



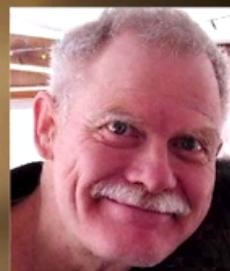
The Solari Report

May 16, 2019

Community Currency with Paul Glover



Catherine Austin Fitts



Paul Glover



The Solari Report Community Currency With Paul Glover

May 16, 2019

Recorded December 20, 2018

C. Austin Fitts: Ladies and gentlemen, welcome to The Solari Report. This is Catherine Austin Fitts, and I am in a beautiful Philadelphia living room in the Philadelphia area with Paul Glover. I have not seen you for ten years, and it is a special treat to be able to see you.

Christmas is my favorite time of year, so here I am in the Philadelphia area during Christmas, and it's really special to see you. I think of you as somebody who has accomplished more in the world of creation of human civilization than just about anybody I know.

Paul Glover: Likewise yourself.

Fitts: Among other things, I wanted to start out talking about Paul Glover and what you've accomplished in your life. Among other things, one of your great claims to fame is that you were the founder of Ithaca Hours, which is arguably the most successful community currency ever started in the country.



Glover: Since 1991 for local currency, yes. For Ithaca, New York, I convinced several thousand individuals and 500 businesses that it was real currency – money that I designed on my computer back in the ‘cash & carry’ era.

We traded millions of dollars of value of this money and made loans of our own cash money – up to \$30,000 value – and grants to over 100 community organizations.

Fitts: In my experience, as soon as you try to start a community currency, it is logical because if you look at the opportunity to create a lot more liquidity around people’s time and money locally, the opportunities in every community in America is tremendous. For example, at the end of the Great Depression there was something like 3,100 community currencies in the country, and there are 3,100 counties in the country. So it is kind of logical.

Any time I have seen somebody try to start a community currency, they run into massive opposition and dirty tricks because you are competing with the Federal Reserve.

I don’t know how you overcame it. How did you do it? How did you overcome it?

Glover: When I started it, I assumed that it was illegal – which was part of the fun. Curiously when the media contacted the Federal Reserve, the IRS, the Secret Service, and the Treasury Department, all of them said, “We don’t find a law specifically against printing your own money as long as it doesn’t look like dollars.”



Fitts: Really?

Glover: Hundreds of interviews later, there was no challenge to our right and our ability to create a community trading system.

Fitts: Was part of it that you called it ‘Hours’ so it was time instead of dollars?

Glover: That may well have been the case. We didn’t call it ‘dollars’ and, of course, the money didn’t look anything at all like dollars. There were pictures of children, waterfalls, and trolley cars. It was colorful money. It preceded any use of color on the United States currency – on Federal Reserve notes.

Fitts: So it looked a little bit more like this was fun.

Glover: Yes. It was a lot of fun. I think that the spirit of fun contributed to its acceptance – not only within the community, but throughout the country and beyond.

Fitts: Clearly I know from the work that I did in the 1990’s that the opportunities to create wealth from having a successful community currency or circulation system is extraordinary, and yet it doesn’t happen. What happened when Ithaca Hours started to spread? How come every community doesn’t have a thriving ‘Hours’ system?

Glover: The lesson learned is that for any local currency to be successful, one needs to have a full-time networker. I was for Ithaca Hours from 1991 to 1999 a full-time networker.



I was constantly facilitating and troubleshooting the circulation of the money and promoting it throughout the community.

It got bigger and bigger and bigger as long as I was doing that. When I transferred authority of the local currency over to a board of directors, the currency scale diminished gradually.

I moved to develop a local health cooperative to be an alternative to HMOs. So over the decades I've started some dozen organizations that model local control of food, fuel, housing, healthcare, planning, education, transportation, finance, and even sanitation. That localization – to me – is a key part of restoring dignity, creativity, and democracy as fundamentals in our society.

Fitts: Tell us a little bit about the healthcare. I know you spent a great deal of time on that, and I think that it is very interesting and relevant to what we are grappling with now.

Glover: In 1997, transferring from developing on local currency, I started the Ithaca Health Alliance. I said to people, “If we all pitch in \$100 per year, we will pile up money sufficiently and gradually to enable us to self-finance our own emergency healthcare needs.”

In fact, during the next several years, we piled up hundreds of thousands of dollars sufficient to cover a dozen categories of emergency health need. We ultimately had members in 42 states.

Fitts: So what did the money finance? Did it finance the price of visits, or did it finance clinics?



Glover: We paid fully the emergencies like broken bones, stitches, and so forth. We covered the basic needs.

Fitts: Every time I've dipped into health – and I don't know a lot about it – you can't make the healthcare system economic without having a healthy, nutritious food system. If you have people who are eating a food system which is poisoning them and which is not nutritious, you can't make the healthcare economics work.

Part of making the healthcare economics work is that you have to make the local food systems work.

Glover: Yes indeed. So after we had gotten our footing with the payment for emergency health needs, we started a free clinic. The free clinic was preventive and holistic primary alongside allopathic needs. So indeed we are emphasizing that there is the need to prevent diseases and debilities by emphasizing our capability to be healthy.

Fitts: After the health alliance, what was next?

Glover: I came to Philadelphia, and I rode my bicycle high and low throughout the city. I found thousands of vacant lots amid thousands of hungry people. So I started the Philadelphia Orchard Project (POP). We have now 64 orchards throughout the city of Philadelphia.

Fitts: Wow! How do you get the deer to not eat the trees? I keep struggling with that.

Glover: We are surrounded by highways, and the deer are minimal here.



Fitts: The deer are pretty present in Fairmount Park.

Glover: In Fairmount Park, yes, but the orchards are in north, south, east, west, and even central Philadelphia. They are primarily among hungry people, so I guess the hungry people get there first. The deer are remote from the innermost parts of Philadelphia.

Fitts: What are the trees that you are planting?

Glover: Apple, peach, plum, pear, persimmon, and quite a variety. We even have fig and apricot trees. I was surprised that we could grow those in Philadelphia.

Fitts: I'm surprised that you could grow figs too.

Glover: We do, and we're having a lot of fun with it. Most satisfying to me is that whatever we plant, children come out to help who have never seen a worm before. That is the great divide between the city and the country people.

Fitts: They've never seen one outside a bank.

Glover: Yes indeed. I agree.

Fitts: I have to qualify that because I'm here to see my bankers. My cousins are my bankers, and they run a wonderful bank, and they are great for the community. So it's not all bankers.

Glover: I'll move my money there.



In 1992 I wrote an article declaring that there was a deliberate intent to convert the United States into a Third World nation so that land, law, and labor would be dirt cheap.

Fitts: And centrally-controlled.

Glover: That is why for my part I have emphasized the capability of average people and the creativity of average people to come together to create mutual aid systems.

Fitts: One of the things that I found is if you look at the plans that I was working was I was more focused on cooperative equity agreements so that small business could come together and be able to dramatically drop their cost of equity capital, and what I ran smack-dab into was the fact that we have these NSA surveillance systems which are basically harvesting people's data and creating things like control files.

So they are using 24/7 access to our phone systems. Now with things like Alexa, we are basically under 24/7 surveillance. We are living in *The Truman Show* if you've ever seen that movie. They are using all of that data to outwit us economically. It's economic warfare, and our enemy has 24/7 data on us, and they are invisible to us. It's a one-way mirror.

That is an enormous problem because if municipal officials can't have private meetings and they are instead under surveillance, and if private business people can't have a meeting, you have this harvesting machine that is trying to use access to your absence of privacy to basically harvest you. It makes organizing or doing any cooperative agreements that much harder.



Glover: I completely agree. They are enormously smart, and they are everywhere.

Fitts: When did you realize that this surveillance machinery was impacting community organization?

Glover: With social media, they can know about what we intend to do and what we are doing at the same time that we are doing it. Nonetheless, the best that we can do – and I think ultimately what is more powerful – is the assertion of basic human need and creativity. It is a faith that I have. Of course, I have not found a better faith as a reaction to what you are saying and what is the case that surrounds us.

Rebellion is an old part of human history, and it has enabled us to achieve what we have achieved so far and will forever after be essential.

Fitts: I have to mention two things. One is that one of my favorite stories is the story of Parnell and the Irish boycotts. In fact, that is how the word ‘boycott’ came about.

Glover: Right. It was Mr. Boycott.

Fitts: Yes, Mr. Boycott. I think that shunning is the most powerful tool of revolution in the world.

The other thing is that Bill Binney, who was a senior at the NSA, has basically promoted what I think is one of the most clever ideas I have ever heard, which is to teach all of the children how to make their own encryption systems. Then just have thousands if not millions of homegrown encryption systems that you are changing all of the time.



He said, “It will break them. It will drive them crazy. They won’t be able to deal with it.”

What I want to see is them put encryption systems into the curriculum from first grade on.

Glover: This will be the next chapter in my book: How to Take Power.

For decades I have started organizations which confront very powerful organizations’ entities with models that prove that there is an alternative, and that then enforce the role and privacy and legality of those organizations – notwithstanding that the existing powerful entities stand against them.

Fitts: How do you arrange a model where the person putting that together and leading it and managing it and monitoring it is funded?

Glover: You find the point of vulnerability in any omnipotent organization. Within any such organization there is a point of vulnerability.

Fitts: Right. There is always a vulnerability.

Glover: You find that, and then you work your way. I mean, you have talked about the tapeworm. We can be the tapeworm also. We will move our way into them with respect to finance, money, healthcare, and land use.



Fitts: I agree with you. What is interesting is that if you look at what happened to Monsanto, Monsanto got totally rejected by what I call ‘the field’. There was so much hatred of Monsanto in so many different constituencies that the one thing that everybody could agree with on all sides of the political spectrum is that everybody hated Monsanto.

In fact, I worked with two money managers. The first one said, “I don’t do socially responsible,” and he was basically told that if he bought Monsanto, he would be fired. That was just the message.

I remember once meeting with a Swiss money manager who had Monsanto in his portfolio. I said, “You have to understand that there is not anyone I know who will do business with you.”

He said, “Well, I won’t put it in their account.”

I said, “They will not do business with you.”

The hatred was so high. I don’t know how that one managed to hit the tipping point, but it did. So Monsanto ultimately had to sell to Bayer just to get rid of their name.

I couldn’t believe that Bayer bought them. I thought, “How is Bayer going to protect themselves from this?” And now, of course, Bayer is in real trouble because they bought a pig in a poke.

Glover: The word ‘evil’ is overused, but I recall that it first occurred to me as an emphatic term when I thought about Monsanto.



Protests against things are urgently needed. At the same time, moral anguish and marching around with signs is ultimately not powerful. It's just overtime for police. But creating organizations that emphasize the model that prove the capability of average people and our creativity and our beauty to come together is not only indispensable, but it is ultimately more powerful. That is how slavery ended. That is how women got the votes. That is how, for most people, the eight-hour day was established. It's how Civil Rights were enacted.

In kitchens and garages people invented and asserted and demanded a new direction, and those gradually became more and more powerful, more and more normal. They are always challenged.

Fitts: You have an impulse for freedom, and then you have an impulse for control, and they are competing. Sometimes they cooperate. They compete and cooperate and compete and cooperate. But the covert influence never backs down and never goes away, and it is never made transparent.

In other words, we get a little step up, and then we back down and don't insist on transparency. "What is really going on here? What is this about?"

We agree to coexist. If you look at where we are going now with digital technology, to me allowing that to coexist and not making it transparent is like suicide.

Glover: I completely agree. Always being aware that "They" are "There" and that whatever we do will be challenged. I have had so much fun over the decades creating models and alternatives that challenge the domination of such entities, and I have won.



Winning and losing is old-fashioned terminology, but I've had so much fun prevailing against entities.

Fitts: Some of your books describe these different stories of winning. I think it is very important for people to look back and say, "What has worked, and what has won?"

There have definitely been a tremendous number of wins. I can prove that because we are all still alive. So give us a history of your books.

Glover: They are based on having started programs that prevail. One of the books is *Hometown Money: How to Enrich Your Community with Local Currency*. That is a process of bringing the creativity of average people together to meet their needs without depending.

The book, *Health Democracy*, is how to liberate Americans from medical insurers. The book, *Deep Green Jobs*, is where I detail how to create 40 million jobs rebuilding American civilization toward our balance with nature, reducing our dependence on fossil fuels, reducing our dependence on the very institutions which are today dissolving us.

I am writing a book titled *From the Middle Class to the Mutual Class*. The middle class has been dissolving, as I see it, for four reasons. First of all, it's a sink or swim class. It is very individualistic. There is very little solidarity there. Your neighbor is here one day and gone the next because their job was taken away. Secondly, the middle class is a consumer class. We spend our wealth into landfills rather than creating mutual aid organizations. Thirdly, to be middle class, you have to have a poor class down below. It is very expensive to maintain a poor class down below.



Fitts: You don't have to have poor class to have a middle class; you really don't.

Glover: In conventional terms, you do.

Fitts: Politically it is helpful if you want central control to have a poor class, but it's not necessary to have a poor class in order to have a middle class. It's necessary for central control.

Glover: I agree with you. Fourthly, the middle class is becoming increasingly dependent upon the very institutions which are today dissolving it. We have said, "Hey, you give us shopping malls and highways and all of the cool stuff, and we will follow whatever you do."

Fitts: I'll tell you what the most frightening thing is – and this is the thing that always astonishes me. I will often get into debates with somebody who will say, "Why is no one doing anything?"

I will say, "What do you mean? There are tremendous numbers of people doing a great deal. I think that the question should be: Why aren't *you* doing anything?"

Then I say, "Why do you think that nobody is doing anything? There is a tremendous number of people doing things – courageous people who have died. They are being assassinated, and they are still doing things."

They will say, "Like who? I mean somebody who is on MSNBC or CNN."



I say, “Wait a minute. Those people work for the people who are trying to kill you and steal all of your money.”

What I discover is that the mind control is that they will only consider credible somebody who is paid by their enemy.

Think of World War II. If the only people we trusted had been Nazis, and if our troops had only trusted Nazi Generals, what would have happened? If they said, “American Generals are not credible. We are only going to trust Nazi Generals,” what would have happened?

In 2004 I did a speaking trip. I went to Sebastopol. What I discovered is that there were a tremendous number of fabulous, intelligent, brilliant local people all working their hearts out to make the place wonderful. They were completely ignored by the general population who admired somebody who was on the payroll of the enemy and working against their best interests because they were somebody, and the local guy was never going to get put on TV because he didn’t make money for Mr. Global; he was trying to protect the local citizens. So the last thing that they were going to do was promote him, but he was smarter and more attractive than the guy on the TV.

Nobody could see it. They couldn’t see the fact that they were basically allowing the enemy to determine their definition of ‘credible’ and their definition of ‘intelligence’. In other words, the enemy controlled their credential system.

It’s unfathomable to me. I cannot fathom it.



Glover: I completely agree. This is an old story that runs throughout human culture and civilization and economics.

Fitts: What we are saying is that the people who have credentials are the people who have guns. “If you have a gun and you kill people, I trust you. If you don’t have a gun and you don’t kill people, you’re a Patsy and I don’t trust you.” That is what we are saying.

Glover: I completely agree that force and money and violence have the final say until enough people get fed up. People will go along with and go along behind on behalf of their own convenience and survival. They will defer to exactly the people you are speaking of until enough people get fed up. You have cycles of acquiescence and cycles of revolution. Revolution often leads to more hierarchies that oppress and destroy, but revolutions are essential and revolutions are inevitable.

A revolution and revolutions nationally and worldwide which enable us to escape bad cycles are those which are ecological, local, regional, and eventually national and continental and global.

Fitts: So what you see globally is you see the United States trying to assert central control of the payment systems and the transaction systems, and different countries or different groups of countries are trying to create independent work-arounds. They will work around the Swiss system or work around the trading oil and dollar system. So we are watching more and more leakage in the system.

If you look within the United States, I see it going in the opposite direction from revolution because the entrainment technology is so powerful.



In other words, we are dealing with a mind control machinery here that I think is a new thing.

Glover: Yes. It's tremendously powerful. It is everywhere, and it is within everybody. It's hard to find our ways out of it, but I have a degree in marketing. You let a guy like me lose with a degree in marketing, and I say, "It's just all fabricated, and we invent realities." Sooner or later, they break through.

I had so much fun with Ithaca. Like I said, I raised a living and practical critique of the dominant monetary system.

Fitts: I had no idea that you had a degree in marketing.

Glover: I then got a degree in city management. In fact, I will give myself beyond the degrees given to me a degree in anything I need. I don't wait around for a degree in order to start a system that asserts an alternative.

Fitts: I interrupted you from finishing your list of books. Did you go through the rest?

Glover: In 1982 I wrote a book detailing how you could rebuild a major American city to be in balance with nature over many decades – not a utopia floating in air beyond reach, but systematic systematic, step-by-step, beginning with the people in the neighborhood ready to begin. I describe and create living examples of an alternative which, put forward as priority, the creativity of average people and the necessity of neighborhoods which were balanced with nature. Within which, productivity was measured in food and housing and healthcare.



Fitts: Paul, I know you are working on projects in Philadelphia. Maybe we should introduce that at this point. I would love to know where the people are gathering today who will help you with the different developments that you are working on. Who is interested in really making things go locally?

Glover: There is a 35-acre vacant lot within Philadelphia. We have been in conversation with the owner of that lot who is curiously – not withstanding being a billionaire – an old hippie. He is a wonderful guy.

He is there to build on land which is not suitable for conventional heavy-weight shopping mall development, but an urban-eco village consisting of 100 green houses, 300 tiny houses, parks, playgrounds, orchards, market pavilions, and a Patch Adams free clinic.

I have been collaborating with Patch Adams, the ‘Doctor Clown’, for many years now. His life story was told in the movie starring Robin Williams. This, within a low-income neighborhood, is to assert that average people can come together and live constructively together to rebuild a city, a neighborhood, not only toward balance with nature but toward balance with one another. This is to create an economy within that neighborhood where people are providing for one another’s basic needs.

Fitts: Agrihoods are really growing all over the country. It’s very, very popular. People are starting to say, “Out with the golf courses; in with the fresh food farm.”

When we first started The Solari Report, our tagline was, “Who is your farmer? Who is your banker? Where is your money?”



Our whole shtick was, “Know your farmer, and know where your food is coming from and know what is in it.”

We have been that way all along, but there have been a couple of developments recently which have so terrified me. I just keep hammering every week on *The Solari Report*, “Will you please go find your local farmers and ranchers?”

If you don’t know where it comes from, it’s not safe.

I don’t know if you saw that the FDA is getting ready to regulate lab-grown meat?

Glover: No, I hadn’t seen that. There is a lot that I haven’t heard of.

Fitts: They have now approved bio-sludge on agricultural lands. I think that the way that it is going to be done is very dangerous. What I say is, “What could possibly go wrong?”

Glover: No matter how successful one might be, take food with you. We all – whether we are wealthy or not wealthy – we depend on food. Food comes from somewhere. It comes from the ground, and the ground needs to be healthy. The water needs to be healthy.

Back in 1984 when I worked in Los Angeles I wrote an article titled *Where Does Los Angeles Food Come From?* I traced back the origin of food within that metropolis. Likewise, I recapitulated that for Ithaca, New York and Philadelphia. Where does our food come from?

Fitts: It’s always fascinating.



Glover: It's so fundamental. We are so busy being sophisticated people that often the origin of our food becomes less of a concern. We push a button, we slide a credit card, and one way or another we get our food.

Fitts: Solari Report subscribers are different. If you want to eat better than the 1% of the 1%, travel around the world visiting Solari Report subscribers because you will eat better than anybody in the world.

At Food.Solari.com, we have a food series that we have been doing for a couple of years that is really good.

Glover: You mentioned sludge. Hippies in the woods use composting toilets. I not only started the Philadelphia Orchard Project (POP), but I started the Proud of Organic Philadelphia (POOP), and its prime mission is to replace flush toilets with composting toilets within a major metropolis. That is an outstanding and challenging notion.

Fitts: Right, but if everybody is on heavy tranquilizers and opioids, there are systems like that that if they are done well, it's very different than if they are not done well.

Glover: It's easy to do composting toilets very badly, but it is imperative – especially within cities with millions of people – that it be done accurately, carefully, and sequentially. So that is our intent here with POOP.

Fitts: Looking at what is going on in America, if you were going to say something to a group of people who want to have a free and inspired life, what do you think locally they can do to really improve the quality of human civilization locally where they are?



Glover: Energy efficiency is the foundation of a healthy economy. For the past 200 or 300 years the American economy and civilization has been based on the assumption that we have endless, cheap fossil fuels and energy efficiency super insulation. The rebuilding of our civilization over the next decades to reduce our dependence on fossil fuels can employ the next ten generations fully.

My book *Los Angeles: A History of the Future* way back in 1982 described how over the decades you could rebuild that metropolis to balance of nature and its housing reliant upon 10% of the fossil fuels currently being utilized in transportation. I am impressed that in Los Angeles over the last 15 years they have gone from zero to 60 in their reliance upon mass transit – or at least the availability of mass transit.

Fitts: Let me be a skeptic here. If you look at the technology, once Tesla left the planet, we had the technology that we needed to not need fossil fuels. So the fact that we have used fossil fuels has been a choice, not a necessity.

Glover: Completely. That is the case. The United States Steel, Standard Oil of California, and Firestone Tire conspired to replace our dependence on transit with a dependence of the automobile. They were convicted of criminal conspiracy in 1949, and they paid a \$5,000 fine in 1975.

Fitts: I didn't know that.

Glover: Clearly, yes, you are right. It has been a choice, and it has been marketed so that in order to be an 'adult' you had to have a license.



Fitts: Here is the thing. In my experience, these decisions have the top level and then there is the middle level. The middle level, no doubt, is working to get control of market share and money. But these decisions at the top aren't made by money because they have all of the money on the planet. In other words, if you can print the money and you have infinite money, the strategic decisions are not made according to what makes money; it's made according to what insures that they control.

Glover: Yes, in every realm of society.

Fitts: Our decision to use fossil fuels was made at the top level, and it was made for purposes of control – but not because we needed to be on fossil fuels.

Glover: In every society there is always a hierarchy.

Fitts: Part of it is currency. In other words, the premier position is to control the reserve currency. When we went off the gold standard, we went onto the equivalent of an oil standard. So I thought that a lot of what they did with GMOs and patenting seeds was to try to be able to replace the oil standard with control of the seed and food supply.

Thank God to India, that didn't quite go. So now I don't know where we are. Never-neverland.

Possibly the reason why we stuck with oil is because they needed something to insure the reserve currency. We never needed to be dependent on fossil fuel from what I can tell.



Glover: We built a society where our houses are like cardboard boxes depending on fossil fuels to pump heat in and pump heat out, and entirely not necessary. The technology currently exists to create housing without it. It's an enormous cultural and logistical challenge and an economic challenge at this point to rebuild our civilization so that human beings can live upon the planet Earth without destroying the soil, the water, the air, and each other. It's a tremendous challenge which I find to be a thrilling challenge.

Fitts: Paul, I have a wonderful subscriber who flies a lot, and I travel a lot, too. She is always remarking, "Most of the planet is empty." If you fly around the planet, most of the planet is empty.

In the 1800's, 3% of the population was urbanized. Now we are at 50%, and we are headed to what some estimate as high as 80%. When you fly around, there are enormous amounts of land that are just empty.

Glover: The emptiness, of course, is essential to our survival. That so-called emptiness is essential to our survival. It contains the lungs of the planet – the Brazilian rainforest which is being trampled, and the waters and soils and the other species.

Fitts: But industrial farming is what is killing the soil. I mean, there is a way to farm.

I think that it is a good conversation to say, "What is the optimal population size for the planet?"



Glover: Now we are getting down to it. I think that we have enough human beings. We need more wolverines. We need more giraffes. We need more lions. We need more things that eat each other, and we need more species vitality.

Fitts: I would say it this way: To me, the way that we are living on the planet is not supportive of planet diversity and health. Part of what I was doing in the 1990's was creating an equity finance system where people could make money healing the environment. What I was trying to do was say, "There's this thing called life. Life is people. Life is animals. Life is plants. Life is the healthy, vital water. It's the whole living systems. Then there is the financial system. Right now they have a win-lose relationship. The financial system is making money from harvesting and destroying life. So let's reengineer how we do the financial systems so that the two are in alignment."

As you destroy a neighborhood, your financial equity goes down. As a neighborhood becomes more vital and more diverse and healthier, it goes up.

One of the things that I was able to prove to myself from that period is that the average investor, when given a chance to transact to environmental health, will almost always go there. They will shun the opposite. But they have to have a transparent system, and they have to have a transactional pathway that says, "Okay. I can make money on my stock from improving and healing the environment and making the place beautiful," and all this kind of stuff.

What was phenomenal to me was the hunger. It was just like the hunger for community currency.



The hunger in the average person to put their retirement savings behind something that made their place wonderful was off the charts. It took a lot of political pushback and surveillance and other stuff to stop it and to get people to buy Monsanto.

It's there to be done, but you have to reengineer the financial system. I am sure that is one of the reasons why you started reengineering the financial system in 1991.

Glover: That is so well said; I completely agree.

One program that I have put forward in Philadelphia is what I call the Philadelphia Regional and Independent Stock Exchange (PRAISE).

Fitts: You do have a degree in marketing!

Glover: PRAISE's intent is to gather capital of all kinds for regional eco-development. It says, "If you want and need to invest capital, here is a direction on a regional scale, an environmental scale, and an equitable scale for your money."

We used to have some 30 stock exchanges in this country. Now it's down to half a dozen.

Fitts: To the average small business man, they are paying 30% for equity capital, and the top guys are paying almost zero. It's phenomenal. That also translates into debt. So the small business guy is paying 23% for debt capital, and the guys at the top are paying zero to 2 or 3%.



For years you had hedge funds that were paying nothing – basically zero on the carry trade. But it's very important to the system to make Monsanto look like the winner and small businesses that fail look like the losers when, in fact, they are not. The cost of capital engineered behind the scene provides a tremendous advantage or disadvantage. That is why there has been such a pushback to centralize control of the equity system.

Glover: Without an alternative the middle class – the people who want to invest for their retirement – are brought into a stock market which is boom or bust. It's, "Come on in, come on in. Hey, looking good!" and then, of course, inevitably sooner or later it falls apart and the middle class loses money.

Fitts: Historically that isn't true. If you look at the equity markets, and if you just did a buy and hold, you got harvested, but you generally went up if you bet on the system. If you do a modified buy and hold, you did very well, and you did better than if you invested locally in many cases.

In fact, they have produced – and it is a complicated thing – a reasonable return to people who have bet on the establishment. I think that the thing that was so shocking about 2008 to 2012 with the bailouts was that it was the first time since the Depression that the establishment really stuck it to the middle class – big, bad, and in your face. I think that it has created the crack in the official reality that has turned into many of the things that we see going on now. Too many people are saying, "Wait a minute."



For ten years, I was an investment advisor. The people who came to me were people who had their child hit with vaccine injury, or somebody in their family or themselves had been in Madoff. They had been stung by the system. If you look at the number of people who have been stung, it's now significant. But, in fact, one of the reasons why everybody played ball was because in terms of the long-term equity investment, the establishment had taken care of people who fed the establishment.

Glover: I agree. The next generations will be more and more skeptical for very good reasons.

Fitts: The millennials are very skeptical.

Glover: I taught at Temple University, I taught at Philadelphia University, and I keep current with them. I have friends among them who are much younger people, and they are very skeptical that the system works and is intending to work for them.

When I taught at the universities, I said, “You have a financial obligation to repay a student loan, but you have no moral obligations to repay a student loan because it is the primary moral obligation of elder generations to transfer knowledge to the next generation so that society can progress. But when the elder generations – me included, though not me intended – create a 100-foot wall between yourselves and knowledge called ‘debt’, you have no moral obligation to repay that. You have a greater moral obligation to do what you best understand will benefit your generation’s following.”

Fitts: I will be tougher. I think that it was fraudulent inducement.



Glover: How can you be tougher? I tried to be as tough as I can.

Fitts: No, I can be tougher. If I encourage you to take on a loan, and I fail to disclose a material fact related to your underwriting of whether you can pay that loan back or not, that is fraudulent inducement. In fact, that debt can be negated.

I would say that most of the student loan debt in this country was fraudulently induced. So I think that if we really had judges who were free to apply the law, most of that student debt can be thrown out.

I have an article that you should read called *William Diefenderfer: The Financial Hit Man of Student Loans*. I used to be on the board of Sallie Mae, and after I left was when they pulled the bankruptcy. They changed the bankruptcy provision and did some other things.

I had a partner who was very eager to go on the board of Sallie Mae. After I went off the board, he went on. He was brilliant at engineering legislation. My guess is that he was the guy who did that. He was certainly on the board when it happened, but he was the kind of Svengali who could figure out how to do that and get it through Congress.

I wrote an article about why someone who had been so blessed by the system would destroy the future for the next generation. Why would they do that? It was a fraudulent inducement. He was with me at Hamilton Securities. He was on my board, and he was in the room with me when we talked about the fact that globalization was going to destroy the middle class.



If you read my online book, *Dillon Read and the Aristocracy of Stock Profits*, what I was working on was a plan to help the middle class jump the curve on what was happening. In fact, what we did was we encouraged them to do the opposite. So they needed to pay down debt, learn new skills, eat fresh food, and do all of the things that would help them be savvy with where the world was going.

Instead, we encouraged them to do the opposite: Don't get new schools, take on mammoth amounts of new debt, and get dumbed down. So it was a fraudulent inducement on the housing debt and the mortgage stuff, and we were telling them to go out and get 3,000 and 4,000 square foot homes when we knew that they wouldn't be able to afford it, let alone heat it, in ten to twenty years.

So we fraudulently induced the parents, and at the same time we fraudulently induced the kids, and they knew exactly what they were doing. Bill Diefenderfer knew exactly what was coming. He knew, and he was sitting on the board of Sallie Mae when it happened. So he knew.

The reality, as far as I'm concerned, is that all of that was fraudulent inducement. If the law was relevant, I think that there are thousands and thousands of kids who should not have to pay that back.

Glover: We have a cannibal economy. We have an economy where people cannot conceive what to do and how to live other than to aggrandize themselves.

Fitts: The thing that I ask in this article about Diefenderfer is I describe Bill and I describe his wife. I describe the fact ———



— that they lead a very wealthy, socially prestigious life. I ask the question: Why? Why would they do that? Why would they be financial cannibals, and why would they be prestigious? Why did their neighbors think that that was okay?

In other words, you have got a whole society pretending that cannibalism is socially acceptable. Why?

Glover: Because they cannot conceive of any alternative. That is my impression.

Fitts: What I will tell you is that what I discovered stimulating the US economy is that the problem in the current system is that the government money has a negative return on investment, and the sub-optimization of total equity wealth is dramatic. If you could simply optimize the economy, our current wealth is 1% of what it could be, especially with new technology – and that was before I understood the new technology.

In fact, I can absolutely envision an alternative; it's called civilization. Without law, there is no civilization. You can liquidate what has been created so far. But once you liquidate it, then you are talking about robots and a few people.

Glover: Yes, indeed! As I see it, this process of rebuilding civilization thoroughly over the next many decades toward balance with nature will fully employ the next ten generations and create trillions of dollars of new investment opportunity.



Fitts: How do we commit to a human civilization? There is a lot going on – whether it’s lab-grown meat or a Gender X or some of this other stuff – which is not committed to a human civilization; it’s committed to robotics and AI.

Glover: We begin where we are with the people who are ready to begin. That is how society has always changed.

I am aware that some people say, “In the next 12 years, we must totally change everything or else we are doomed.”

I say, “Thank you very much. That is beside the point.”

Fitts: I remember hearing that in the 1970’s.

Glover: Right, peak oil and everything.

My attitude is that in any situation we look at what we can do, and we begin where we are within our reach with the people who are ready to begin. It is absolutely essential, and it is far more fun. I believe in the creativity and beauty of average people and the beauty of children particularly.

My theme is that our cities must become as beautiful as the children within them. Nothing else is progress.

Fitts: Tell everyone how to find your website and how to find your books and how to stay current on what you are doing.



Glover: My website is www.PaulGlover.org. My books are there on my website.

Fitts: There are many resources on your website. Your website is like chock-full of nuts. It's got a lot of stuff. It's a very rich resource.

Glover: I would be very happy and especially gratified to connect with people through your subscriber base.

Fitts: Is there information on how to contact you on the website?

Glover: There is also the email, Twitter, and Facebook links on the website.

Fitts: Oh no!

Glover: Oh yes! I haven't gotten beyond those. Facebook is, of course, an evil company, but it is terrific for organizing. I connect with so many people through it. At the same time, they are knowing everything about me.

As a 62-year-old gentleman, I saw these advertisements for '18-year-old girls looking to meet 62-year-old men' so I changed my age to 105. Now all of the advertisements are, "Are you dead yet? Would you like a funeral package?" So I took care of that.

Fitts: I just have to tell you that I hate social media, but what happened was I was on no social media, and then JP Morgan Chase was on the social respectability scale is negative five for me on a scale of one to 100.



Jamie Dimon had a young, with-it head of social media for JP Morgan Chase who decided not that long ago – towards the end of the bailouts – that it would be a really hip, cool thing for Jamie Dimon, the chairman of JP Morgan Chase, to do a chat on Twitter.

This is announced, and Jamie Dimon gets on Twitter. Every smart guy in the independent financial media and blogger was waiting for him, and they dumped fact after fact, and figure after figure. They dumped reality, and I don't think that Jamie Dimon has seen that much reality in 24 minutes because 24 minutes was exactly how long it lasted before they cut it off. It was supposed to go an hour.

When you read it, Paul, it is the funniest thing you have ever read. I can just see Jamie Dimon's expression. I said, "You know, I think I'm going to get on Twitter."

Glover: It happens. Every media gets taken over and centralized. It's like you get drums across the hills, and somebody will take over the drumming. Then you get the newspapers, and they become increasingly centralized. Then radio – which was vastly decentralized – became centralized. Now television is centralized.

Fitts: There is a wonderful book that I always try to get everybody to read. We have a 'Best Books for the Year' in the Annual Wrap Up in January. Tim Wu, who ran for Lieutenant Governor in New York, has a book about how information technology blossoms. You get new technology, and it blossoms. Then – wham! – everything just progressively ends up with more centralization.



Glover: Come around full circle. There is something beyond the world-wide web. Who knows what that is, but it comes on beyond it, and essentially it will be actual human beings speaking with one another.

Fitts: It's called communication.

This has been lovely. I thank you for your generosity in letting me come to your home in the middle of Christmastime and having this conversation. I didn't want to come in and out of Philadelphia without plugging people into your work. I think that I am getting more and more questions about community currency, and I think that they should be sending something to PaulGlover.org and getting your books.

Glover: It's been a great pleasure to speak with you, Catherine.

Fitts: Paul, thank you for everything that you do. Just keep doing it. We are in cahoots. You keep us posted on what we can do to support you.

Glover: Thank you.



MODIFICATION

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.