

Debt Equals War and Equity Equals Peace – Austin Fitts

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THE MATTERHORN INTERVIEW – AUGUST 2013: Catherine Austin Fitts

“Debt Equals War and Equity Equals Peace”

On behalf of Matterhorn Asset Management, independent German financial journalist Lars Schall talked with U.S. financial investment advisor Catherine Austin Fitts. Inter alia, they discussed: the shift in the global economy; various facets of gold and currency politics; the difference between official reality and reality; some background regarding NSA & Co.; and last but not least the use of the term “conspiracy theorist”. She says: “When I hear people be derogatory about conspiracies basically that to me in my world that I grew up in is simply a symptom that they have agreed to be powerless and wear it like a badge of honor.”

By Lars Schall



Catherine Austin Fitts is a graduate from the University of Pennsylvania (BA) and the Wharton School (MBA). At the Chinese University of Hong Kong she studied Mandarin. She served as a managing director and member of the board of the Wall Street investment bank Dillon, Read & Co, Inc. (now part of UBS). Later, she was Assistant Secretary of Housing and Federal Housing Commissioner at the U.S. Department of Housing and Urban Development (HUD) during the presidency of George Herbert Walker Bush. As such, she was responsible for the operations of the Federal Housing Administration (FHA), the largest mortgage insurance fund of the world.

After leaving the Bush Administration, Fitts founded The Hamilton Securities

Group, Inc., an investment bank and financial software developer named after the first U.S. Secretary of Treasury, Alexander Hamilton. In 1996, she and her successful company became targets of a vicious, long-lasting “qui tam lawsuit,” that resulted in the closing of Hamilton Securities. (1) Fitts was ultimately successful in Court of Claims litigation asserting that the government had no right to withhold monies owed to Hamilton.

In the years afterwards, Fitts spoke publicly about the degree of fraud endemic in the federal mortgage operations, trillions of dollars missing from government agencies and the connections to drug trafficking and “black budgets.” (2) Moreover, with her mentioned expertise, she was one of the first to warn of an approaching housing bubble.

Catherine Fitts is the president of Solari, Inc., publisher of “The Solari Report” (www.solari.com), and managing member of Solari Investment Advisory Services, LLC. She lives in Tennessee, U.S.A.

Lars Schall: Catherine, are we really going through a global financial and economic crisis, or are we facing something different?

**THIS
MOMENT
IS AN
OPPORTUNITY**

Catherine Austin Fitts: I don't like to call it a crisis, I'd rather call it an opportunity. We're going through an extraordinary period of change. A decision was made to rebalance the global economy to something that was much more evenly developed between the developed world and the emerging markets. That's a very big shift. So, we're going from being divided between developed and non-developed into a much more one-world economy. That re-balancing is a very significant shift. A part of the question in that is: What size of population can we sustain as a planet? If you look at our environmental resources, can we live in harmony with the environment because we're not now, and to me if there is a crisis, it's the question of: How do we come into alignment between humans and the environment and then humans with each other?

We're changing our model. In the developed world we've basically said we're going to be democracies but we're going to finance our democracies by running around the planet and kill everybody else and taking their natural resources for cheap. Now we have to convert to a model where what's done to one is done to all and that's part of the rebalancing, and I think, again, that it is a big change.

Then finally the biggest question, Lars, is we now have the technology – and I believe we probably have had it for a while – to travel the galaxy, and the question is now we're just one among many planets, are we confronting more advanced civilizations elsewhere and what is that going to do? You know, the history of civilizations meeting each other, it's never good for the one that's not technologically superior. If there is life on other planets then there are great risks in that. So, I would say that our biggest challenge is

confronting the environmental issues, whether it's space or how we come into harmony with the environment here on the planet.

LS: Yes, but how do you come to the conclusion that we are able to do outer space travelling?

CAF: We know. It was funny, Gary McKinnon – are you aware of Gary McKinnon?

LS: I'm not sure right now.



CAF: The way I got interested in investment in the space program was I was following fraud and extraordinary amounts of money disappearing from the mortgage programs of the federal government and then disappearing from the Treasury. That led me into a research on the black budget. But when you start to research the black budget, what you start to realize is, you know, the number one cover story is incompetence and the number two cover story is corruption. Because in fact you're talking about an institutionalized process to shift money out of the overt economy – whether at the Government level or out of communities through organized crime and things like mortgage fraud – and you're talking about money on an enormous scale. We're not talking about Ferraris and off-shore accounts for Wall Street partners, we're talking about trillions and trillions of dollars that's going somewhere. As I started to study the black budget and study where the money was going to – and on a scale that was extraordinary – I started to research the different reports about building underground facilities and building space ships that function like UFOs are reported to function. Anyway, once, several years ago, there was a hacker...

LS: Yes, now I think I begin to know who you mean...



CAF: Okay, great. So Gary McKinnon said, you know, that when he hacked into the DOD server what he found was log books literally of star fleets that the navy was running that were travelling throughout the solar galaxy. I looked at that, and I looked at the amount of money that's disappearing, and I said, "You know, the two make sense". Now, if it is true or not, I don't know. However, the Federal Government went to great lengths to get Gary McKinnon extradited to the United States, but

ultimately failed. (3)

What was very interesting, I was doing a Solari Report one night and I had been at the gym that morning – I don't own a television set – but I had been at the gym this morning and there was a TV presentation for the new movie *Men in Black III* and Will Smith, who is a favorite actor of mine, was standing on the ship, *Intrepid*, which is an aircraft carrier, it's a warship that has been mothballed and is used as a museum up in New York. So you had Will Smith on the deck of the *Intrepid* and about two hundred navy officers in dress white. So you had these navy officers with the *Men in Black* spread through them. I made a joke on the Solari Report. I described this image and I said, "Well, I guess Gary McKinnon was right," and just as I said that, Lars, the whole phone system got spiked and all the subscribers got thrown off the call, I got thrown off the call, it was the only time that that ever happened and I got that on the Solari Report and I said, "I guess the navy wanted to let us know that they were, you know, Gary McKinnon was right." (*laughs*)

Anyway, I'm making a joke about it but if you look at the amount of money that's been going into the black budget there is no way I can explain that kind of funding unless you're talking about these level of expenditures. I think one of the most important questions we can ask, we don't have the information to answer it, but if you collect up all of the different sightings and reports of UFOs, we need to ask ourselves: How much would it cost to build all those spaceships? I think there is a surprising commonality between the budget it would take to finance all those spaceships and the number of spaceships we see running around the planet.

Have you ever seen the documentary *Phoenix Lights*?

LS: No, but I believe I'm familiar with the phenomenon.

CAF: Well, there was a huge spaceship that rolled down the side of Arizona in 1996. A group of citizens filmed it and made a whole series of documentaries. The government of Arizona denied that it really happened and later came in and confessed that it happened. (4) I'll never forget when I first saw that spaceship, I've been doing lots of articles on the four trillion dollars that had gone missing from HUD and DOD between fiscal 1998 and 2002 and looked at the spaceship and the first thing I said after seeing the films was, "I bet you Lockheed Martin would charge four trillion dollars to build that." (*laughs*)

So, what I'm saying is we've seen a phenomenon of extraordinary technology including technology for space travel at the same time we've seen trillions of dollars disappear.

LS: Yes.

CAF: And to me, I think we need to ask the question where has that many trillions of dollars gone and what does it have to do with this phenomenon? We're seeing very advanced technology being exercised or flown around the planet.

LS: In order to give our readers something so that they can inform themselves about this on a serious basis, would you say that it's worthwhile to pick up the books written by Richard Dolan?

CAF: Yes, I recommend reading Richard Dolan's two-part series *UFOs and The National Security State*. (5) Interestingly enough, I said to my subscribers that I would read the first and last chapter twenty times. The book is very

long and goes through hundreds and hundreds of sightings of different kinds of spaceships. It's incredible if you travel across America and around the world, Lars, how many people have sighted these kinds of spaceships. So, this is becoming a fairly high percentage of the population in many places who have personally experienced this kind of technology.

LS: Yes, and especially in South America.

CAF: Yes, and of course, as you know, the question is always asked: are these built / managed by humans or are they being built and managed by somebody else? I think if you look at the amount of money that's gone missing into the black budget, I think you can make a case certainly that a lot of it could have been financed by humans. We know that the Nazis were developing anti-gravity propulsion technology right before the end of World War 2.

LS: Related to their project known as "Die Glocke" / "The Bell". (6)

CAF: So, this is technology that's been being developed for quite some time, and one of our challenges as a planet is there's an enormous split in the population between people who are moving forward in a rapid way, doing very high-tech things, including through the black budget, and a much larger population who, if anything, is reducing their skills and intelligence and ability to deal with advanced technology.

LS: Yes.

CAF: So you see an enormous split in the learning metabolism within the population.

LS: And related to this minority we are then talking about the so-called "breakaway civilization."

CAF: We are. – When you look at the financial history over the last twenty years, one of my theories is we had a financial coup d'état by a group which Richard Dolan coined 'the breakaway civilization' – and Dr Joseph Farrell has written a tremendous amount of about this, too, and that's the other group of books I would strongly recommend, is Farrell's books(7).



I think they engineered a financial coup d'état and it shifted about forty trillion dollars out of the economy over the last twenty-five years into, if you will, a private endowment that is now financing them proceeding to build what is literally a new and very high-tech civilization globally and which is now financially well insulated from the Government budgets. So we now, for example in North America, have a breakaway civilization which is proceeding to make enormous investments in a variety of things and ways and is fairly insulated from any cuts that may occur in the defense budget.

LS: I think consequential one question needs to be, "Is the US really the master in its own house?"

CAF: The thing that you and I are struggling with – and any sophisticated

investor is struggling with – is that it is not really clear what the governance system on planet Earth is and how it works. What we do know is that sovereign nations have taxing power and large budgets. The reality is those sovereign nations are not in control and not running things. Now, because they've large budgets and may have large operational capacity they're very important and very influential, but I don't think the United States' people elect and control the United States Government or that the United States Government is in control of North America. I think the government system at best is murky and in my experience certainly working as a government official, decisions were made outside of government and relayed into the government as to what the decisions would be. The government works for the "shadow government."

LS: Yes, but what is the "shadow government"?

CAF: Well, that's the question which from everything we've seen is quite full of factions. It's a big planet, there are lots of different operational capacities. They're different groups and different factions. There's a lot of competition as the system centralizes. What we're watching is a large centralization of political control, and part of that is that the technology allows that kind of fantastic consolidation into centralized places. From what I saw whether on Wall Street or in Washington, you have a variety of groups. One of the most important groups in North America is the Bohemian Grove that gathers every July for several weeks – the leadership of business, government, different sectors goes off, you know, into a Redwood Forest in the north of San Francisco and has the time to come together and make consensus and make decisions and set policies as to where they want to go but then it's different things and implemented. It's a very organic process.

LS: I think a lot of people who are not really familiar with what you're talking about will now say, "Well, Ms Fitts is a conspiracy theorist." Where do you take the courage from to talk about those things nonetheless even though you know that this will take place?

CAF: Well, here's the thing: we have an official reality and then we have reality, and the two are different. I'm a financial person, and so what I'm interested in is that, you know, all reality can be expressed mathematically with the math of time and money. I'm an investment advisor. What I'm interested in is, if you look at what's driving the money, it's reality. So if you're interested in protecting your clients or your investors or your subscribers' money, you need to stick with reality.

I've spent a lot of time tracking and trying to understand what's presented as the official reality, but the thing that drives the money is reality. I'm a financial risk manager and so I just don't have time to pretend the official reality. Now, if you look at my understanding of the world it emerged from working on Wall Street or working in the government. I've spent many years litigating with the federal government and my personal experience is that the world is driven by quiet decisions made quietly in various groups and then implemented in these ways – that's how the world works, that's the basic organizing principle. I think one of the reasons that the PR guys came up with the idea of making acting in concert something to be treated in a derogatory fashion – you know, the dividing line of class in America are people who create, manage and engage in what's called conspiracies, whereas everyone else is trained to be incapable of doing it because that's the basis

of power vs. powerlessness. So, I come from a world where being able to get together with other people, organize plans, implement those plans and do it quietly and secretly is basis of exercising and accumulating world power. So, when I hear people be derogatory about conspiracies basically that to me in my world that I grew up in is simply a symptom that they have agreed to be powerless and wear it like a badge of honor.

I just come from a different world. I'm not trying to persuade anyone of my particular view of the world. I'm much more interested in maintaining the highest possible learning speed about how to protect and help my clients, investors and subscribers. So I'm very performance orientated.

LS: I like that. Anyway, what are your thoughts on a free trade zone between the US and the EU?

CAF: I think it's inevitable. I don't know how long it takes. It takes generations at this rate. The developed world, as we re-balance the global economy, is going to come closer and closer together. There's a wonderful, wonderful quote from the former head of Luxembourg, Jean-Claude Juncker, who said several years ago, "We know what we have to do, we just don't know how to get re-elected if we do it." So I think people who are left to manage the government apparatus are going to find more commonality with each other and so it's going to be easier and easier for the leadership of the EU and the different countries in Europe to get together with the leaders in the US and find ways of advantaging each other up against the different problems that they struggle with, which are enormous.

LS: Why is it that the topic of economic espionage is widely ignored when it comes to the recent NSA & Co. revelations?

CAF: Well, first of all remember within the developed world we have allies who are both competing with each other and co-operating. It's very bad for business to let your allies know that you're basically dirty tricking them in the game of economic warfare. So that's a very uncomfortable reality particularly for the Americans because I think the Americans have been very, very good at this game. That's number one. Number two is we now we have a financial system which is very dependent on a market management system. The NSA and related surveillance systems have gone way beyond – they're not just an insider training machinery for equipment warfare, they've become something much more proactive. It's proactively figuring out how to manage markets and manage them broadly geopolitically. So you now have something that's inventing markets and inventing the economy and directing and steering the economy forward. I don't know if you have ever read Isaac Asimov's book, *The Foundation*?

LS: Not that particular one, no, I'm sorry.

CAF: We've gone from a surveillance machine to a market rigging machine to a market creation machine; the economy creation machine is something that's evolving towards, literally, the Foundation kind of machine that's trying to replace God in terms of communicating and optimizing between people.

LS: So there's insider trading / informed trading going on between intelligence agencies and private banking institutions?



CAF: Absolutely. But first of all, there's no such thing, I think, in the big banks as private banking institutions. Right now the federal government has as its depository the New York Fed. So, you have a private bank that is the banker to the Government and basically, essentially and in many respects is in control of the Government accounts. Now, that Central Bank is printing paper and nobody is going to take that paper unless the US military makes sure everybody does. So we're talking about a hybrid that's very integrated into one thing. The New York Fed is really, its member banks who act as agent and if you look at those member banks through the New York Fed, they're managing the Exchange Stabilization Fund which is the mother of all slush funds and market intervention funds but they are also implementing national security directives in the market.

So, if you take a look for example at the oil price over the last twenty years, we have been proactively managing the oil and energy prices for a variety of geopolitical goals. I would say one of the ways we brought down communism was by keeping the price low and bankrupting Russia and then went into Russia in the 1990s and basically raped the place and ended up with European and American interests acquiring Russian oil assets et cetera. So, you know, these banks are implementing for the national security state all sorts of market interventions, which are policy now, it's not an open policy to drive the oil price down but drive the oil price up, that's what's happening. So, you know, these agencies and institutions are acting as one cartel simultaneously together. I think it's gone way beyond insider trading. I think they have an agenda and they're creating a world that's being planned out and we're using these systems to implement it in a whole variety of ways

—
not just collecting information, but building the economy out in many different ways.

What they've created at least in America on the ground is a harvesting machinery. America breaks down into 3100 counties and what you've got is a machinery that harvests each one for a variety of governmental and black budget purposes. The economy in most counties is designed to generate money for the black budget more than to optimize the economy.

LS: Why would you say it is significant in that regard to talk also publically about the Prosecutor's Management Information System (PROMIS), a database system developed by Inslaw Inc., a U.S. information technology company, which was founded by William A. Hamilton, a former analyst with the National Security Agency (NSA)? Where's the relevance of this topic?

CAF: PROMIS was the beginning and it's very funny, when I called Bill Hamilton who runs INSLAW and, as you said, used to work at the National Security Agency — when I first called him and said I wanted to talk to him,

he said, "Have you read Black Money by Michael Thomas?" I said, "No", and he said, "Read it and call me back." If any of your readers are interested in learning about PROMIS, I strongly recommend that book because it's wonderful sort of fiction beach reading. It gives you sense of the power of PROMIS. (8)

What Bill and his team created was a piece of software that would allow different databases to be aggregated and converted into intelligence in a way that we can do now with relational databases. But in those days when you had non-compatible databases, aggregating data was difficult. The allegations are that PROMIS was then used to crack and access information and indeed even manipulate bank accounts on any bank that was on the payments and settlements systems. So it dramatically broke down the financial controls and privacy within the financial system.

Now, PROMIS was long ago and there's been many developments since then. PROMIS was the beginning of a very two-tiered society where one group of people had enormous access to all the financial data, and it wasn't just the central banks which always had it, but it was the intelligence agencies. So you combine that with artificial intelligence and it gives you the ability to begin to create this machinery that proactively manages the markets in enormous ways. If it wasn't for that kind of technology, we could never go to a world where central banks manipulate markets in the way that they do now.

LS: I think a lot of people are wondering why our politicians here in Europe right now are behaving like sell-outs related to those current NSA & Co. revelations, and I don't know if this is really an answer to it, but nevertheless may I ask you to explain to us the concept of "control files," please?

CAF: One of the challenges of managing an economy, you know, when you have an economy that has an official story and then has an unofficial story, you run into all sorts of personal problems. I'll give you an example: between fiscal 1998 and fiscal 2002 we had four trillion dollars of undocumented adjustments at NASA, HUD and the Department of Defense. Now, four trillion dollars, you know, in one year we had more money missing from the Department of Defense than the government collected in taxes. So we're talking about financial fraud on an unimaginable scale. In accounting terms 5 percent is deemed to be material. So now we're talking about more than 100 percent, that's very material. Well, how do you shift four trillion dollars out of the official accounts and shift them in that way without anyone knowing and still have your workforce do as they're told? You know, you run into the problem that everybody gets greedy. So you have this question, how do I have my workforce work together, follow orders, be obedient and shift four trillion dollars into the black budget without them wanting a piece of action? So when you run these parallel systems the question is, how do you get everybody to do what you want?

I remember when I worked as Assistant Secretary of Housing I had the Secretary order me to do things that were illegal and I refused. He threatened me saying, "You know I'm going to get a control file on you, so that I can make sure you do these illegal things," and I said, "You're not going to be able to," and I finally got fired because he couldn't create the control file. I wouldn't go ahead and break the law and so I ended up being fired.

Now, how do you get thousands and thousands of people to do what you say? Well, it takes several things but one is the control file. Now, what is a control file? Do you remember J Edgar Hoover and his dirty pictures?

LS: Sure.

CAF: If I have dirty pictures of you doing something that is very compromising, something that you don't want your family and friends to know about, something that could hurt your professional reputation, your career or your personal relationships, if I have that evidence in a file, generally I could get you to do what I want. Now, what's interesting is we've evolved to a place in this country where even if I can't get a control file on you it's relatively easy to get the media to accuse you of things that are false and by the time it all gets sorted out you're destroyed anyway. So, the threat of a false control file works. Generally what I found is the real apparatus of the black budget and governance in America is run by control files and, of course, the ultimate is the ability to kill with impunity. So, we have people who have surveillance and intelligence machineries that can give them control files on anybody who is important and they also have the ability to kill with impunity and act above the law and as a result, the real control system in America is very, very different than what the law or the formal governmental apparatus would indicate. There's a post on my blog, I'll send you the link, where I wrote up a little story about control files. (9)

LS: Thank you.

CAF: And one of the things, that I think is one of the most interesting dynamics going on behind the scene, is we see now for many years the premier control file network was the Vatican because you had certainly in America the church having a local church in every community and you have everybody to come and confess their secrets to the priest every week. So it was the ultimate intelligence collecting network with fantastic information on the ground. One of the many problems that the Vatican faces is we now have the telecommunication companies and intelligence agencies building a far superior network with a much lower overhead.

LS: Yes.

CAF: And so the Vatican is struggling to re-invent itself in a world where it's no longer the premier control file and intelligence network that it has been really for the last two thousand years.

LS: Do you think that the whole NSA & Co. revelations is also a little bit like a huge control file vis-à-vis the populations in the sense that, "Now you know we watch you, we have something against you in our hands!"

CAF: To a certain extent I think the revelations about the NSA reflect competition. You have other groups who want to make sure that that intelligence gets shared and the NSA doesn't get too big for its britches. So, I don't think you're seeing a fundamental change. The NSA has been told that they can't be a cowboy, they've got to share and be obedient to the governments and a variety of other parties. So I think the machinery that they're operating is going to continue and grow. I think more people are going to have that capacity and what you're watching is, you know, how's the government system going to work? I don't think it's going to change the fact that we're going to a world where we live in what I call *The Truman Show*, which was a movie about people who were under surveillance 24/7. It's what

Scott McNeal said, that "There is no privacy, get over it." What the technology is doing, it's completing changing what privacy is possible.

LS: One rather general question related to intelligence agencies and the National Security apparatus of the U.S. on the one hand, and high finance on the other: If one looks at the National Security Act and the creation of the CIA, why is it that most of the key figures of the latter organization have a background in high finance and investment banking? (10) Would it be an exaggeration if one would assume that the CIA was created to shield long-term Wall Street interests in the world?

CAF: I think the combination. The CIA was created to institutionalize support capacity and funding for the secret societies. I just think it was a way of building the capacity behind what's called the one-way mirror. If you're going to run a society where you have an official reality and a very different reality, then you need a support capacity and funding to make that possible. If you go to Disney World, Lars, you know, you have this wonderful world upstairs and then you go down below the ground and then you've got an entire underworld of people who are managing and orchestrate the world above ground, and I think the CIA was created to build that underground bunker at Disney World.

So, now the big question, of course, is what was it that happened in '47 and '49 that got everyone asking the question, do we need to keep all of this secret because essentially what you created with the '47 and '49 Act was the ability to claw money out of government agencies and out of the Exchange Stabilization Fund to go into highly classified projects. Then you created a series of Executive Orders that would allow that funding to be channeled to private corporations. What was created was a financial mechanism that lost control of the technology for the federal government, because you basically created a non-transparent source of money to private corporations to own and develop the most powerful technology in the world. It was the creation of that capacity that led to the breakaway civilization. You created a monster that could then engage in a financial coup d'état, steal enough money so they could be financially independent. Not to say that they're going to give it up, but you basically created a financial mechanism for a financial coup and at the heart of a financial coup is not the money, it's the most powerful technology in the world that is completely invisible to the average person who has financed it. You have no governmental mechanism to control or reign those people back in.

One of the interesting things you see, G7 funding to sort of get control of the tax havens, and I think one of the questions is, is there a bit of a tug-of-war going on between the breakaway civilization and the people responsible for management of the government as a result of all of these things? Ultimately, at the root of this is the big question: What happened in 1947 that got everybody wanting to build this secret state on a secret basis? What's that about? One of the things you come back to again and again is that a big part of that money is going into underground facilities and space travel. So, to me, a lot of this is not about what's going on planet Earth, it's about what's going on outside of planet Earth.

LS: Related to the recent off-shore leaks, do you buy into it that this was a

genuine act of independent investigative journalism? Or, was it rather an intelligence operation, or to be more precise: a demonstration of performance capacity?

CAF: I think it's a combination of things. If you look at all the leaks going on, I'm assuming that you've got a whole series of both private and public intelligence operations and investment interests competing and so to me most of these things are a competition among factions. They're often not investigative journalism that is up against the system. In America alone you have numerous intelligence agencies that we know of. I'm sure we have more that we don't know of, and it's the same around the world. You're watching a competition among well-funded sources and a lot of factionalism is going on. So, how do I see it now? You have people involved who are genuinely journalists. But if you look at the kind of money it takes for these operations to do go on, essentially the majority of this has to be well-funded operations and that brings us back to either public or private intelligence operations.

LS: Coming to something different, why are you paying close attention to the precious metal markets?

CAF: I once sat down with a group of very knowledgeable people and said, "Okay, if we just decided we were going to optimize wealth on planet Earth, how much could financial wealth be compared to what it is today?," and I came to the conclusion that our current wealth was 1 percent of what's possible. If you said to me, "What's the economic model that would get us to a world of much greater financial wealth and abundance?," then I think you need four or five very important characteristics.

The most important is we need to shift off of the *debt model to an equity model*. So generally we finance most government corporations primarily with debt. If we could finance with equity in a much broader way, we can build much more alignment between people in different places. I always say debt equals war and equity equals peace. If I have equity in a place, I'm much less inclined to bomb it than if I don't. So debt to equity, I would say, is an important step. So is *transparency*, which is what we've been talking about. Right now we have no privacy of the individual, and yet all the information about government monies is surprisingly non-transparent and certainly the governance system is hidden behind a one-way mirror. We need transparency. Another important issue is: Do we have *sound money*? The harvesting machinery on planet earth is the government is printing money, then they debase the money and add a horrible tax to the citizens because the citizens hold so much of their savings in the currency whatever it is. Right now all the currencies are debasing together, and so it's a fantastic harvesting machinery. That needs to end. If we're going to have a healthy economy we need sound money.

I got interested in precious metals because precious metals are a form of sound money. It has drawbacks, particularly because it's such a political asset. The precious metals price is the smoke alarm. So central banks have an enormous reason to manipulate the smoke alarm and, as we've seen in the last two years, when central banks are asking the Americans to send their gold back, as we have seen with Germany and other central banks, it creates enormous incentive for the Americans and the G-7 to drive the price way down.

So, it's far from a perfect form of sound money, but I'm interested in it because I think we do need to have currency systems that do something other than harvest and debase the average person.

LS: Why does gold tend to have a rather bad press when it comes to financial mainstream media?



CAF: If you're running a huge harvesting machine the last thing you want are people to get onto precious metals. So, the media has very much been directed to be down on precious metals. I also think that in defense of the media, they understand if we all put our money in metal and then pay everybody to sit and watch it and stop building companies that make products and innovate, the economy will be harmed. You know, it's the equity creation process and entrepreneurship that create real productivity and value. So, if I am running a society then I want to see the money go to the research labs, to go to the scientists, to go the entrepreneurs to implement new technology. I don't want to put everything in metal that just sits in a vault. There's an understanding that if the society withdraws from the economic process and just goes to gold, then ultimately the economy will fall apart.

Now, in defense of the people who pulled their money out of the economy and put it in gold are saying, "Look, if you run the system with a double standard as to who has to obey the law, then I don't want to play," and that's the debate that's been going on with gold because more and more people are saying, "Look, I can't participate in the economic process, I can't participate in innovation of technology, you know, if you, the guys that run the breakaway civilization, are above the law, can steal and do anything you want." I was an entrepreneur. I built software tools that were absolutely fantastic, could have made enormous difference to the economic and wealth creation process and the Department of Justice stole them and sat on them for six years. When I finally got them out of the court the most valuable pieces were gone and, in the meantime, my competitors had a field day and a lot of real estate guys made money pumping and dumping the real estate market. So I think in situations like that an entrepreneur says, "Well, you know, if I win, you steal it. If I lose, I lose and in the meantime you're bailing out the banks. I don't want to play, I'm just going to take my gold and go sit on the sidelines." So, that's one of the issues. The other issue is, if you look at the people who have been promoting gold, I think a lot of the case for gold has not been well-made and it wouldn't surprise me if some of those people were being paid to make a bad case on purpose.

LS: Yes! (laughs)

CAF: I think that you have many people marketing the case for gold promoting

the idea that the world is going to come to an end and the system is all corrupt and it's a very negative picture of the world. What they don't understand is, right now more than 50 percent of the population in any given county in America is highly dependent on the federal budget and if the currency game were to stop tomorrow, they would all be up the river without a canoe. So, making a case that leaves the majority of the majority of the population high and dry is, to me, not a very effective political tactic. Whether it's the equity value creation or doing what The Powers That Be want or the general population being terrified of being left high and dry, I think those are the things that end up giving gold a bad press. The reality is the worst the press gets, the more central banks and the top guys try to and get more gold. So, if you want to buy gold there's somebody talking their book by talking the price down as they require it.

LS: What are your thoughts related to a "return of the gold standard"? Or asked differently, cui bono?

CAF: Frankly, I think we are on a gold standard in one sense, in that central banks and the most powerful people have used gold for generations to settle accounts.

LS: I agree.

CAF: So I think there is a gold standard. Now, the major standard for the dollar right now, the reserve currency, is an oil standard because to run this currency game and to keep a currency as a reserve currency you need to control an asset on the assets side of the balance sheet and tie it to maintaining the power of the currency. The reason our military is so important for protecting the value of the dollar is as long as people need oil and we control the sea lanes and the satellite lines, we control the trade in oil on that. That, to me, is the primary enforcement to making the dollar the reserve currency. You know, behind the scene gold is being used to sell wholesale accounts. This latest squabble between the central banks asking for their gold back is a reflection of that. One way or another we are moving to a gold standard but it's at the wholesale level and behind the scenes and it will probably stay at the wholesale level and behind the scenes.

LS: Do you like Bitcoin?

CAF: I'm not a Bitcoin fan and that's because I've never met a digital system that The Powers That Be couldn't control. I like putting a gold coin in my pocket and walking away.

LS: Yes.



CAF: So I think for a currency to be a great currency it needs to be both atoms and bits. It's got to be both, because we need to function in the bit world and we need to function in the

atom world, and a currency that is only bits is a currency that can be manipulated. One of the things that The Powers That Be would love more than anything is to move to a digital currency so the more they can get us to like and adopt digital currencies, the easier it's going to be to harvest us. If you think you can harvest everybody with the current currencies wait till you see what you can do when all the currencies are digital. Nicholas Negroponte, when he ran the MIT Media Lab, said in a digital age, data about money is worth more than money. I agree absolutely. So digital currencies have their place but the notion that the intelligence agencies can't ultimately control any digital system you're dreaming if you think they can't, they can.

Now, that doesn't mean that they can control Bitcoin or something like it coming out of the box, but I assure you if they can cut the cable and that's what they have to do, they will. The president just signed an Executive Order giving them a kill switch, that's how I read it. (11) So, the theory that we can solve the lawlessness of our situation with something like Bitcoin is a mirage and I don't buy it. If you want to get into digital currencies, you just need to understand they're going to be wildly volatile and you run the risk of losing everything if we get into any of these systems problems. So, everything has its place. I love having options, so I'm not saying don't put money in digital currencies. Understand the limits. Bail-ins are coming. Bitcoin is uninsured. Insurance may not necessarily, as we saw in Cyprus, be the "be all and the end all", but deposit insurance accounts for a lot.

LS: Talking on a global scale, what are the most important challenges to mankind according to your analysis that the vast majority of people is not aware of?

CAF: For five hundred years we've been on what James Turks calls the "Central Banking-Warfare Model". The central banks print money and the military makes sure everybody takes it. Part of that, as we said, was the folks in the developed world going to the non-developed world and stealing what they need to make their economy go. Now we're going to have to go to a much more integrated model globally. We're either going to have to practice non-violation globally or not. You know, this is a big thing for folks in the developed world, to literally convert to a model where it's the same set of rules for the developed and the emerging markets.

So how we get to practice non-violation globally is, I think, one of the most important challenges and with that is an enormous spiritual and cultural evolution. To me the greatest opportunity on the planet is spiritual. The ultimate issue in any system of law is who enforces. If we're going to move to a position where we can handle the kind of technology that we're being blessed with, then we're going to be called upon to make an enormous shift so that we have the kind of spiritual and cultural basis that can handle technology that's this powerful. As that happens on this planet, then we're going to be turning and facing what is an endless series of geophysical risks; space weather and what in the world is going on in outer space.

So, I would say our two most important challenges is the spiritual and cultural rising to match the technology, including practicing non-violation globally, as we come to a much more integrated culture and economy and then turning as a society and taking responsibility to interact in space and understanding and managing our geophysical risks within the context of the

whole galaxy.

LS: And what are the solutions for those challenges?

CAF: The solution is for each one of us to do what I call "come clean." So each one of us has to change; in other words we don't need to wait for the leadership to do anything. We can simply begin to change ourselves. For more, I have an article up on my website called, "Coming Clean". (12)

LS: Yes.

CAF: Whether it's who we associate with, how we spend our time, what we do. I know from looking at your work as a journalist that you have been coming clean for a long time. So, you're trying to change rather than go sit at the big networks and spill the propaganda out, you know, you're trying to lead a pathway through real journalism helping people see the world as it really is and find solutions. Each one of us has to do that. So, it comes down to there's seven billion people on the planet – are each one of us making a contribution to getting to where we need to go or are we simply going around in circles trying to make money in the official reality? We each have to choose. So, the more of us who choose your path, Lars, the better off we're going to be. So I congratulate you.

LS: Well, thank you very much! So I guess it boils down to, I paraphrase now, what Gandhi says, you know, be the change that you want to see taking place in the world?

CAF: Yes, the way we're going to build the future is by attracting in the one we want. We're going through an enormous shift and there's no way we can, you know, hid in the bunker with our dehydrated food and gold coins and thinking it's going to come out alright. We have to go out there, into the middle of the thick and thin of it and create solutions.

LS: Yes.

CAF: Part of creating real solutions is – I don't have time for the official reality. I used to have a deputy in the Bush Administration who would say, "In the destruction of the old, let there be the creation of the new." As the Titanic is sinking, we need to go pick up some boards and chairs and some other things and start building arks. So, it's very important to look at reality.

LS: Yes.

CAF: Which is why I love what you're doing.

LS: Thank you! And thank you very much for taking your time for this interview, Catherine!

SOURCES:

(1) Compare Catherine Austin Fitts: "The Myth of the Rule of Law," and "Dillon, Read & Co. Inc. and the Aristocracy of Stock Profits", both published under: <http://dunwalke.com/gideon/>

(2) See for example Catherine Austin Fitts:

Narcodollars for Beginners part 1

Narcodollars for Beginners part 2

Narcodollars for Beginners part 3

See further Catherine Austin Fitts: "America's Black Budget & Manipulation Of Markets", published at Scoop Media on May 27, 2004 under:

<http://www.scoop.co.nz/stories/HL0405/S00268.htm>

Catherine Austin Fitts / Chris Sanders: "The Negative Return Economy", published at Scoop Media on August 26, 2004 under:

<http://www.scoop.co.nz/stories/HL0408/S00277.htm>

(3) Related to the story of Gary McKinnon see for example Jon Ronson: "Game over", The Guardian, July 9, 2005, here:

<http://www.guardian.co.uk/theguardian/2005/jul/09/weekend7.weekend2>

(4) Compare Lynne D. Kitei M.D.: "The Phoenix Lights – A Skeptic's Discovery That We Are Not Alone", Hampton Roads Publishing; Revised, Expanded, 2010

(5) Richard Dolan: "UFOs and the National Security State: An Unclassified History, Volume 1: 1941 – 1973", Keyhole Publishing, 2000, and: "The Cover-Up Exposed, 1973 – 1991 (UFOs and the National Security State, Vol. 2)", Keyhole Publishing, 2009.

(6) See for example Igor Witkowski: "The Truth About the Wunderwaffe", European History Press, 2003

(7) See for example Joseph P. Farrell: "Covert Wars and Breakaway Civilizations", Adventures Unlimited Press, 2012

(8) Michael M. Thomas: "Black Money", Crown Publishing Group, 1994

(9) Catherine Austin Fitts: "Control Files", July 29, 2012, here:

<http://solari.com/blog/control-files/>

(10) Take a look at the professional background of, for example, Clark Clifford, James V. Forrestal, Ferdinand Eberstadt, William J. Donovan, Allen Dulles, William H. Jackson, Frank Wisner, William Casey, Stanley Sporkin, David Doherty, John Deutch, and A.B. "Buzzy" Krongard. Moreover, it is of interest that "(i)n its first two decades, CIA, like its intellectual parent the Council on Foreign Relations, was dominated internally and externally by the aristocratic elements of the New York overworld. All seven of the known deputy directors of CIA during this period came from the same New York legal and financial circles; and six of them were listed in the New York Social Register as well." Peter Dale Scott: "The Road To 9/11: Wealth, Empire, and the Future of America", University of California Press, 2007, page 12. Compare also Peter Dale Scott: "Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina", Rowman & Littlefield Publishers, 2003, page 187, 200-201.

(11) See "Executive Order – Assignment of National Security and Emergency Preparedness Communications Functions", White House, Office of the Press Secretary, July 6, 2013, here:

<http://www.whitehouse.gov/the-press-office/2012/07/06/executive-order-assignment-national-security-and-emergency-preparedness->

See further Marilyn Daly: "Obama signs executive order to allow shut down of all US communications", Examiner.com, July 8, 2013, here:

<http://www.examiner.com/article/obama-signs-executive-order-to-allow-shut-down-of-all-us-communications>

(12) "Coming Clean", here: http://solari.com/archive/coming_clean/