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## How does your money work?

**Catherine Austin Fitts**



In 1998, I took a first-year Bible class. My teacher was a woman of fearless intelligence who, after spending her workday in a high-powered law firm, had no problem inspiring an evening class of several hundred inquisitive adults. After she learned that my background involved investments, she asked me for help.

My teacher had an employer retirement plan. The plan savings represented precious family resources. She had to choose between investment options she could not understand. She

had tried speaking with the plan customer representative, but had found it an intimidating process. Would I help educate her?

A few days later, I found myself on the phone with the firm representative listening to a description of a fund that invested in US-government-guaranteed mortgage securities. After a series of brusque answers, I said in frustration, "I am a former partner and member of the board of a major securities firm and the former US Assistant Secretary of Housing. If I cannot understand how this fund works, it is because things are not clear, rather than because I am stupid." The representative then confessed that she did not understand the fund either so she could not help us through the legal hieroglyphics that filled the fund prospectus.

What can hopelessly complexifying a financing system, burying it in legal gobbledygook and wrapping it all up with government guarantees achieve? As a result, financial institutions can engage in predatory lending in residential communities, then pool the mortgages into securities and sell those securities into the retirement plans of the very people whose

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neighbourhoods are being destroyed. Fool the people closest to home and you can then fool investors around the globe. This is how frauds like the sub-prime mortgage mess happen.

This is not a pretty picture, but it is a common one for many of us. Increasingly, we find ourselves financing activities that are harming our air, water, food and communities.

Last year, my aunt, a Quaker concerned with peace and environmental sustainability listened to my audio seminar, Beyond Socially Responsible Investing. Agitated, she called me saying, "You said that this SRI fund is investing in Halliburton. I am an investor in that fund. How can this be possible?" On my next trip to her home, I went through her brokerage accounts. It turned out she was financing Halliburton through not just one, but three funds.

These situations happen constantly. For example, I visit with university students organizing a political effort. When I point out that the university endowment that supports their scholarships is investing in the activities they oppose, I get blank stares.

I learn that 9/11 truth activists are raising money to place an ad in the papers that have censored the truth of 9/11. The media reward the censors with profitable ads while investing not a penny in media that has provided a successful platform for the unanswered questions of 9/11.

I ask a group of people heading off to a march where they bank. While they are marching up and down, their bank deposits will be safely tucked away in the lead banks financing the activities they are protesting. They may not realize where their true "vote" lies but the politicians watching the march do.

The absence of financial intimacy is most heartbreaking in communities. As I walk by small retail businesses, I watch a day-to-day flow of choices regarding media attention, bank deposits, purchases, donations and investments – choices which finance the very corporations and organizations that are draining jobs and income from the community. What do you say to a small business owner who is investing her savings in the stocks, bonds and CDs of the banks and corporations financing the franchises which are putting her out of business?

Seeing the events emerging in our world as part of a tapestry interwoven with our personal finances and the money in institutions that we support and influence can seem overwhelming. Who wants to bring a sense of intimacy to our money when it is deeply involved in activities not in alignment with our mission and values? It is much easier to grumble about our national and international leaders.

However, taking the time to understand where our money is coming from and where it is going is a critical step to gathering our power to create the world we wish for our children and future generations. As we align our money with our mission and our values, we also create the foundation to

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take the most powerful next step: holding the institutions and enterprises around us responsible to align their financial affairs and investments with their stated missions and values.

### **The opportunity for mission investing**

How do we achieve a sound investment performance by aligning our money with our mission and values? When we answer this question, we find the financially sustainable pathway between our current state and a world where financial intimacy is both possible and practicable. Combining investment performance with financial intimacy has been challenging as a global bubble of fiat currencies, government debt and subsidies and manipulated markets have inspired unproductive personal and enterprise behaviour. Now that the instability of the global financial system is widely understood, the benefits of our returning to a back to the basics way of doing things, essential services and infrastructure and activities that improve fundamental productivity are apparent. The opportunities are significant for those of us who are prepared to collaborate in investing for a new and different world.

### **Sound currency**

My vote for the most significant cause of environmental damage on planet Earth is centralized currency systems that allow a few people to invisibly control and tax the many. The benefits of successfully prototyping and implementing local and regional currencies, decentralizing the ownership and control of precious metals inventories (thus thwarting a move to one world digital currency) and finding transaction alternatives that reduce the skim of credit cards on communities are extraordinary. The financial benefits are most profound when combined with capital gains on place-based equity (see below).

A new compact between generations: We are moving into a wholly new environment, driven by globalization – an explosion in new technology and shrinking natural resources, or what some have referred to as “peak everything.” In this environment, one of the keys to successful investment will be investing in a new generation of leaders whose skills and ambitions are appropriate to this environment. In part, this means shifting investment to emerging markets. It also means finding ways to help the young rise successfully to leadership positions within aging populations, supported by (as opposed to squelched by) the networking and risk management skills of the middle-aged generation and the capital and long view of the eldest generation.

Free farmers, fresh food: Why go to a horror movie when we can read about the corporate manipulation and control of the seed and food supply? The time has come to organize consumers to ensure a healthy food system by supporting private brands in financing networks of indigenous and independent farming communities that have the traditions and

knowledge to protect their land and seed supplies. The diverse constituencies gathering to protect a vital, fresh food and water supply, backed by mission-driven investment and political action to prevent legislative and regulatory sabotage, present one of the most attractive opportunities for successful investment in decentralizing change.

### **Global media**

Markets can work when products, services and assets are understood quickly and allowed to be priced accurately. That means truth matters; hence the opportunity for internet-savvy media that have the capital to attract the best and the brightest and which are not financially dependent on central powers or overly dependent on military and corporate satellites.

### **Place-based equity**

For several decades, we have experienced a shift of assets out of governments and communities into the hands of large private banks and corporations. We have the opportunity to create investment vehicles to manage such privatization in a decentralizing manner. Step one is to shift the current investment flowing out of communities and into large banks and corporations into more grounded investment. This includes developing pooled investment vehicles, which can create liquidity for equity investment in small businesses and farms within a place.

Imagine venture funds and mutual funds for your local area (and those of your family and friends and networks) that you could buy through your retirement plan or that would be attractive for pension funds. Such vehicles can finance the integration of new technology critical to lowering energy, transportation and waste costs, revitalizing infrastructure and protecting personal financial privacy. Such investment vehicles can offer equity incentives to young people to seek career opportunities building up communities. Investment performance of such capital pools could benefit tremendously from bringing greater transparency to and reengineering government investment and regulations locally.

One attractive feature of this kind of investment is that it creates financial incentives for local and global investors to prosper together from the success of "place," including the environmental and human health and well-being arenas. If adopted on scale, this is a profound change in our global incentive systems. Imagine stocks that rise as the environment heals, and fall as environmental damage occurs.

Globally, we are frequently seeing local communities and large corporations facing-off in win-lose confrontations over resources. There is a need for equity investment to create and prototype corporate and trust vehicles designed for strategic public-private purpose: the governing of local assets, such as water and mineral resources, and attracting and rewarding leaders with excellent spiritual, community, scientific,

engineering and management skills. Pools of capitals amassed by mission-driven investors have the potential to prototype and introduce win-win ownership and governance models that can balance global resource availability and needs and know-how with local traditions, wisdom and ownership.

### **But, but, but...**

Like all historic opportunities, the one before us involves risks:

### **Playing to win at economic warfare**

Throughout history, a few groups have subsidized themselves by draining other groups along with the environment, whether it is through organized crime, slavery, warfare or pollution. Before we can evolve our central banking-warfare model, we have to understand who is leading it and why they stick with it. This requires a deep understanding of the cash and credit flows around us.

This understanding will bring us to a second question: "Is sustainability possible?" One reason to extract subsidy is because it is not possible to be self-sufficient. Another is that self-sufficiency requires advanced technology to be widely available. A third is that human culture is too primitive to manage it safely. For mission investing to succeed, we need to understand if and how sustainability is possible at our current population levels. Shifting the chairs around will do no good when the core issue is that we need more chairs or less people.

This brings us to the most critical implementation question. How do we enforce the rule of law in a world defined by economic warfare? If I can listen to your board meetings with Echelon technology, hack your bank account with PROMIS software, trigger an earthquake in your town with electromagnetic weapons, zap your spouse from my surveillance satellite and arrange sex slave benefits for your attorney – if he secretly sabotages you – all without having to assume criminal and civil liability as a practical matter, then investment is easily swayed from its mission or lost.

How can the rule of law be enforced given the current state of advanced, invisible weaponry and surveillance technology? Indeed, there are ways, but they are not obvious until we start dealing with the practical aspects of economic and military warfare by sophisticated players pushing their weight around in local communities.

### **Philanthropy – achieving authentic returns**

Recent reports on mission investing by foundations indicate that a significant amount of such investing is being made in the form of loans to charitable organizations. I recently met with a social venture capitalist who explained that their best proposals were coming from not-for-profits. This trend is disturbing. The central banking-warfare model generates significant profits for bad behaviour and then glorifies those who lead it

with the photo opportunities of philanthropic “good works.” If those who don’t want to rise in large corporations and banks, opting instead for activities that do not allow for the attraction and accumulation of financial equity, the system will continue to consolidate financial capital and power in those who promote bad behaviour.

A generation of the best and the brightest will work diligently at good works and ultimately find themselves without personal resources, financially dependent on centralized powers. Meanwhile, the private family wealth of those who are opposed to centralization will not have the talent and leadership behind it to create opportunities to build their wealth so their capital can be expected to erode over time. This is a formula for adapting to feudalism, rather than for preserving freedom for future generations.

It is critical that mission investing attract the best and the brightest of a new generation to activities which successfully shift inter-generational pools of capital towards decentralization of political and economic power in a wealth-creating manner. Indeed, the freedom of future generations depends on it.

The myth of insignificance: It is common to hear, “I am only one person. I don’t have a lot of money. I am too insignificant.” Such comments indicate a lack of understanding of how highly-leveraged financial markets work. Imagine a human body where most of the blood is going to the toes and no blood is going to the heart and the brain. Now imagine what happens as incremental increases of blood start moving toward the heart and brain. When I come clean in my own money, my one action can inspire the many around me to do the same. This is why when change achieves a tipping point, it can spread in exponential ways.

It is critical to also think of missioning our money as a philosophy designed to move us to solid ground in practical ways. Are we better off financing our own well, or investing in large corporations in the hope that we will make enough money to buy water when we need it? We each need to think in terms of what we and our neighbours require in order to reduce expenses and debt, increase income, protect assets and improve our health, education and skills. Our opportunity lies in aligning the interests of each individual with the interests of the wider system.

### **Financial intimacy**

As more people and institutions discover the opportunity to improve our situation by withdrawing our money from harmful organizations and activities, and aligning investment with our mission and values, we will begin to experience a new kind of spiritual and financial liquidity that creates cultural hopefulness. Missioning our money opens a life-giving pathway to shift our current situation and preserve our commitment to our children and future generations.

*Catherine Austin Fitts presents Transforming Our Money, Transforming Our Community, Oct. 10, Canadian Memorial United Church (Burrard & W. 15th), 7:30-9:30pm. Tickets \$25 at [www.solari.com](http://www.solari.com) or at door. Call 604-294-9895 for more info.*



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