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The Solari Report

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2nd Quarter 2021 Wrap Up: CBDCs with John Titus

Catherine Austin Fitts: Ladies and gentlemen, this is a moment we have all been waiting for. First, we looked at *The State of Our Currency*. Then we asked John Titus to drill down to *Going Direct*. We were not disappointed.

I said, "Okay, John. It's time for another drill down," and the man has hit oil. This is CBDC, and we will discover why you definitely want to use cash on Friday.

John Titus, you have done an incredible job. We have the written description up on the web presentation. Today you are going to walk us through the presentation (all visuals referred in this report may be found on *The Solari Report* website). We have plenty to talk about as well.

I know this has been a significant research project for you, and you have much to say. With no further ado, take it away.

John Titus: Let me preface my remarks by saying that this is a bit more difficult than the *Going Direct Reset* because the *Going Direct Reset* had already happened. Forensically, there is a record, and you can 'poke' through it, and it doesn't take that long to figure out what is going on.

CBDC is a little different because it hasn't happened yet; the Fed has not issued a CBDC, and no major central bank has issued a CBDC yet. China will probably 'lead the pack'.

We can glean a lot from the record that we have, which made this a bit more difficult to do. But at the end of this presentation, you will certainly have a better feel for the contours of the CBDC system and where it fits in the pattern of things.

Fitts: I should say that CBDC stands for Central Bank Digital Currency.

Titus: In many ways, central bank digital currency – as you are going to see shortly – is a natural continuation of the *Going Direct Reset*. That is really clear.

Let me just launch into it, and say a couple of things at the beginning here. I'm going to pitch this and present it from the point of view of the Federal Reserve, but really, the Fed is managing a two-tiered monetary system in the U.S. It's a debt-based monetary system that has to have two tiers, and all central banks operate the same way, and all jurisdictions throughout the world operate the same way.

What applies to the Fed practically applies to everybody. The jurisdictions that don't have debt-based monetary systems tend to be ones like Libya, and bad things happen to them. But the Western world uses the two-tiered monetary system.

The Fed is an important player in that system, obviously, with the biggest currency in the world. But the Fed has a long pattern of creating problems and then proposing solutions. Like Mighty Mouse, they swoop in, "Here we come to save the day." But unlike Mighty Mouse, Mighty Mouse is there to help the public, and the Fed's solutions are intended to – and do – increase the Fed's own power.

In fact, if you read history and read monetary history, you can find the very genesis of the Federal Reserve was that dynamic. It was runs on the banks that were happening in the latter part of the 19th century, up until 1907. It was all engineered by Wall Street, and then the powers behind the Fed were there, waiting with a solution called the Federal Reserve, which did nothing but concentrate the power.

Once that power was concentrated, we very quickly saw the depressions of 1920 and 1929. You probably would have seen them earlier had it not been for World War I, which the Fed figures rather centrally in that as well. That is a background on the Fed.

We will see that dynamic occurring here. So, what I want to cover here in four 'chunks' is: 1) The two-tiered monetary system. I know that we have done a bit of that before, but I want to cover it quickly. 2) Look briefly at the *Going Direct Reset*. 3) Look at the transition from the *Going Direct Reset* to central bank digital currency. 4) Finally, look at the structure of the CBDC in so far as we can infer what that structure is based on statements from Federal Reserve officials and other people.

To be sure, the CBDC is the latest in a long line of solutions proposed by the Fed to solve problems that have been created by the Fed itself in the first place.

The Fed is not going to own up to these problems, and that brings us to the point that needs to be made here: When you hear the Fed talking about goals, much of the time those goals are not genuine, but they are valuable to us because they reveal where the Fed is headed in certain instances. You will see plenty of reading between the lines. That is just the nature of the beast.

I'll give you an example of what I'm talking about: You hear the Fed a lot of times – Jerome Powell and other central bank officials – talk about the 'unbanked', as if $100 million Jerome Powell cares about the person 'living under the bridge'. The Fed is all concerned about the unbanked and people who don't have bank accounts, and the Fed is there with a solution that is going to have central bank digital currency, which will allow the unbanked to participate fully in an electronic society. That is interesting because the FDIC actually surveyed of households and discovered that 5% of households in the U.S. are, indeed, unbanked. But the survey done by the FDIC reveals that three-quarters of those houses do not want to be banked; that is their choice. They don't want anything to do with the electronic monetary system. That is why they are unbanked.

The notion that the Fed is using unbanked because they care about people who are too poor to have bank accounts is nonsense. It's just a storyline the Feds are pushing. That tells us where the Fed is going to be headed with CBDC. They will start at the 'lower rungs' of society.

In any case, the Fed is years off from central bank digital currency, and it's going to be a while. China will probably be first, so we have some time here. We can figure out where the Fed is going from the things they've said.

We need to start with the two-tier monetary system. I want to look at that. The thing to keep in mind with the monetary system is that the money supply is the key to controlling the population, and we are going to see that.

Let's talk about the two-tiered monetary system. If you look at the chart, on the right side, we have the Private (retail) system. It is named 'Private' because the issuer of money in the private system is commercial banks. I'm going to simplify this greatly. 'You and I' are in the rectangle because we use the money created by commercial banks when they lend. That is how commercial banks create money; they lend it into existence. They create that bank money, they lend it to us, and then we pay it back. It destroys the money, and then it starts the cycle anew.

Let me say from the front, I know that the money in your account may not be borrowed, but rest assured that it ultimately is sourced and borrowed money. That is just the way the system works. Regarding bank money, half of it originates from bank money, and the Private (retail) monetary system from commercial bank loans. Period.

There is also cash. We get cash from commercial banks. So if you need cash, you go to a commercial bank. You can redeem your electronic bank credits in your account for cash. So, you can take out $100 and get it in cash, but we're not really going to focus on cash too much. I'll get to that shortly.

The second half or circuit of the two-tiered monetary system is the Public (wholesale) system, where the money issuer is the Federal Reserve. The Federal Reserve issues money to commercial banks in the form of reserves. Oftentimes, the Fed will buy assets from commercial banks, which might turn around and sell them back to the Fed. That is basically how that process works.

There are more than just commercial banks operating in that system using reserves, but for our purposes, the one that matters is commercial banks.

The Fed issues cash to commercial banks. That is how we actually get the cash. It comes from the Fed, the Fed issues the cash to commercial banks, and the banks pay for it – they buy that cash with their reserve accounts just as we have to get cash from our banks with our deposit accounts. That is how that system works. However, in the digital monetary system, we are not so focused on cash – although cash is an interesting model because if you have cash, you can spend it on whatever you want.

Plenty of times, the central bankers will tell you that CBDC is just like cash. It isn't. It's far different from cash because you're not going to be able to spend it on what you want. So, let's keep continuing on.

The problem that the central banks are talking about with this debt-based monetary system and the Fed is not really owning up to this problem. It is essentially a Ponzi scheme because there is an interest rate attached to the bank loans when the money supply originates. So, you might get a loan for $1,000. At the end of the year, you have to pay back $1,100. You don't have $1,100; you have $1,000. The $1,000 was put into the system. So, where does the extra $100 come from? The answer is: The loans need to increase to get more money into the system. That sets up a Ponzi scheme.

What you need to mask the Ponzi scheme are an expanding economy and an expanding money supply. That is the problem. Once you stop expanding, the 'clothes come off', the truth is revealed, and the system begins to collapse. So, you need an economy that expands at a higher rate than the interest rate on the loans that commercial banks make. That's a big problem – as we shall see.

Commercial banks, over time, have tended to get smaller, and the money supply has begun to shrink. In large part, this is due to policies of the Federal Reserve. The Fed specifically has encouraged the formation and consolidation of banks in the bigger banks. It has turned a blind eye to fraud where these banks are choking on their own fraud, and money is vanishing, shrinking the money supply and causing problems to the economy. The Fed is encouraging all of this by saying, "The banks are too big to fail."

The very banks that are committing the fraud are too big to fail, so it just increases the problem. You can see how important the money supply is to the economy in this figure here. This is money supplied during the Great Depression. You can see the 'goalposts' on the right are Black Tuesday in 1929 and the Bank Holiday in 1933. That is the 'teeth' of the depression – that three-and-a-half-year period. How did that get started? That got started when loans began to stagnate in 1928 and then declined in 1929. That spells big trouble in a debt-based monetary system. Once that happens, you are in real trouble.

You can see this same dynamic again in the global financial crisis of 2008. This is a 20-year graph of commercial bank loans starting in 2002. The gray bar in the center is the 18-month period of the global financial crisis, which gets starts off again when loans begin to stagnate in April of 2008. They decline, and once that decline starts, you are in trouble, the system is in trouble, and it's going to seize up. That is just the reality of how this works.

After the global financial crisis, the Fed began to try to control things. It's done this for a while. It has indirect control from the wholesale side (the blue side). It can only control the money supply on the right side, and that is what we are looking at in those graphs – the retail money supply (the red side).

The Fed's control over that money supply is very indirect. What the Fed has done in an effort to control the money supply is it plays with interest rates. It sets up a lower interest rate for the commercial banks in terms of reserves because commercial banks are the 'linchpin' in the system and because of arbitrage. They have to make more money. The retail interest rates are tied to the wholesale interest rates, and that is what the Fed has been doing, but the Fed has 'run out of rope'.

The theory here is that by lowering interest rates on the wholesale side, you will get lower retail interest rates on the retail side, which will spur lending, and you will get more money that way. But that can only work so far, and the Fed has run out of 'runway' as interest rates have come to zero.

You can see the problem here with big banks in this graph. The Fed is encouraging big banks. The Feds have approved in the last 15 years approximately 3,500 bank mergers. The Fed has not denied one bank merger.

So what is this graph showing us? These are commercial bank loans. The blue line is all banks, and the red line is only the 25 largest banks. So, you could see that the largest banks are lending less, and that all banks – which includes the largest banks – are lending more. So, the culprits in this are the biggest banks.

This graph looks even worse when you get to the 'Big 4' banks – the 'Too big to fail' banks. This gives you a sense of what is going on. The Fed is encouraging big banks, and they are simply not lending. You can really see this in the fraction of total loans made by the top 25 banks in a 20-year period. It has declined from 69% to 59%. So, by encouraging big banks and turning a 'blind eye' to their fraud, the Fed is choking up the system and reducing the ability of the monetary system to function properly.

Now we come to the pandemic, our favorite topic. What is going on with the pandemic?

The pandemic has helped big banks, and it has harmed Main Street and Main Street businesses, in particular the lockdowns. That is not accidental.

We saw this in the *Going Direct Reset*, which we talked about in previous reports. It is all set out in the *Going Direct Reset Solari Report*. It was all planned by BlackRock for the next downturn. The downturn was planned. The plan that BlackRock had was for the Fed to come 'swooping' into the *Going Direct Reset* where the Fed – according to BlackRock – was going to come in and, "Fix the situation by directly injecting money into the retail circuit." That is what BlackRock wanted, and that is what BlackRock got.

This, of course, helped the big banks. When the Fed came in, it came in 'guns blazing' with about $3.5 trillion of wholesale money. This was replicated per the BlackRock plan in the retail economy. All those transactions were huge, they all involved big banks, and they all held big banks. At the same time that this was going on, there were lockdowns hurting small businesses. Everybody knows that.

This gets us to another narrative by the Fed. It really 'circles back' to a narrative by the Fed, and that is this notion that the Fed cares about the unbanked. The Fed knows that Main Street is getting crushed. That is really part of the plan. Thus, we start to hear talk about the unbanked and how people don't have access to the system. You hear talk about universal basic income. There are many articles in popular financial press about universal basic income. None of this is accidental. The solution to all of these woes that the Fed wants to talk about, of course, is CBDC. They say that is what is going to help the unbanked get on board, and that is what will help prop up a flailing Main Street, which has been really hurt by the lockdown policies during the pandemic.

Fitts: May I jump in here?

Titus: Yes.

Fitts: Sometimes you will hear commentators talk about how the 'split circuit' is with the low interest rates at a point where the Fed can't 'push the string'-the 'Poor Fed'-and this is really a problem that is outside of the Fed's control. They say that quantitative easing is only the little that they can do.

It's a storyline that I completely reject. One of the reasons I completely reject it is that if you go back to your circuit of commercial banks lending, one of the things that the Fed has done since the Great Depression is it has constantly 'injected steroids' into that process by the use of fiscal policy. So, you get the government to borrow from the commercial banks with Treasury securities, or even now with quantitative easing in more recent years.

Basically, you 'juice' the lending process through government, and then as the debt skyrockets into government, you force all sorts of spending. One of the things that we see with that spending, as well as the massive fraud that comes with it, is, not only money disappearing, but tremendous kinds of mal-investment where investment is made for political reasons or political control or to centralize control; it's not done on any sound economic basis, and consequently, small businesses put into the position of having to compete against this 'tsunami' of maladjustment.

It's phenomenal that small businesses do as well as they do. One of the things that the small businesses depend on to compete within that maladjustment is they need healthy lending from the small banks who, increasingly under regulation, have been forced and pressured to do their lending into their securities portfolio. In other words, they are lending to Fannie Mae and Freddie Mac, or they are lending into a fraudulent mortgage bubble; they are not lending to the small businesses that can provide healthy growth and economy.

Titus: In other words, isn't it easier to make money by investing in Tesla than 'risking your neck' by investing in a laundromat on Main Street?

Fitts: Right, and I don't think it's only Tesla. I call it the 'Federal Credit Arbitrage' where you put massive amounts of money into Treasury in the long end, and the Fed runs a fixed credit arbitrage for you. So, you are 'sucking up' all of our deposits, and then you are lending it to the government who is using that money to institute central control in a way that is harmful for your business, harmful for your neighborhood, and they are getting a fixed income from it.

You could make money in that model with your eyes closed, and it's all with our credit.

Titus: In other words, take your choice: You could go to the casino and probably win on Tesla, or we could give you a guaranteed income stream with the Treasuries.

Fitts: And you could do both, which is what has been going on.

When we say the Fed has no demand for lending, that is a little like saying that there is no demand for oxygen from the people we just killed.

Titus: I'm not saying that there is no demand.

Fitts: You're not saying it, but I think many of our subscribers have constantly heard this mantra, as if the owners of the Federal Reserve were not responsible for the illegal transactions in the U.S. government or the serious corruption of fiscal policy.

We are looking at a combination of corrupt fiscal and monetary policy, which has been lethal. It's almost like a body on steroids. The body can't stand up without another injection of steroids. That doesn't mean that we should sit here and be steroid addicted.

Titus: Certainly, the big banks need more and more steroids. The steroid solution is running out – the 'steroid solution' being quantitative easing. Even that is not working. Now the Fed has to shift gears, and that is really the transition to CBDC.

Fitts: Right, and that is the danger point. You are describing here what, for many years, I called the 'tapeworm'. You are describing the fact that this systemic harvest has been happening, and it's been a multi-generational drain.

Titus: I completely agree with that. With the Fed having run out of runway and the steroids not working, guess what you can expect more of? Pandemic! Pandemic! You will get much more productions like that.

Fitts: I've mentioned this to you before: If you go to the Hickory Valley Post Office as often as my team and I do, you get to know the 5% who do not want their money in the bank. They do not want anybody locally or nationally to have their data; they want privacy.

Let me tell you something: They are an amazing group of people, and they are very smart. They go to extraordinary lengths to stay unbanked, and you know something? They love it.

Titus: They are a step ahead.

Fitts: They are way ahead.

Titus: As we will see, they are ahead. To see how they are ahead, let's keep on going here. I want to look at the *Going Direct Reset* where the Fed helped billionaires. Another big part of the *Going Direct Reset* – the fundamental part of it – was the Fed getting much greater control over the retail money supply. So, I want to switch over and talk about that. We are going to get plenty more pandemic, but let's look at this graph. This is the graph we saw in connection with the *Going Direct Reset*, '*Retail Deposits vs. Federal Reserve Deposits*'.

This is retail deposits in the red. That is our circuit. The Federal Reserve deposits are in the blue. That is the wholesale circuit up until the time of the pandemic. The story here is that up until the time of the pandemic, these two lines were very independent of each other. Stated more precisely, the red line – the volume of money in the retail circuit – was independent of the money on deposit in the wholesale circuit; it was independent of reserves.

Then the pandemic hit, and the BlackRock plan went into effect. Then you see this. You can now see that starting with the pandemic and the 'BlackRock plan', the red line begins to mimic the blue line; the retail money supply is tracking the wholesale line.

Fitts: In the money world when you look at that, it is a 'Holy smokes' chart.

Titus: It's somewhat good being outside of the money world because I'm not bogged down with too much information.

Fitts: That's a big, "WTF?"

Titus: That's a major graph. So, that is the story there.

I want to look at this graph. This happens in lockstep. Take your pick as to dates. I had initially thought that this started happening in early March or late February, but I did a video recently called *Larry and Carson's Excellent Pandemic*, and concluded that the real date of the lockstep – when the retail supply starts tracking – is actually when the repo crisis [in September 2019] starts. But pick your point; it doesn't really matter. Either way, that was according to a BlackRock plan.

Fitts: So that was not a crisis; that was an implementation. The decision makers gather in July and August, and they make their decisions at these various groups. They tell everybody in Washington to get ready to do the next budget and to implement things, and then they go into the market and begin.

Titus: Right. When the problems began in the repo market in New York, even that was JP Morgan. JP Morgan caused that by withdrawing its reserves from that market and no longer lending into that market.

Fitts: What a coincidence!

Titus: That is what is occurring there. Let's get back to this graph. I want to look at it in terms of a diagram back in our system.

I don't know if you can see this, but there are thinner lines in the retail circuit on the right-hand side because the gaining of interest rates isn't really working. What *The Going Direct* plan really did was enabled the Fed and gave it a 'pipeline', somehow, into the retail system. You can read this. *The Going Direct Reset* starts at page 60, and it describes the dynamic that leads to how the Fed is getting a pipeline into the retail circuit.

It is, and it pumps back up the circuit in a way that helps billionaires. The retail money supply does go up. You saw that in that graph.

The problem is you have shrinking bank loans and a shrinking money supply. The Fed now has a pipeline into that. That brings us to another point that I want to talk about regarding going to the CBDC. The Fed is going to implement CBDC because that pipeline is only going to get so far.

In other words, the *Going Direct Reset* was a patch. It was the last major 'steroid injection' into the system. It may not be the last, but it's the first of the last series of injections.

Fitts: I would describe it as the anesthesia.

Titus: Let's be aware that there are issues as we get into CBDC that should be part of the discussion.

The Fed is going to need congressional authorization to go to CBDC. Jerome Powell has said as much. The Chairman of the Fed has said, "We are going to need congressional authorization to do this."

I think it would be helpful to keep in mind some of the issues as we go to CBDC that should be part of that discussion but probably will not be.

What I want to do now is look at how the Fed will begin transitioning to CBDC, and how that transition process is going to take place. We have to keep this in mind as we go to CBDCs.

I'm going to go to the transition. Here is the current system, the *Going Direct Reset* with the dotted line from the Fed where it's somehow routing money into the retail banking system. It's actually going to billionaires, but it is getting into the retail system. That is happening for sure.

Fitts: I should point out that anybody who sold a house during this period, and had people come in and bid anywhere from $20,000 to $1 million over asking price, which were all private equity firms that lead back to Wall Street, everybody knows that they've had that money injected into retail.

Titus: Right. The reserves basically were 'cloned' in the retail circuit. That is the bottom line. But the recipients of that cloned money in the retail circuit were billionaires. That is what driving up those prices.

Fitts: And private equity firms.

Titus: Yes, all of the major financial players. If you are a minor player, you are not benefitting from that at all. You might be benefitting from the levitation of the stock market, but you are not directly benefitting. Don't 'kid' yourself.

Let's get back to this: The indirect route isn't going to work for the Fed, so it is ultimately interested in is getting rid of the dual circuit there where you have two parallel systems. It wants to go to a single-track system. That is eventually what it's after with CBDC.

If the ultimate system were nothing but CBDC, that is somewhat what it is going to look like; that is what it is transitioning to. There are many steps along the way.

If you look at the bottom, you have the public system and the private system. The Fed wants to get rid of that. In connection with getting rid of that, it will get rid of commercial banks there in the red. Remember, they were issuing money to you and me. That is now going by the wayside. The Fed is getting rid of that. That process has already begun, as you see the loans shrinking. The bigger banks are making fewer loans. That process has already started.

Eventually, in a CBDC system, the commercial banks are not going to be issuing money at all. You are going to have no reserves, no bank money, and it's only going to be CBDC.

You will still have commercial banks in the middle of this system, but because they are no longer issuing money, you don't really need to call them a 'commercial bank', meaning that you can create money out of thin air when you lend. That no longer matters. So, at the middle of the system, it doesn't necessarily have to be commercial banks. The people in the middle are, in the final analysis, just traffic managers.

The traffic that they will be managing here, to be clear, is CBDC going back and forth from the Fed to you and me with traffic managers in the center. These traffic managers will include commercial banks, but they will not include commercial banks issuing money. All the CBDC issuance will come from the Fed. So, this is going to solve the problem in the Fed's mind. The shrinking money supply is now going to be the solution. The Fed takes matters into its own hands with central bank digital currency.

Here you are beginning to see the contours of what that system will look like. It's a 'one-tier' monetary system, but I have 'one-tier' in quotes because that's not going to work; a one-tier monetary system is simply not going to work because it's too complicated.

This is a good point to talk about a couple of issues in connection with CBDC. The issue we should be concerned about at the outset is: With the Fed issuing CBDC, they have said again and again – both the Fed and the BIS – that this is going to be the third liability on the central bank balance sheet, the first two liabilities being reserves, which are electronic, and physical cash.

When the Fed issues money, whether it's reserves or cash, it doesn't just issue that; it's a two-way transaction. They are actually selling that; they are selling reserves, and selling cash. They are getting something in exchange for it, and they are getting in both cases a bond from the U.S. government or a mortgage-backed security. Let's talk about the U.S. Treasury as an example.

The Treasury, which is backed by the full faith and credit of the United States, backs the issuance of that money. That is what that money is backed by, which is the collateral. The Treasury is used to collateralize the cash, and the Treasury is used to collateralize the reserves, too.

The question with CBDC is: What collateral is going to be 'ponied up' to get the Fed to issue $1 billion in reserves [sic: CBDC]? It could be a couple of things. It could be a $1 billion bond. That would be the fast way to do it. The other way it could be done is collateralizing the people who are getting issued central bank digital currency. The full faith and credit of the person who is receiving the central bank digital currency could be the collateral him or herself. So that is one question about this, and it is a serious question. It's a question that you don't see answered or even posed in discussions of central bank digital currency.

The other questions are: What is the structure of the traffic managers and the intermediaries going to look like? And will the Fed even use private intermediaries? The answer to the latter question is: Yes, the Fed will use private intermediaries because it's not going to be workable unless it does that. There is a quote from a person on the ECB (European Central Bank, the European equivalent of the Fed), "The ECB does not plan to interact directly with potentially hundreds of millions of users of a digital euro; we simply would not have the capacity or resources to do so." That statement comes from Fabio Panetta, an executive board member of the ECB. This tells us where the whole system is going. That is guaranteed to be true at the Federal Reserve as well. They are not going to issue directly with hundreds of millions of users. That will not happen; they are going to go through intermediaries.

Now let's look at a diagram of what that system will look like and where it fits in the current system. This diagram is taken from a BIS working paper on CBDCs. You have cash on the top right. On the bottom right, you have consumer bank deposits. In the middle, you have retail CBDC. So, the CBDC system fits into the existing system; it is sandwiched in there. You have commercial banks in the center still operating commercial bank accounts, still dealing with reserves, and still have coins and bank notes issued from the Fed on the left, and cash getting into the system on the right.

The CBDC system is what the one-tiered system would look like. The one-tiered system, as we just saw, is going to have an intermediary there. Just as you see a commercial bank in the center of this diagram, insofar as bank deposits and reserves are concerned, you will have intermediaries in the middle of the one-tier CBDC monetary system as well.

Those traffic managers in the center are guaranteed to be in the center of that system managing that system simply because the Fed can't handle it.

There are a couple of ways that this could go.

Let's start with you and me. I've called the traffic managers here 'PSP', which stands for Payment Service Provider. That is 'lingo' that comes from a lot of central banking documents. You will have central bank intermediaries – the payment service providers – standing between the Fed and you and me.

In this example, the Feds have $1,000 of CBDC assets. We don't know what that $1,000 is. Is that a bond from the U.S., or is that the sum of individual bonds? We will leave that question for later.

Let's say that you have $100 of CBDC at your service provider, and I've $50 of CBDC at my service provider. At your service provider/traffic manager, there are $500 of other accounts, bringing the total to $600 of your service provider/intermediary accounts. On my side, my provider has $350 in other accounts. The total number in the accounts there is $400.

There are a couple of ways the Fed could manage this system. The way I think it's going to go based on the papers I've read and the statements that I've seen – and I discuss these in the paper version of this, and it's on the Solari website – is they are going to try to replicate the wholesale system this way.

The traffic of the payment system will not be managed by the Feds. We already know that. It's going to be managed among and between service providers. So, when you make a payment to me or I make a payment to you, it's going to be routed through the service providers. The Feds will keep track of this system. The question is: How much granular detail is the Fed going to have? I think it's going to 'shake out' to look like this on the liability side.

You will have $600 of CBDC that matches the $600 in aggregate accounts of your service provider, and then you will have $400 matching the aggregate account of my service provider. A few proposals talk about this; the Fed would track things that way and keep tabs on the system that way. It would shunt money around that way, but only at a wholesale level. And by 'wholesale', I mean on the Fed-facing side of the service providers.

There are other proposals that talk about this another way that could be managed at the Fed to focus your attention back on the Fed's balance sheet – the liability side.

Another way to do it would be this: They could have CBDCs lined up individually at the Fed like so: You would have $100 for you, $500 for me, $500 for other account holders, and then $50 for me, and then $350. You can see that the second model would be that the Fed would be keeping track of individual accounts. I don't think it's going to go that way because it's too complicated. Another reason I don't think it will go that way is that Jerome Powell has said some things about the CBDC system. He keeps talking about privacy, and said, "We have to be careful about privacy."

He is supposedly talking about personal privacy, but I think the way to read that isn't about personal privacy. I don't think that the Fed's concern of your privacy is genuine. I think, like anything else with the Fed, it's simply a talking point to advance an agenda. I think the agenda that is going to be advanced here with this talk about privacy is that your private data is not going to be handled by the Fed; it simply will be routed to the private service providers. The reason I think that is that the CBDC system and banks are no longer issuing loans, I don't think they are simply going to vanish overnight. They're not like dinosaurs where a meteor hits them and commercial banks will vanish. The CBDC is not going to be the meteor event that wipes out commercial banks; it will be gradual.

I think it will force banks to find other ways to make money since loans are no longer doing it. Routing around money and serving as a public utility that multiplexes utility users and connects them with electricity suppliers, the banks aren't going to make money that way. They will be forced to find other ways to make money. I think the way they are going to do it is by monetizing your personal data the way FinTech monetizes personal data.

Think about it: Banks are making money via lending; they will make money on your personal data. I think that's just the way it's going to be. That's why the rallying cry from Jerome Powell really means, "Yes, we are going to keep your personal data out of the Fed's hand," but what he's not telling you is that the data will end up in private hands so that they can make their money, too.

The reason I say that is if the Fed was really concerned about privacy, it would have come down much harder on Wells Fargo when they stole everybody's identities and were setting up fake accounts. That's an identity theft every time they set up a fake account.

In Wells Fargo, not one person was prosecuted. There was never a case on that. The Fed basically turned a 'blind eye'. They fined Wells Fargo, but, again, that's the cost of doing business; it's not really a fine at all.

Another tell that the Fed isn't serious about privacy is an issue with central banks with how CBDC will be implemented. When you have money, like cash, that money has to be validated in some way, especially electronic money.

With cash, the money is validated by looking at the cash, and if it looks like it was printed on a Xerox machine, and the flip side is a white piece of paper, it's clear that you got this out of the copy machine. Cash is self-validating.

With electronic money, you basically have two choices in validation. One is that you can validate it like Bitcoin, a token-based validation in which you have a private key and a public key. If they match up, the money gets validated that way. That would preserve privacy. That is one way to do it.

The other way to do it is the way electronic money is done in the retail circuit now, which is called 'account-based validation'. That is what we have. It's validated by your picture on your debit card matches your face, it's done with signatures, or it's validated because you know the PIN and you have your own code. But the account is what is being validated, not the money itself. Once the account is validated, the 'sluicegates' for the money are wide open and it can go through.

The Fed will not go that route. The Fed will not go the token route; it's going to go the account-based rate. That's why I say that the Feds' concern about privacy is really overblown. I think the risk here, and what you are going to see 'shake out' with this, is that in the intermediaries, you will see that is where the passports fit in. All of your data is on the passport, and it's going to be handled by the intermediaries so that the Fed can watch this and say, "We were concerned about your privacy, but we really have no jurisdiction over the intermediaries using passports with all of your digital information on them."

In many ways, I think the move to central bank digital currency will spell the end of personal sovereignty, and I also think that it will eventually be the end of national sovereignty and bring in a system of global rules.

I did a documentary on my channel called *All of the Plenary's Men,* where I showed the rules that were implemented in terms of punishing banks for things like money laundering was actually a global rule system. It had nothing to do with American rules. So, already the erosion of national sovereignty has begun. That started a long time ago. But the central bank digital currency is going to make it happen, and I can explain that if you want me to. Basically, you've just seen the contours of the system.

Fitts: I want to stop here for a moment. I can't thank you enough for this because this is especially useful.

I want to look at this system, not from the point of view of the Fed or the customer, but from the point of view of all the different databases involved. I've done plenty of looking at what the Fed is doing with data, and it is very interesting that you have the Fed bureaucracy – 12 banks with their employees and staff – and you have the members who are the owners of the banks, and then you have the owners of the owners.

Let's call all the owners of the owners of those 12 banks the owners of the Fed. They are private and secret, and we can't know the details of who they are. I know in the 1990's, I emailed every Fed bank and said, "Do your members have access to your data, and who manages your data?"

They wrote back and said, "That's private."

So, we know we have the 'mother' of all databases. I think it's a very important part of what I call the 'Databeast'. What those owners care about is that they have access to all of the data.

They would prefer for the Fed staff to not have access to the data because then it makes it easier to keep them in the dark. If you look at the equity interest, they also own all the private service providers.

Titus: Right, just like they own all the commercial banks in the present system.

Fitts: If you look at the consolidation of the equity ownership and control, all they care about is that they get everything they want for their databeast, and they have 'five ways from Sunday' to get it all, aggregate it, and use it in various secret ways behind this whole construct.

If you look at the number of companies – FinTech, tech, and banks – that are lining up to participate in both the CBDCs and the passports, you realize that you have enormous fee flow that will have to shrink into a smaller fee flow.

I think you are absolutely right. One of the most important points that everybody needs to realize is that they are going to try to make this money on the data; they will try to leverage the data.

Titus: You're right, and I completely agree with that. The owners are the owners. The owners of the Fed and the owners of the commercial banks already have access to the data. So what does the CBDC gain? The CBDC system goes from having access to the data to using the data for control. So, not only can you see the data, but now you can use the data to micromanage people and businesses and to get whatever 'dark fantasies' you have in mind

Fitts: If you look at what they are doing with the digital money system, I want to emphasize – and you pointed this out to me earlier – that we already have a digital money system. In one sense, calling it a CBDC is just packaging to make people think that this is somehow new. If you look at their current digital system, they have been building increasing controls into it so they can use the digital money system to control you.

You pointed out to me that a governor recently said, "Why do we need CBDC? We already have digital money. What's the big deal?"

Titus: Right. There is already dissent in the Fed. They can't even get all of their own people on board with this. You can see speeches published by people saying, "We don't need CBDC at all. It doesn't solve a single problem. All of your problems are 'fairy dust'."

Fitts: That's because he's thinking that their goal is to serve the economy as opposed to sucking up power. He's thinking that it's a financial system, not a control system.

Titus: Exactly, but the fact that he thinks that should give you a very clear idea of how small the 'inner sanctum' is. It's small. You can't even get 300 people or 100 peoples on the Fed on board. You have dissenters in your own ranks. How small is this club?

Fitts: It's very small. I told you the story of the RTC cleanup in 1989. I was in the cash room with Alan Greenspan, Nick Brady, and the former person from Salomon [Brothers], and they were trying to engineer the sales so they would go off cheap, and their pals could buy cheap. It's funny because I knew Nick well. I knew Alan, but I didn't know him as well. I knew some of the other players personally. I could read what was really going on because I knew them. I thought, "Oh, no! They all sold at the high coming into this, and now they were going to pick up $0.10 to the dollar. They were going to make a fortune."

I think you have to understand that it's that scripted and organized. We are so used to listening to all these official stories.

Let me keep going because I think one of our opportunities to shift this to a more positive direction is if you look at the number of unethical, greedy, selfish people who are going to have to compete for that 'narrowing spread'.

Titus: There are many 'blood funnels going into one artery'.

Fitts: Exactly! I see all sorts of opportunity for the sharks to take off against each other. I think one of the reasons Powell is so concerned is that he knows the danger. I call it the 'Midianite thing'. I think that the Midianite thing here will be beyond beyond.

Titus: To be clear, the Midianite thing is the internecine warfare.

Fitts: We're not going to talk about it now, but if you look at the players on the vaccine passports, you have FinTech and tech, and then you have the banks. Apropos of what you said the Fed Governor said, I think that many people in the system do not yet see the trap and do not see this thing whole. Once they do, it will be very interesting.

Let me make another comment regarding BIS Innovation Hubs. We can defer this if you want to until after one of the other sections. The BIS is creating Innovation Hubs worldwide to work on CBDC with different preferred central banks. Instead of having an Innovation Hub with the Fed, they have a unique partnership that elevates the Fed's status in the BIS hub system.

It clearly means that there is some kind of global coordination going on underneath the BIS, and the Fed is a very powerful and important piece of that.

Titus: Here is my read on the Fed's elevated position: I think the Fed is going to lose sovereignty over money issuance, and I think that was the trade.

Let me explain how you lose sovereignty over your currency. Right now, as between the Fed and commercial banks, the Fed is 'king' – not just by statute, but realistically, it's king because it can't be bankrupt.

Fitts: And essentially, it can't be prosecuted.

Titus: Right. We know it's above the law, and it can't be bankrupted. It can print as much money as it wants.

Back in 1971, you could go in and ask for gold, and you could bankrupt the Fed. Now you can't. Ever since August 15, 1971, the Fed can print as much cash and as many reserves as it wants, and nobody can do anything about it. You can't redeem it. It's not like a coat claim check where you go to the window and say, "Hey, where's my mink?"

If you take a $100 bill to the Fed, you will walk away with $20's. You are going to walk away with more things that the Fed prints.

Commercial banks aren't like that. They could be bankrupt. If you want to bankrupt a commercial bank, have a person go into the bank and say, "I've got a $20 million account here. Transfer my money," or, "Give me my money in cash."

Fitts: Unless they are one of the lead owners, then the Fed will print for them.

Titus: The banks can be 'flushed down the toilet'. The Fed is king. But the way you lose your king status is when you can no longer issue as much money as you want. The way that happens with commercial banks is this: Why can a person who has a $20 million account crush a bank by transferring his money out? Because when that money gets transferred out, and when that retail money gets deleted out of his account, the commercial bank – in parallel – has to transfer $20 million in reserves to the recipient bank. So when the person says, "I want to move my money to JP Morgan," the $20 million in reserves is going from the little bank to JP Morgan. That is what makes the banks vulnerable.

It's the fact that the reserves are printed by the next person up in the chain – the Fed – that makes the Fed the master and the banks really the slave.

When you go to the CBDC system, you are going to have a number of countries issuing CBDCs. Eventually, somebody like the BIS (Agustin Carstens) is going to say, "You know what we really need for these cross-border payments? We need a settlement currency for the European central banks to honor the Fed's liabilities. We need a world reserve currency."

They won't use that term. They will stay away from that term, but the term they will use is, "We need a settlement currency where we can settle transactions."

When that happens, the Fed is no longer king.

Fitts: Right, but there are different ways that they can do this. They can use the SDR (Special Drawing Rights) system or something like that, or they can create a stable coin system through the IMF. So, there are different ways to do it.

The other thing they can do is delink the dollar system and move it under global control. They could use the dollar system to do that.

Titus: They could, but legally they would have big problems doing that.

Fitts: But they're not obeying the law with respect to 5,000 different things right now.

Titus: Yes, but here is the thing: This is why politics matters. Look at what the

Fed does. It has to pretend that it cares; it has to pretend that it's following the law; it has to pretend that it really cares about the law and that a lawsuit matters.

You can make the Fed do the 'dance'. That's why I say, "Ask questions of Congress. Make them answer questions about who is going to collateralize stuff."

Fitts: Here is what I think will determine this: What is the system that they can institute that protects the most secrecy?

Titus: The system that I just showed you where they outsource to private companies all of the data harvesting.

Fitts: No, I mean the reserve – the global currency. Is it the SDR system? What are the institutions and things that they can do to protect the most secrecy?

Titus: No doubt, it is the BIS (Bank for International Settlements); no doubt about it. The BIS is headquartered in Basel, Switzerland. The BIS Headquarters Agreement with Switzerland specifies that Switzerland cannot arrest anybody, prosecute anybody, access data, issue subpoenas, nor trespass. The BIS, for all intents and purposes, is a country operating inside of another country. It's above the law.

Fitts: It's the same with CERN (European Organization for Nuclear Research), I believe.

I want to mention something: When you see the *Vaccine Passports*, Part 3 and Part 4 by Corey Digs, which is now published, you see a databeast being created which is like nothing we've ever seen before on this planet. There is a real move to prototype putting every human being on a blockchain, and not only collecting all of this data, but extraordinary other amounts of data.

It gets back to your notion of human collateralization. We may be talking about an extraordinary control system of 24/7 all the data of your life from the time of birth. That is what they are building.

Titus: Right, "We've got it all, and you are the collateral."

Fitts: It's interesting because when I received your first draft of this, I called you and said, "I thought you understood how dark this was, but it seems to me that going through the detail of this is getting you to realize how really dark where they are going is."

Titus: The 'penny dropped' when I figured out the privacy thing with Powell. I realized he doesn't care about privacy. That's a set-up for him to outsource that to Larry Fink and say, "All of your data is in Larry's hands. That's what I mean by privacy."

Fitts: I'll tell you exactly what Powell is afraid of: Powell is afraid that people will see where this is going before he gets that authorizing legislation.

Titus: I think that's right. That is why I wanted to bring up the issue with Congress – the fact that they are going to have to 'dot that i' with Congress. Remember, the Fed was created on Christmas Eve of 1913. They may try the same thing here and just keep it dark or put it under another name or downplay it. The media has any number of ways to downplay this, but we need to raise 'bloody hell' about CBDCs and start asking the right questions, like, "What collateral are you talking about? And how do we have this system and not lose national sovereignty? Can you guarantee us that you will always have the reserve currency the settlement currency?"

Fitts: It's not only, "How do you feel about losing national sovereignty?" It's also, "How do you feel about losing individual sovereignty?"

One of my concerns is that if they use humans to collateralize the system, is there going to be an asset sweep coming into this system to grab assets on the theory that they need your assets to help collateralize this?

I get back to Klaus Schwab saying, "It's 2030. You have no assets, but you're happy."

Titus: They could. 'All bets are off' once you've 'punted' on sovereignty.

Fitts: Right, and, of course, their big issue when they do that is: How are they going to institute taxation without representation? It's quite clear how they will do it with this system.

Titus: Let me back up: Even under the current system where bonds and cash and reserves are collateralized by Treasuries in Full Faith and Credit, most people think Full Faith and Credit of the US government just means taxation, but actually it means all of the powers of the Federal government on up, including eminent domain.

I think it's going to 'kick into high gear' with CBDC because now that means you have enabled collateralization on the individual level.

Fitts: Let's face it: They don't want our money because they can print money. They want the land, they want the real estate, and they want the real assets.

Titus: They want the control.

Fitts: More?

Titus: No, that's it as far as where we can see where it's going.

Fitts: Let's talk timing. We know that China has moved forward with the prototype. Others have moved ahead. I think one that could be out earlier than us is Sweden, which is the oldest central bank in the world.

There are enormous questions about how long this could take. If you need authorizing legislation, it's hard to imagine them going for it this year. I think they want more understanding of what they want to do and how they want to do it.

Do you think they could go for authorizing legislation in 2022?

Titus: Yes, they could. That may be their last chance because in 2023, I think you are looking at a serious turnover in Congress. So, I would keep my eye on that date quite hard.

Fitts: Let's pretend for a minute that you are chairman of the Federal Reserve, or you are Carstens; let's say that you are both of them together. Wouldn't you want to get a lockdown on the vaccine passports before you go for that authorizing legislation?

Titus: Do you need it? They're not going to do anything they don't absolutely need to do.

Fitts: You want complete political control to stop authorizing legislation from inspiring a revolution.

Titus: They have nearly complete political control right now, which is why I think 2022 is the date to look at. In other words, ultimately, they are going to go for the passports, but I don't think they are going to go for passports before authorizing legislation because that makes it rather obvious.

Fitts: They are trying to get it now everywhere.

Titus: Now with people getting injected and mandatory vaccines, the value of that for the powers that be isn't the control so much as the precedent. It sets a precedent for what they can do later. I think that the order goes: You set a precedent, you get the authorizing legislation, you 'spring the trap' with the passports, and then you have them. I think that's the order.

Fitts: The passports are the trap. Once you have people in the passport system, which is what people don't understand, it's a 'pincer' movement. Think of the passports as a critical ingredient to the CBDC system. They're like the CBDC credit card. Think of it that way. You've got to have the passports to make the CBDC system go in terms of implementation and politics.

I see them as one thing. That is why I wanted this publication of the passport – trying to look at the passports and at the CBDC – so we can figure out how this will come together in the trap. I believe they are two parts of the same system, and it's not clear to me that if you are sitting in Jerome Powell's chair, you know exactly how it will come together.

Titus: I don't think they do know.

Fitts: Salomon Brothers were famous for taking each of the ten vice presidents and saying, "We are authorizing you to go invent this," but they wouldn't tell the other nine. In other words, everybody thought they were the only one. Then off they would go, and you would get this huge mess and politics and everybody getting angry with each other. It would drive the competition 'off the roof', and then you would get ten plans, and one would be better than the others. They thought that was a more fun, faster way of getting to where they wanted to go.

This is what it looks like; it looks like the same thing.

Titus: That is an excellent insight. We have criminals in charge of every Western nation. Let's let them 'duke it out' and figure out how best to enslave everybody.

Fitts: If you look at the 190+ Presidents around the world who are taking positions that are clearly against the interest of their population – and even of themselves and their own families –I would say that they are not able to stand up to the force, whether they can't afford for their Fed swap line to be pulled or they can't afford for space weapons to burn down their forests. So they are dealing with central force, which is literally eating up sovereignty.

The only Presidents who have said no have ended up dead.

Titus: Five of them who have said no to the vaccines are dead. Remarkable.

Fitts: We are looking at something which is ultimately driven by physical force, and very centralized physical force. There is no doubt that much of it plays through the finances. At some point, physical force doesn't work because people get their 'back up' once they can feel it and see it. That's why you want to have the passports and CBDCs and have everybody in lockdown before they see the trap.

Titus: I think the trap is the passport. That's it.

Fitts: I completely agree. It's what Naomi Wolf said, "The passport is the end of human liberty in the West".

Titus: As for China leading in front, in horseracing, the owner will often enter two horses into the race. A lot of times, the way that works is the owner puts a speed horse out. The speed horse isn't intended to win.

Fitts: They just burn up the track and burn out the field.

Titus: The speed horse is intended to exhaust the other horses chasing him. Meanwhile, the closer, who is also owned by the owner, comes in and 'mops up' and wins the race.

I think that with China, we are looking at a speed horse. China being out there ahead is like the rabbit. "Oh, we've got to follow China. We've got to follow China." They get this done fast, and that's my read on that situation.

Fitts: I think it's more than that. What we've been watching is prototyping; Bitcoin is a prototype.

I told you that in August of 2017, I l drove by the BIS in Basel. I went to the Basel train station to buy my ticket. I put in my card, and it offered me payment with Bitcoin, and I could 'top off' my wallet with Bitcoin from the Swiss railway system.

Titus: Tell me Bitcoin isn't a tool. Stay out of Basel!

Fitts: It was amusing because if you look at a lot of the most advanced prototyping and exploding of firms, it was all in Zug, which is traditionally where everybody goes for their tax shelters-Crypto and Zug?

One more comment: It doesn't look like the ECB and the Fed are working in lockstep. They seem to be collaborating, but also off.

Titus: For now, it's a loose collaboration.

Fitts: One of the things I feel is that plenty can go wrong. If you look at what they are trying to do, it's unbelievably complicated and unbelievably difficult, and it requires extraordinary collaboration between many different people and industries who I would say over the last 30 years have shown themselves to be not cooperative in a higher-minded way.

Titus: I agree with that. Do you remember there was a CBDC symposium? It wasn't the one with Georgieva from the IMF, but a different one. This one was moderated by Gillian Tett. Gillian Tett 'hit' Powell with the question, "Is it even legal, the central bank digital currency?"

Powell bought time and said, "That's a good question."

You could see Carstens and the other person laughing. When you see something like that, it's a small thing, but there is division in the ranks.

Fitts: There is huge division. Carstens has that look like, "I've been up in the spaceship, honey, and I know how this is going to work. Nothing can stop this now."

Titus: "Yes, and I pitted the European against you, and we 'bum-rushed' you. We put you 'back on your heels', Powell. You give us resistance, and this is what happens. We embarrass you."

It reminded me of the *Godfather*. The man was like, "Don't ever let the outsiders know that there is a division inside the family. Ever."

Fitts: Carstens has done that several times.

Titus: These people are not the 'brightest bulbs'. They really aren't.

Fitts: I think that Carstens is very smart.

Titus: He is, but they do things like this that is ego-driven, and it doesn't help their team. It gives things away, like there being division in the ranks. We know that now.

Fitts: Here is the thing, and this is why I was so grateful that you brought up the Fed governor. One thing that has always amazed me when I go back and 'dip' into a meeting or a group in the establishment is how completely everyone is on a need-to-know basis, and they don't see the entire thing. They really don't have an integrated picture.

Titus: They don't. Most people don't think that way. They are like, "I am great at my job. My job is this. I don't want to think about the other stuff. That doesn't go into my paycheck." "Okay. I've got bad news for you. You're going to be the first one shot."

Fitts: Absolutely. One of the reasons numerous very, very successful people become *Solari Report* subscribers – and it took me many years to understand what their deal was – is that they are risk managers, and they are risk managing a business and are risk managing a family. They want to know when to duck.

Titus: That's not the time to be the 'last man standing'.

Fitts: There is a whole world of people in the establishment who are like, "I just need to know my piece. I don't need to worry about the bigger picture because dad will tell me when to shift to the right."

Titus: I know very many people personally whom that description matches perfectly. They are very successful, but try to get them to think independently, and they're not even interested in trying.

Fitts: I can't tell you how many times an order has gone out that I'm not allowed in the room. I'm not allowed in the room because I will teach them, and they will come out agreeing with me.

All during the litigation, I got these calls from very prominent people, "We would like to have lunch with you to talk." It would always be the royal 'we'. They would always be members of the Council of Foreign Relations. They would sit down to have lunch, and then I would persuade them that I was right. That was a problem.

Titus: Persuasion was rooted in the fact that they weren't seeing the big picture, and I was.

Fitts: That's an opportunity because many of them were rather decent people. Most of the people in the system – whether at the Fed and the central bank – if you are working in research at the Fed, you didn't sign up to institute slavery. That wasn't part of it. You didn't say, "Gee, I want to get a high-priced job and institute slavery."

That's why I think it is so important what you are doing to help people see the trap and where it gets thrown.

Before we close, give me some time and tell me how the feedback has been on the latest video, which is fantastic. It's up on *Solari* on '*In the News*' on the homepage.

Titus: It's noteworthy that you would ask that because the feedback has been amazing. It's now the most viewed video I've ever had. I've done a total of 22 videos starting in 2014. I'm on a more casual pace of production, but my pieces tend to be 'heavier' and very 'dense' technically. But this video has been the most commented video I've ever done.

It's the first video I've ever done that has garnered over 500 comments. People are very engaged on this topic, and I think it's because people feel like, "What is going on here with all of this stuff? What is going on with these central bankers?"

I think that many people sense and feel that banks are behind this and that this is all financially driven, but they don't understand why. I think that video goes a long way in laying it out and giving a picture of how finance is connected to the pandemic. "You had better be careful because you are walking into a major trap."

Ultimately, they have CBDC, and ultimately, you will end up with a 'leash around your neck'.

It has been really well-received, but thank you, Catherine, for promoting it because it's done really well.

Fitts: I love it. It's fabulous!

Titus: It went up to 20,000 views faster than anything I've done. It has since tapered off. I've had other videos hit over 100,000, but in those cases, they were promoted on sites like *ZeroHedge*. *ZeroHedge* has changed now, so that's not going to happen in this case. But the comments are where you want to hit because that means engagement; people are personally engaged.

Fitts: The day that you get 5% of the population understand the money system is the day they realize, "We don't need central banks. We can do this ourselves."

That is what we are pushing for. All solutions require that we end the monopoly on money.

Titus: More specifically, they require that we get rid of this debt-based monetary system. You have to get rid of the Ponzi.

Back in the colonial days, they were issuing real money. Real money can't be destroyed but bank money can be destroyed just by calling in loans. You shrink the money supply. That is why the bankers try to pitch that as a positive with the Federal Reserve. They talked about creating an elastic money supply. "Wouldn't that be great? We could anticipate depressions and recessions, and we could stop it, and we could control the money flow."

No, you have it backwards. You people are using elasticity to cause downturns. So, we have to get away from that. The debt-based monetary system is bad for that reason; it gives the debt issuer control, and it makes the money user the slave. We are the money user.

Fitts: The one thing that I would say is that there are many different models that can work, but any financial system is just a part of the governance system. If you have a secret governance system that has an ill intent for the general population, you have to solve that issue.

What is the governance system, and how do you make sure that the governance system has integrity? You can have the most perfect monetary system in the world, and if it's run by the mafia, it's not going to work.

Titus: It's not going to work, but it might if you had the rule of law because the mafia people would be prosecuted. But that 'ship sailed' ten years ago in the US – at least ten.

Fitts: Right, and you have pointed that out many times. I want to get back to the rule of law because at the heart of any financial system is the fact that financial assets and currency are simply man-made devices that are defined and based on the rule of law. If the law is meaningless, then the financial assets and the currency ultimately are meaningless.

Force is not sufficient to run a liquid financial system.

Titus: Right, but it will run a slavery system.

Fitts: That is exactly my point-there you go.

If you want to be free, we have to return the rule of law to a serious place. That means that we cannot let the money and financial system control the courts, jurisprudence, and the law.

In other words, the law has to be superior to the financial and economic sector.

Titus: Right, and that is what the rule of law is; it's the reign of law over men. Once you invert that, you have problems. You don't have the rule of law anymore; you have the 'rule of man'.

Fitts: If the law is for sale, it's like a body that has no skeleton and everything collapses.

Titus: Right, and that is where we are; we are imploding into totalitarianism as we speak.

Fitts: On that cheery note, this will be up soon along with *Vaccine Passports*. Our next conversation will be *Money & Markets*, but I want to start having a conversation after you have a chance to look at what Corey has done on passports. Then we can discuss CBDCs, passports, and what an integrated picture is. We are still trying to figure it out.

If you are listening or reading this, there are much more opportunities to engage and figure out how to ensure that the Midianites don't pull this off.

Titus: By the way, it's ingenious how the brain works. I was working on the CBDC, and my brain started thinking about the rule of law. I'm now working on a video and writing it because I saw some connections that I hadn't seen before that detail the formal coup d'état in the US that occurred. I'm going to lay that out really clear.

Fitts: Fabulous! There is one last anecdote that I want to tell you before we conclude. I spent a great deal of time reading the letters issued by the FDA over the 'approval' of the Pfizer 'vaccine'. I read a great deal about it, and I read the actual letters. I have to point this out to you; I'm still trying to figure out if they are real people.

There were two letters that caught my attention. One was signed by somebody whose last name was 'Malarkey' and the other was signed by somebody whose last name was 'Grubber'.

Titus: They are certainly inviting you to take those letters with 'two tons of salt'.

Fitts: John, this was incredible. You've done a great job, and has taken a long time. How long have you been working on this?

Titus: Since I started working with you. It's like one big ongoing project.

Fitts: It's an 'onion'; you keep peeling down and peeling down.

Titus: It really is. It's probably been two months. You have to read a lot of 'garbage'. That is the problem.

Fitts: That is the problem.

Titus: You have to eat 'a lot of Cheetos to get to the steak'.

Fitts: On that thought, thank you for serving up steak, John. Have a great day!

Titus: Thank you, Catherine. I'll see you soon.

MODIFICATION

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

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