking about how a member of the Rockefeller family explained that they wanted to put microchips in everybody and then use digital currency so that they could have complete control.

Finally I dove into the *Vaxxed* example. *Vaxxed*, as you know, is a recent documentary on vaccines. One of the researchers in *Vaxxed* states that if the current practices with respect to glyphosate and pesticides in the food supply and the current heavy schedule of vaccines continue, by 2032 one out of every





two American children will be on the Autism spectrum and 80% of the boys will be on the Autism spectrum.

What I said was, “Look, if you see these statistics, talking about productivity is absurd because all the things that the system is doing to destroy human productivity, we’re talking about a slavery system.”

We’re not talking about any culture that any of us relate to. Second of all, you’re talking about destroying human productivity and doing it very systematically and intentionally. Now we have Stanley Fischer running around and talking about productivity growth.

There is a multiple personality disorder in the body politics where you clearly have a system intentionally destroying human productivity, and then you have the Federal Reserve wandering around – both the former Federal Reserve and the current Vice Chairman – screaming about productivity growth. If you see the extremity of this multiple personality disorder, something has got to give.

**Franklin Sanders:** Let me strip something out of that. When you talk about productivity growth, you have to realize that when you destroy human beings, you destroy productivity. And when you destroy the jobs that people take their self-worth and identity from, then you’re going to destroy productivity. You have to think about changes, like changes of automation, and how we’re going to make this work with the people we have.

The rate of employment and labor force participation is only about what it was in 1977. So you’re going backwards. In going backwards, you’re destroying human beings. Where do they go when they can’t make a living? Well, they go on the dole. They start taking welfare. They get on disability. That’s no life for anybody.

I’m not being arrogant when I say that. Would you want to be shoved off in a corner that way and live on food stamps and a disability check and basically be worth nothing? Society and the government just shove you out of the way. That’s terrible. It’s just completely terrible.

**C. Austin Fitts:** Here’s the thing. When automation comes through and changes things, I have no problem with those kinds of changes. My problem is



that I really believe people should be free to get together and do something new.

If you see what could happen locally in local economies, the government systematically does everything it can to prevent this.

In other words, the local economy could be thriving – and it would be thriving – except for government intervention. Government intervention is stopping local equity vehicles. It's stopping local currencies. It's stopping local farming.

There are all sorts of things that are economic, and people would simply pick those things up and do them. Government is doing everything it can to destroy local economy so that people can't have a way of getting money other than through the government.

**Franklin Sanders:** Seriously, Catherine, maybe this is an obvious statement but it needs to be said anyway. If you could just get government out of the way, if you just spent five years or two years striking down, abolishing, appealing legislation that regulates and rules and stands in the way of economic innovation and economic progress, this country would blossom.

**C. Austin Fitts:** Right.

**Franklin Sanders:** Those people who are not working anymore might even go to work for themselves. They sure would have a job working for somebody.

**C. Austin Fitts:** Right. I always say that if you want to fix the healthcare system, just make everybody pay cash. The change would be wrenching, but in five years we would be much better off.

**Franklin Sanders:** Exactly. That is exactly right, and that's going to happen anyway. There will be a two-tiered system the way there was in Germany four years ago. There will be a private system where you pay for everything, and then there will be a public system where you wait.

**C. Austin Fitts:** Here's my question, Franklin. When does the general population understand the darkness of the pro-centralization team? If you look at their agenda – and I don't know of any other way to see it more clearly than



through the vaccines – because what’s happening with vaccines is devastating to productivity, and it’s not just kids.

**Franklin Sanders:** They are killing people. They are killing people, and the ones they don’t kill are almost worse off than if they were dead. They’re literally killing people.

Catherine, the worst experience I had in writing a book about environmentalism called *The Greening* with Larry Abraham, was covering the population movement that is part of the environmental movement, which is part of the elite agenda to depopulate the world. You and I have talked about this before. They cold-bloodedly want to reduce the world population by 90% - cold-bloodedly. It doesn’t matter how they do it; they want to make money doing it, too. That puts me way out on the lunatic fringe of the conspiracy theory, but there’s no other conclusion that you can draw.

If you read documents and annual reports from the World Population Council and similar, you come to that conclusion. They hate humanity. They have this demonic hatred of humanity. Think about what a terrible thing it is if you were a researcher and you knew that the adjuvant in vaccines – the aluminum and other things – caused these reactions and yet you didn’t blow the whistle on it, and you allowed hundreds of thousands of children to be ruined for their whole lives. Think about the cruelty and the evil of that.

**C. Austin Fitts:** Right. I have a deep affection for gold and silver, and one of the things that makes me very nervous these days is the support for cryptocurrencies and bitcoins and people telling me that this is the way to freedom. I say, “Wait a minute. You’re prototyping. They want to put a microchip in everybody and connect it to the financial system. Is that really what you want to facilitate and prototype here?”

You can put gold and silver in your pocket and walk away. You can trade locally. You can trade globally. But it is money that you control. The ability for an individual to control it and put it in their pocket and walk away is absolutely critical to having in this kind of environment.

The more people who do it, the harder the population is to control. It’s just like having guns. The more people who have gold and guns, the harder it’s going to



be to control that population.

**Franklin Sanders:** That is absolutely right. I'm not convinced – in fact, I'm highly leaning toward the conclusion that the CIA or the security establishment funded bitcoin and created bitcoin.

**C. Austin Fitts:** Oh, I'm sure. I'm absolutely sure.

**Franklin Sanders:** My experience with computer nerds is not good. By 'computer nerds' I mean these unseen people who run computers and run systems. They can be tyrants just like everybody else, and the worst part is that they use technology to create a tyranny, and you can't really see the structure of it.

As an example of that, I would give you Google's skewing of their news coverage. This came up about a month ago in the press that they were very much blacklisting some sources and blacklisting some events.

What is the difference between computer nerds doing that and Stalin doing that?

**C. Austin Fitts:** Exactly.

**Franklin Sanders:** Is it better when computer nerds do it and I don't know about it than it is when Stalin does it out loud and shoots people in the street?

**C. Austin Fitts:** My new word for it comes from a professor at Harvard Business School who is writing a book called *Surveillance Capitalism*. What she says is, "We now have a new breed of capitalists who are outside and above the law, and whatever they can get away with, anything goes."

They're predators.

**Franklin Sanders:** Right. That is exactly right.

**I'm highly leaning toward the conclusion that the CIA or the security establishment funded bitcoin and created bitcoin.**



**C. Austin Fitts:** Before we go, can I implore you to tell your wonderful joke? I think it's a perfect description of what we're headed into in 2017.

**Franklin Sanders:** Well, there are these two truck drivers from east Tennessee who drove together all the time. They drove a big rig – an 18-wheeler.

One of them had to get his license renewed, so the inspector where he was getting his license renewed placed this theoretical question to him. His name was Willy and his partner's name was Earl. He said, "Willy, think about this situation. Let's say that you're coming down Monteagle Mountain at full speed and you get almost to the end of the mountain and you can see a mile ahead of you there that there are 30 or 40 cars backed up waiting for a train to go by. The train is going by, and your brakes go out. What are you going to do next?"

Willy thought about it a minute, and he said, "I'm going to wake up Earl."

The inspector said, "You're going to wake up Earl? Why in the world would you wake up Earl?"

Willy said, "Because he ain't never seen no wreck like this."

**C. Austin Fitts:** When I look at 2017, you have the pro-centralization team slapping requirements on. They're slapping on Obamacare, they're slapping on the financial coup, they're slapping on more taxes, and they just keep pouring more and more on. It's like pouring molten lava down the hill, and the hill has to just struggle and deal with it.

**Franklin Sanders:** "I ain't never seen no wreck like this!"

**C. Austin Fitts:** Right. It's not working. Suddenly people have had it and they're fighting back and struggling. In the meantime, I don't know if you saw this, but a center in Tennessee just published a new study saying that 50% of the jobs currently in Tennessee are going to be automated in this next wave of automation. That clearly blows the Federal budget apart.

If you are forcing things on people which destroys their productivity; I don't know if you've talked with a healthcare or hospital administrator in the last three years, but if you look at how they're being tortured by all these online





systems and software programs that are supposed to make them more productive, it's destroying their productivity.

One blogger recently estimated that the margins added by adding a layer of insurance into the whole healthcare system, added 30% just on the top.

**Franklin Sanders:** I know doctors who are quitting because they will not work in that system. What does that do to productivity? I'm talking about people at the top of their game.

**C. Austin Fitts:** Right.

**Franklin Sanders:** They are shutting down their practices.

**C. Austin Fitts:** What I see across all my different clients and subscribers are people saying, "The system is so complicated. The system is so centrally insane. I'm walking out. It's cheaper and easier to just quit and walk out."

If I can do cash over here for 20%, I'd rather do that than deal with this nightmare system.

I think you have an enormous invisible strike by the entire population who has just decided that the whole thing is just psychopathic, which it is.

**Franklin Sanders:** Add one layer of punishment to that, too. Now if you don't fill out your forms right, it's not just a mistake or a bureaucratic error, it's a crime. They will indict you and put you in jail.

**C. Austin Fitts:** Right.

**Franklin Sanders:** It's a dangerous, dangerous atmosphere to work in. I understand why they're leaving. I hope you're right. I hope it is a strike. Those people will go out and create a new economy.

**C. Austin Fitts:** Right, and I think they realize that's what they have to do. The one thing that I would say, and the one thing that most concerns me because you know that I talk a lot about entrainment and subliminal programming, is presentation by a British legislator – a local government



official – who said that he thought that the pressure on depopulation was off because the mind control technology was working so well.

What I'm seeing is a bifurcation in the population between people who are willing to go along with the official reality. They digest a huge amount of TV and a huge amount of media versus people who see things pretty clearly.

I think all of this adds up, and 2017 is when all this comes to a head in the Federal budget. The Federal budget has been subsidizing enormous amounts of unproductive things, which you see in healthcare, and we are now in a situation globally where the dollar has never been under so much pressure.

I don't know if you saw Brzezinski's latest article where he said, "Too bad! The unipolar thing didn't work, so now we're going to have to adjust to being a multipolar world."

When Brzezinski says that the strategy failed, you know the dollar is in trouble. *The Economist* called it 'dangerous and dominant' but I think what we're seeing now is the amount of subsidies that the position of reserve currency can deliver to this country is diminishing. That means the Federal budget can't continue to subsidize what it's been subsidizing.

There is real potential in 2017 for significant institutional change or things just blowing.

**Franklin Sanders:** By the way, there was a Mises Institute article written where the author observed that when we talk about US government debt as a percentage of GDP, and it looks like the US is in really good shape because it's number 8 or 9 in the world judged that way, but it's number two in the world when you compare debt to revenue. That's another train wreck coming.

**C. Austin Fitts:** Right. I've been a big proponent of the slow burn – that we can continue to slow burn – but I think 2017 is the year when you can't keep slow burning unless you have major institutional change, and I don't see how that works. I think all bets are off.

**Franklin Sanders:** There's no constituency for change except that vast group of the public that you can call the middle class who know that they've been



had. But these institutions – Wall Street and the big banks and so forth – become criminal organizations, and they're not going to change. As long as they can keep their gun in your ribs by using government force, they're going to do it.

**C. Austin Fitts:** What that says to me is: If you don't have your core position, it's time to take investment position in gold and silver.

Just closing back to where we started, we're clearly in a natural correction. If someone were going to either buy more cores or rebuild their investment position, when would you start to buy gold and silver?

**Franklin Sanders:** Probably within the next month, maybe even within the next two weeks. If you look at both gold and silver's uptrend lines on the charts that I put up, when the price gets close to meeting that uptrend line, that's the time to buy. That is going to happen within the next two weeks. It will either get near that and then take off, or it will hit the line. It may even punch through the line just a little bit.

**C. Austin Fitts:** Right. Well, Franklin, we're going to be checking back with you at the end of the year to see what happens, and to fine-tune our plans for dealing with the train wreck. Clearly gold and silver is a very important part of that.

I can't thank you enough for all you've done, and I would point out to everybody listening that we have a Precious Metals archive with lots of great information from Franklin on how to buy gold and silver and how to store it. There is a wealth of information there and also at Franklin's website. At [www.The-MoneyChanger.com](http://www.The-MoneyChanger.com) he has a great newsletter.

Franklin, maybe you could just describe how everybody can find your website and get the newsletter.

**Franklin Sanders:** Sure. It's [www.The-MoneyChanger.com](http://www.The-MoneyChanger.com). Make sure you put the dash in, otherwise it takes you to a porno site that I have absolutely nothing to do with. That's not my thing.

Actually we're running a special right now on the newsletter. We have a



package, *How to Survive the Next Great Depression* manual and several other items along with your subscription to the newsletter. I'll have a page up about our special.

**C. Austin Fitts:** Well, Franklin, I can't thank you enough. Have a wonderful day.

**Franklin Sanders:** Same to you. Thank you so much.



Chart #1







Chart #2





Chart #3





Chart #4





Chart #5





Chart #6

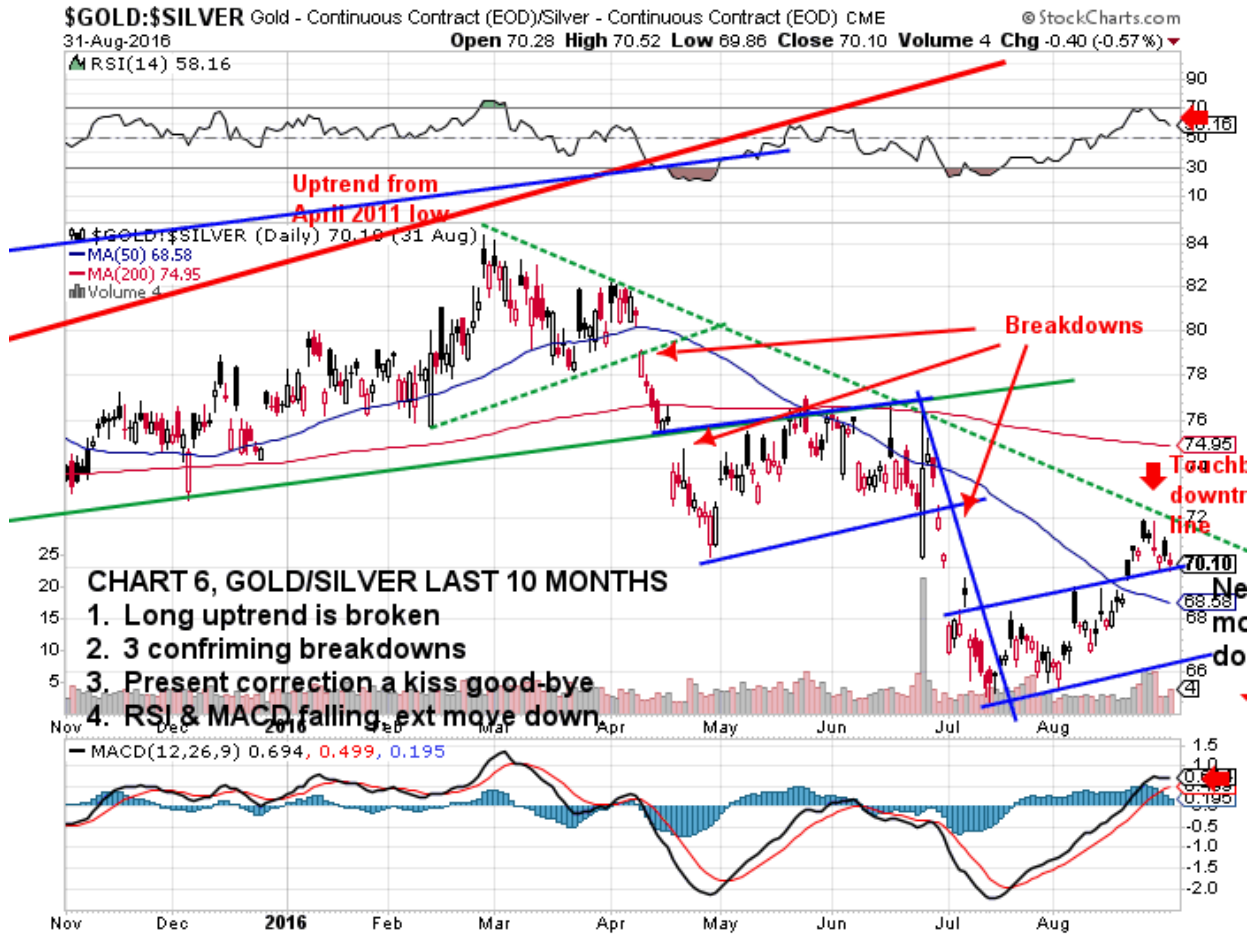






Chart #7







Chart #8





### **MODIFICATIONS**

Transcripts are not always verbatim. Modifications are sometimes made to improve clarity, usefulness and readability, while staying true to the original intent

### **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.