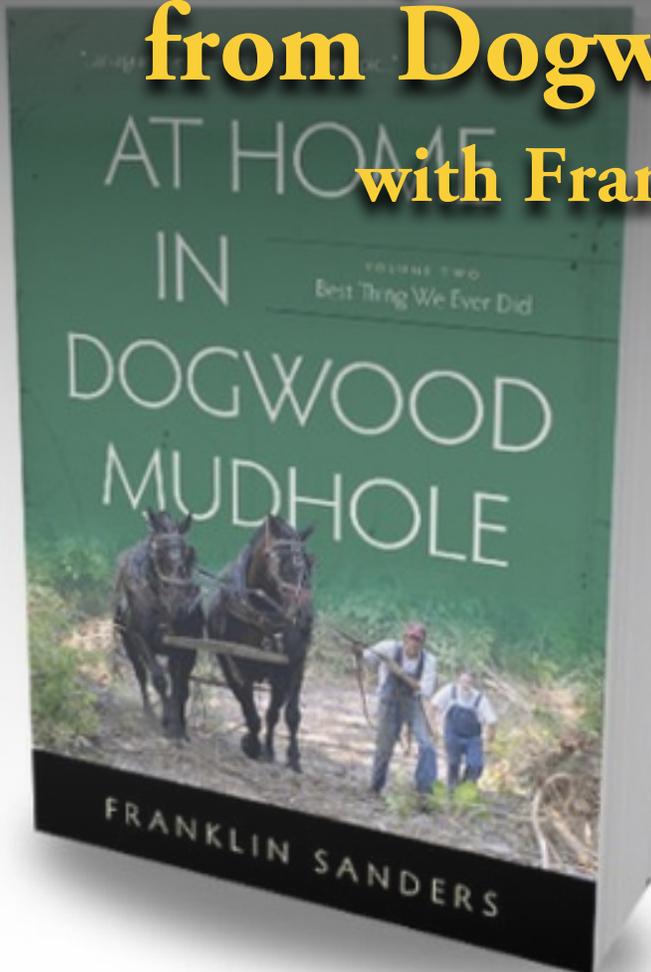




The Solari Report

JUNE 12, 2014

Fructify! – Lessons Learned from Dogwood Mudhole with Franklin Sanders





Fructify! – Lessons Learned from Dogwood Mudhole

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C. AUSTIN FITTS: Okay. Well, it's my pleasure to welcome to The Solari Report a guest who truly needs no introduction. Franklin Sanders is with us today, and we're going to talk about his new trilogy on his move to a place called Dogwood Mudhole. If he has time, we're also going to touch base with him on the precious metals market. He's up in Pennsylvania on business for his church, which he, in his busy schedule, also does.

So, Franklin, thank you for taking the time to join us on The Solari Report.

FRANKLIN SANDERS: Oh, I'm glad to do it.

C. AUSTIN FITTS: Okay. So, tell us how you and Susan, your amazing wife who may be the hero this week on The Solari Report, came to move from Memphis to Middle Tennessee, to a place called "Dogwood Mudhole."

FRANKLIN SANDERS: Well, I don't have any better excuse than just to say that that's what we always wanted to do. Y2K came along; that was sort of a catalyst for us to get off the spot and do something. We looked for about a year and a half for a farm, and then we moved out there. Not knowing anything about what we were going to get into, because neither one of us had grown up on a farm. We wanted a family enterprise, and so, at that time, two of my children were married, and already had children of their own.

They moved out there, and we still had three at home which were nearly



grown. So, now out of seven children, there are five that still live and work around us. Some of those were in our enterprise with us, but primarily in the farm. We just wanted to live a different way. We wanted a different thing out of life than we had in an urban setting. So, we moved out. It's sort of like learning how to swim by jumping off the back of an aircraft carrier.

C. AUSTIN FITTS: I'll never forget one of the funniest moments on The Solari Report. It was years ago; I said to you, "How did you and Susan learn how to farm?" You said, "We killed a lot of animals." I could just hear some of the subscribers swoon, "Oh..." If you live in the city, you're so completely separated from the reality of what life on the farm is like. So, when you came out had a precious metals dealership and a newsletter, and were also writing books. Then you added a farm, which is, essentially, livestock.

So, you're raising cattle and sheep and pigs. Then, you built a church, and all the while, you're also building houses in various, different facilities for the various homes. So, you also got into the home-building business, in addition. So, you're talking about learning and building an enormous number of complex businesses. It's fair to say it's a lot to learn, and it's been amazing to watch you do it. Bring us up and tell us about the books, and tell us what the books describe. This is a trilogy; you've written two, so start us off with the first two.

FRANKLIN SANDERS: Well, the first one starts right before we leave. One thing I want to make clear is that we wanted a close-knit community. Not just people in our family, but we wanted to build a close-knit community. So, that was one of the goals that we had. We looked for a year and a half before we could find land that would be suitable for our pocketbook, and that would work for us. Then, we moved everybody over in July of '99. Poor Justin and Helen, we had a little 1,200-square-foot farmhouse, and poor Justin and Helen had all their stuff in this big back room with a baby.

Then, the rest of us were all stacked up sleeping wherever we could. We had bought a loghouse, too. That's "The Shoe" that we've done this



program from. That had to be all refurbished and fixed up. We roughly doubled the size of it. So, when you start trying to build a community, you're going to invariably have to build a place for that community to inhabit, which is buildings and so forth. You just learn and find out a lot of skills that you didn't know.

Another family moved into our area and they wanted to build a house. So that summer, probably in 2003 or 2004, we all made a vow that we would help them, every day, get that house up. Every day, we'd work until 4:00 PM or 4:30 PM, and of course, you've got daylight in midsummer, all the way to almost 9:00 PM. We would all go over there. There was a fellow, James Benetz who was working with us, and then Justin and Rydon would all go over there and work with them.

Well, they got that house up for less than \$30.00 per square foot. It's about a 2,000-square-foot house. So, you see what you add to somebody else's life. Of course, when we got in the middle of that, I thought, "This is crazy. I mean, we're going to kill ourselves trying to do this." But you know, it's a monument to love; it's a monument to love for each other. If communities would help, especially young couples starting out that way, so that they didn't have the burden of an enormous mortgage, imagine what difference it would make.

This is not a shack that we built these folks, remember. Of course, they were in charge of building it; we were just furnishing labor. But it's a big, nice place. And if we could do that for our children and our neighbors, if we could just contribute part of that cost, just imagine. They're not under that interest rate burden for 30 years.

C. AUSTIN FITTS: Right. Now, when you say, "\$30.00 a square foot," what do you think the average home with a mortgage would have cost per square foot, if this builder had done everything?

“When you start trying to build a community, you're going to invariably have to build a place for that community to inhabit...”



FRANKLIN SANDERS: Probably \$85.00, \$90.00, depending on where you are. If you were in New York, then it would have been \$120.00. But at that time, in Memphis, it would've been about \$75.00 or \$85.00 per square foot.

C. AUSTIN FITTS: Okay. So, it made an enormous difference.

FRANKLIN SANDERS: Oh, yes.

C. AUSTIN FITTS: Now, you told me that you had a group of other people who were planning on coming in Y2K, but they didn't last.

FRANKLIN SANDERS: No. As long as that pressure of the end of the world was on them, they were ready to adopt a different lifestyle. But when that passed away, most of them scooted out and went back to the city. I understand that; rural life is not for everybody. Everybody doesn't want that kind of challenge: physical challenge, and that kind of responsibility. It's a huge amount of responsibility. I'm not picking on anybody, and I'm not trying to build myself up, but I think avoiding responsibility is the national pastime in our present age. People don't want to take responsibility for themselves. It's a lot easier just to sit back in this network of technology and say, "Well, I'm okay. I'm safe. I can handle this."

C. AUSTIN FITTS: I came over and met you, I think, in 2004; you'd been out there four or five years, and so, that was about 10 years ago. One of the things I will say is that you and your family have one of the highest learning speeds of any group of people that I've ever met. You love to learn; morning, noon, and night, you're always sharing and talking and teaching each other. It's just like a fantastic learning journey whenever you dip into the Sanders family doings.

That's part of what I think has made this so successful, because it takes a lot of learning. Farming is a very complex thing. A small farm is very, very complicated. It's a business, and you're talking about land and animals and taxes and regulations; it's a lot of stuff. I think that's the challenge that a lot of people have in dealing with it: it's trying to get the



high enough learning speed.

FRANKLIN SANDERS: Well, I don't think that's the main challenge, though. I'll say this: the main challenge for us was to learn to love each other. It's a horrible fact of human nature that we act the meanest with the people we're supposed to love the most. When you're working cheek by jowl with folks that you're kin to, you have a bad tendency to lose your temper and to say things you ought not say, and get mad, and so forth. So, I think what we really had to learn, more than anything else, was how to get along together, and how to love each other.

That means how to forgive, too. Maybe people think it's mush-headed to call it "love," but I'm talking about that hard, living, crystalline thing called "love" that, if you don't have, you can't live. At least, you can't live a happy and satisfied life. With any kind of enterprise, if the person who runs the enterprise doesn't have that kind of loving concern for the folks who are in the enterprise, it's not going to go anywhere. It's going to be a mess all the time.

So, that's the big lesson we had to learn. Then, of course, there's a huge learning curve. I'll give you an example: we got smacked with a learning curve just this year, this spring. Justin had been looking for Jersey bulls for several years, out of a New Zealand bull called "Landy." The reason he was looking for them was because his genetics were such that cows out of him did well on grass; they produced well on grass, and you didn't have to feed them any grain. So, we found this bull, and we bought him from a calf, and raised him up; got him out there in the field with the cows. He had gotten up to be about two-and-a-half years old, and he was a handsome specimen.

During the winter, the boys were feeding alfalfa hay as a supplement to the cows, because they don't get much protein when they're just eating hay. So, if you add in alfalfa, they get more protein. They'd take it out there, and there were six or eight cows out there with the bull, and just drop it off for them. Well, about 11:00 AM, he was fine; and 1:00 PM, somebody drove by, and he was four hooves up in the field – dead.



C. AUSTIN FITTS: Really?

FRANKLIN SANDERS: Dead. We couldn't figure out what had happened.

Alfalfa is a legume, like clover, and if they get too much of it, it causes something called "frothy bloat." They literally just blow up and die, and within about an hour, that happens. We knew about that problem, but we just didn't think about it with alfalfa hay. He just made a pig out of himself, we think, and ran the other cows off so he could eat all the alfalfa, and it killed him. Sometimes, the animal's in danger; sometimes, you're in danger. Ignorance is no excuse when those things start happening.

C. AUSTIN FITTS: Well, the title that we gave The Solari Report today was "Fructify." One of the things that I love about market economy is, if you're not being useful, you find out pretty quick. If you can't sell it for more than it costs, you didn't make it. It is a ruthless discipline to constantly be focused on doing those things that add value, and are service to the people around you or the people you serve. It can be a hard lesson, but it's an honest pathway.

What I've watched is what you and the Sanders clan have been doing, which is trying to do things that are economically sustainable. That is, someone will pay you to do the them for at least as much or more than it costs you to make them. You've been working hard at that all your life, certainly since you moved out to Dogwood Mudhole. A lot of the two books that you've written so far really talk through the trials and tribulations in trying to do that. Yet, what you discovered was, that wasn't true for many of your neighbors. So, maybe if you could tell us about building one economy and discovering that the economy around you was something different?

FRANKLIN SANDERS: Well, if I look at not just my neighbors, but rural people around the United States, what's happened is that government has ruined them. Maybe this is with the best intentions imaginable, but in the 1930s the government, especially the federal government, got into the agriculture business. They got into boss-in agriculture and planting agriculture. So, one of the mantras that they began using after 1945 was



“Get big or get out.” They convinced thousands and thousands of farmers. The debt dependence that the government encouraged then drove thousands, and hundreds and thousands more, out of business in the period from 1955 to 1970.

What happened was, they listened to what the government said about producing, and they moved away from being polyculturalists to being monoculturalists. What I mean by that is, a polyculture farm is one where you’ve got several different species of animals; you’re going to have cows, sheep, maybe goats, pigs, chickens. Then, if you grow row crops, you’re going to rotate those crops, and you’re going to grow several different things; you’re not going to just grow corn in one year, and soybean the next, and call that a crop rotation, because it’s not.

But the government kept convincing these people they had to get big or get out, and then they convinced them that they had to have high-cost inputs: inputs of debt, inputs of machinery, and so forth. Most of them just sold out, little by little. They took jobs in town; the first generation worked in town. They were used to working 12 hours, 18 hours a day anyway; it didn’t make any difference to them. Then the next generation didn’t want to work that hard, so they just ran a few cows, and then they began selling off their farms. So, you’ve got a third generation that’s completely dependent on a job in town, and their lifestyle has changed. So that now, instead of getting fresh, whole food, like whole milk and yard-raised eggs and vegetables, everybody had a vegetable garden. Then instead of that, they all have diabetes. They struggle with obesity. They have all of those civilized diseases; it’s heart disease, high blood pressure, diabetes – all of that stuff.

So, all of that’s happened to these folks, and I think it happened because they didn’t ask those questions you were talking about earlier: “How can

“They listened to what the government said about producing, and they moved away from being polyculturalists to being monoculturalists... A polyculture farm is one where you’ve got several different species of animals [and crops].”



I best serve people, and still make a living?” One of the slaps in the face that we get all the time is “Does this farm make money? Does it pay for itself?” If it doesn’t pay for itself, you can’t keep doing it. If you’re not doing something that other people want, and you’re not doing it at least as well and preferably better than other people, you can’t keep doing it. The world, the cosmos, does not give you the right to run a bad restaurant, or to be a bad accountant, or any of those things. You have no cosmic right.

C. AUSTIN FITTS: One of the things that first shocked me when I started to go on a journey of how we’re really going to change things was to discover that there is a huge portion of the world that said that sustainability was a good thing, but they thought profitability was a bad thing. Couldn’t figure out how that was going to work.

FRANKLIN SANDERS: I recently went to a holistic management conference. Holistic management is an elaboration on the way people always managed before they had high-cost inputs and chemicals to use. But a fellow named Allan Savory, who is a game warden in Rhodesia, started watching the way that animal herds, ruminant herds worked. He noticed that they went in a big migration, and that the grass actually improved after they were there.

What most people think is overgrazing, and means that the land needs rest; actually, the land will do better if it is grazed and if it is worked. So, what you see is that the more intensively you work with nature, the better the product for everybody is and the less environmental degradation there is.

It was interesting to me, going to this holistic management class. So, this was about a certain kind of grazing, called “mob grazing,” where you put a lot of poundage on the ground for a short period of time. It was amazing to me that Ian, who’s from South Africa, who was teaching the class said that over and over and over: “You’ve got to make a profit; you’ve got to make a profit.” If somebody said, “Well, what about doing this treatment or that treatment to my grass?” he’d say, “Well, you can do that if you want to, but why are you going to spend that money?”



The more you ask yourself that question, the more efficient you become. But even though this is the most environmentally-friendly way that you can possibly manage animals, and manage a farm, it also strongly emphasizes profitability. You just can't keep doing it if you don't have the money.

C. AUSTIN FITTS: Right. Right, well, resourceful; we have so much more of the economy, which has grown dependent on government or not-for-profit funding, which has been designed to, in fact, create dependency. "If I'm economic, I can gather power; if I'm not economic, then I'm dependent on these other sources that keep me dependent." It has me worrying, in a way, that it takes me away from learning that which can make me independent.

FRANKLIN SANDERS: Yes. I say to people, over and over: "All government money comes with a sock in the jaw." One of the saddest examples of people who don't understand that is the environmental movement. They think that the best thing you can possibly do is to get all those animals off the ground. They talk about what a problem cows are for their CO₂ production, and things like that.

They don't understand that having animals actually improves the land. It provides low-cost protein because we're talking about farms that don't feed corn. We're talking about using the grass that grows there naturally. It provides low-cost protein and it protects the environment. It actually doesn't just protect the environment, but it improves the environment. Where we are, for instance, there's been a lot of clear-cutting since the people moved off the land.

Here's an example: when you change an environment, you don't know how all those factors in the whole are working together. So, you think "Well, if we just get these people off the land; let the trees grow back, everything will be okay." Well, guess what? You took the people off the land, and you introduced the corporations who cut the timber off. They weren't interested in stewarding that land and to make sure that land did not erode; they weren't planning on handing it over to their children in 50 years, or their grandchildren in 100 years. So, they didn't care about



the erosion.

All of the creeks around us have silted up, and there's no topsoil. Where those places were, there's no topsoil. So, this element in the whole, which was man, was actually improving the environment. It was actually keeping the environment in place. So, when you take him out, you change the entire equation of how that environment works together. If people want to be responsible for themselves, and they want to be responsible for the environment, then they have to promote those processes that will protect an environment.

Well, nobody has an interest in an environment like somebody who's got a 250-acre farm, because he makes his living out of it.

C. AUSTIN FITTS: Well, but also someone who thinks 100 years forward.

FRANKLIN SANDERS: Well, sure. That's what you've got to do. It's ironic, Catherine, that sometimes, the less money you give people, the better solutions they come up with.

C. AUSTIN FITTS: Absolutely.

FRANKLIN SANDERS: Because they've got to. Necessity's the mother of invention. So, as Americans, we all have this tendency: "Well, darn it, just go buy a new shovel. Go buy two new shovels. Go rent a Bobcat," instead of thinking: "What is the most economical way we can solve this problem?" You asked about my neighbors. I'm coming back around to that.

It's very painful for me to see how, over the years, the government policies, which are promulgated through the county agents and the Ag Departments, have created a bunch of people who are dependent on that government advice or, in many cases, government money to stay on the land. I go to these meetings, and I'm the youngest guy there and I'm 67. The next generation, see, is not going into that. They don't want to farm.



C. AUSTIN FITTS: There's a new article I just put up on the blog that was in the *L.A. Times*, about how the farmers are either over 60 or under 30. There's nobody in the middle. There's nothing in the sandwich there. One of the things I will never forget is, before I met you, I'd done a lot with building databases on federal money by place. I was looking at the finances within a place that's a financial ecosystem, matched up with the environmental ecosystem. I came over, and you were frustrated, I forget what had happened; you'd been to a meeting.

I took you into one of the websites that maps out all the government subsidy, which are no longer available, but we looked at all the government contracts and government money in your place. You were just stunned. It's very invisible. I can't tell you how many people around the country say, "Oh, well, there's no government money here." Well, hello: more than 50 percent of the family income in most places, directly or indirectly, comes out of the federal budget at this point.

“More than 50 percent of the family income in most places, directly or indirectly, comes out of the federal budget at this point.”

FRANKLIN SANDERS: Right. One of the things that people ought to know about, too, is that if you look at that 50 percent, it is not evenly distributed in the community. Let's take farm subsidies, for instance. I remember that incident very well. In the county we looked at, 91 percent of the subsidies were paid to less than 10 percent of the people. I know, generally, in Tennessee, that's about the way it is. 90 percent of the subsidies go to 10 percent of the people. The average subsidy for the rest is, like, \$785.00 a year, or some ridiculous amount of money.

Whenever the government gets into the business, there are winners and losers. The skill set that is required to get lots of government money is not the skill set that the market requires to pay you lots of money.

C. AUSTIN FITTS: Right.

FRANKLIN SANDERS: In the one case, as far as the market is concerned, you



have to be like a honeybee. You have to be a fructifier. You have to make things bear fruit in a way that they haven't borne fruit before, and in a sense, you're bringing forth something out of nothing. Whereas, with government money, it never works that way; it's always a net drain on everybody.

C. AUSTIN FITTS: It's like you get stupider and stupider and stupider, and you get more and more dependent.

FRANKLIN SANDERS: Right. I remember the occasion you were talking about. They were trying to push through the National Animal Identification Act. And we were trying a little bit of guerrilla warfare. I had my two sons who work with me, Justin and Rydon, and James Bendowski, who was working with us, too. We would go to these meetings, and we'd scatter out around the room to ask uncomfortable questions when the question-and-answer time came because nobody was asking any questions.

The county agents or the Department of Agriculture have these meetings, and they bait everybody in with barbecue. Then, they tell them how to fill out the forms so they can get their government money. I'm in a room with 150 people, and literally, other than these three young men, I'm one of the youngest guys there. They had the Commissioner of Agriculture from the state of Tennessee there, and he was telling them how they all ought to go get their signup which was their premises for the National Animal Identification Act, which would have meant that they'd have had to have an electronic chip in every chicken in the whole country.

He's up there, and he's telling them what this all means. So, I wait until he got finished. I raised my hand. I'm up in the back of this gymnasium-size room, a cafeteria-size room, and I said, "Well, can you explain to me how registering your premises is different than having a license to farm? Having to get a license to farm?" "Oh, no, it's not the same thing at all." He said, "Oh, no, that's not..." I said, "Well, wait a minute. You just said that we wouldn't be able to sell a cow, a chicken, a pig or anything to anybody. We won't be able to grow any of that stuff." "Oh, no," he



said. “I didn’t say you couldn’t grow it. I said you wouldn’t be able to sell it; that’s true.”

Listen, Catherine: no one but one man out of 150 people came up and said anything to me. People have been so conditioned to do what the government says to get their government money that they just don’t realize what a mindless state they’ve been brought to. Their initiative has been eaten out of them, and the saddest part of this is, talking about honeybees and fructifiers, there’s this whole new wave of new agriculture coming on that doesn’t use chemicals; that doesn’t use debt; that doesn’t use high-cost mechanical inputs.

The most amazing thing about those people and I go to Acres USA conferences, or Stockman Grass Farmer conferences, or whatever, but the most amazing thing about them is, I can pick up the phone and call one of those people and say, “Hey, listen, I’ve got this problem with this, that, or the other,” and they just pour out information to you free of charge. They’re so excited about what they’re doing, and the development of what is, essentially, new technology, that they’re ready to share it with anybody who will listen. You almost have to shut them down.

C. AUSTIN FITTS: You got me to go to one of Joel Salatin’s workshops, for two days. It’s a perfect example. Now, it’s another example of somebody who’s got a family because I’ve got to say, I think it’s easier to do a farming enterprise with a big family than without them. It’s a perfect example of somebody who’s just figured it out, and from a cash flow standpoint, has got a very successful business.

FRANKLIN SANDERS: Right.

C. AUSTIN FITTS: But had to overcome that cultural barrier that you’re talking about.

FRANKLIN SANDERS: Right, he’s a good example of offering people what they want. I want to make clear that what we’re talking about here has much wider applications than just farming. When you go into business, what



you've got to look for is, what do people need? I don't have to get the whole market. We've heard so much about getting a big market share, and "You've got to be a big producer; you've got to get up big and get those economies of scale."

Listen: that's not where the profits are. Raising commodities and selling commodities is not where the profits are. The profit is in the boutique market, where you've got people who want some special product that you've got, and they're willing to pay for it.

C. AUSTIN FITTS: Right. Exactly.

FRANKLIN SANDERS: That's where the profit is. Joel Salatin has brilliantly located those people who wanted fresh, wholesome food, which is chemical-free and antibiotic-free and he's purveyed to them. He's made himself, I don't mean to say a "celebrity," but an expert, certainly, on how to do that. Anybody who's trying to make a business work has to ask themselves this question: "Who is my market?" They also have to ask, "Who am I competing with?" You don't want to compete with the big guys, because they don't have any profit margin anyway.

C. AUSTIN FITTS: Right. One of the other things I want to bring up, because I really think that the two books describe this well, is throughout this incredible journey, and it reminds me of the explorers who would burn the boats but you and Susan don't have a picture that this can work. Yet you are not going to give up, and you have evident faith. To me, one of my favorite lines from scripture: "Faith is the substance of things hoped for, but not yet seen." This is a story of a real serious faith walk.

I don't know if you saw on the blog, they used a quote from William Faulkner: "A gentleman can live through anything." Which I thought was a very appropriate Southern expression of what your books describe.

FRANKLIN SANDERS: Yes. I don't want people to get the idea that we're some kind of spiritual weightlifters. The thing is that, when you go on a walk like that, you don't need faith if you think you can make it yourself. If you think you've got all the resources and all the toughness, all the



resolve and cleverness, you don't need it yourself. You don't need faith, because, after all, you've got everything you need.

I don't, personally, see how people can do that. Everybody's got to come to that situation, to that point in any undertaking, when they have that sinking feeling in the pit of their stomach. The thought runs through their mind: "How did I ever get into this?" "I am going to drown. How did I – why did I ever get into this?" At that point, that's the point where you've got to have faith. You have to have faith that God is going to provide for you; you have to have faith that God is going to honor your intention in whatever it was you undertook.

I suppose there are people on Earth who have enough resolve and can tighten their mental belt, or spiritual belt, tight enough to get them through every problem but I'm not one of those people, and I know it.

C. AUSTIN FITTS: Yes, I'm not one of those people.

I don't see how you do it without faith. I couldn't go around the block without faith at this point. To me, faith is part of how you deal with the fact that it's hopeless. It's flat-out hopeless. But you just ignore that completely, and you keep walking on faith. Then, suddenly, a miracle happens. You say, "Okay, well, it's okay; I'll just keep walking," and then, another miracle happens. To me, it's that miracle that is the essence of "fructify."

FRANKLIN SANDERS: Well, all of life is a miracle. If you make more life, if you cause something to bear fruit then there was a miracle there somewhere. I think people just don't look for it. You know, Flannery O'Connor said, "Faith is what somebody believes even when he knows it's not true."

C. AUSTIN FITTS: Well, that's in the material world. The material world is not the only world I want to be in though.

"I suppose there are people on Earth who have enough resolve and can tighten their mental belt, or spiritual belt, tight enough to get them through every problem but I'm not one of those people, and I know it."



FRANKLIN SANDERS: If you could see it, it wouldn't be faith; it wouldn't be hope if you could see it. The bottom line, though, of this thing is that you have to believe that you can do it; you have to have faith that you can do it; you have to have faith that God will enable you to do it. Then, you undertake a job, and you hope that you're right. You just hope.

C. AUSTIN FITTS: So before we finish, I want to quickly talk about the books. Then, dive a little bit into the precious metals market before we go. There are two books. Just quick, describe what the two are, because I love them: these are beautifully written books. They're a lot of fun to read. You laugh, you cry, you roll your eyes, and you think, "Thank God it wasn't me." Just quick, describe what the two books are, and how we can get them.

FRANKLIN SANDERS: Well, they're literally a chronicle of our move to the country, and what we had to learn. It's learning how to farm and all the things that went wrong. I guess if everything had gone right, I wouldn't have had anything to write about. They just chronicle all the incredibly stupid things that we did that we didn't know were stupid at the time, and that we found out later were stupid. Then, the successes, too: the things that worked; the plans that we laid, and the things that worked out.

They were written month-by-month. I'd write them down as they happened. It's like this is the first part of a learning curve. This is the part we don't know anything at all, and then, you're climbing the curve, killing animals and losing money. Then, finally, get to a point where things begin to take shape, and make more sense, and begin to work. Along the way, some of us have almost been killed. It's not a joke; it really isn't a joke.

C. AUSTIN FITTS: Yes, farming is a dangerous business.

FRANKLIN SANDERS: Right. Well, life is a dangerous business. That's one of the lessons we've learned: just to be careful. Yes, it's cut up into so many points that they're sort of discrete stories. So, you don't have to sit down



and read it all at once. One of the things that always strikes me the best, I guess it's what I like to write the best, is that it's funny. It's just funny, the way that life turns around on us and turns us inside out, and then works out again. So, it's just a lot of fun.

C. AUSTIN FITTS: Yes, please describe the website.

FRANKLIN SANDERS: It's <http://www.dogwoodmudhole.com>, where you can get the books.

C. AUSTIN FITTS: You come into it from <http://www.the-moneychanger.com>, right?

FRANKLIN SANDERS: Oh, yes. Yes.

C. AUSTIN FITTS: Yes. I've got it linked on the blog post. Okay, so, precious metals: we can't talk to you and not hear what's up on the precious metals market. Bring us up to date on where things are, and what your sense of the market is right now.

FRANKLIN SANDERS: It's the most boring world that ever has been.

C. AUSTIN FITTS: Sideways, sideways, sideways.

FRANKLIN SANDERS: Sideways, sideways, sideways. But somebody mentioned something to me that was very interesting the other day: that gold has actually gained more this year than the S&P 500 has since December the 31st.

C. AUSTIN FITTS: That was true at the end of the first quarter, although the S&P's up now. So, I think they're getting close.

FRANKLIN SANDERS: Gold, other than that big rally at the beginning of the year, has been going sideways for the last several months.

C. AUSTIN FITTS: The best-performing asset so far this year is the Long Treasury. Everybody's shocked and amazed. Everything else has been



sideways. So, yes: bonds, stocks, precious metals, etc.; everything's sideways except the Long Treasury. That's quite shocking to everybody who thought interest rates were going to rise. Who knows where it goes from here?

FRANKLIN SANDERS: Right. Interest rates rising will be the break. That will be the thing that breaks the cycle and changes everything up. For right now, stocks are the only game in town. Gold, yesterday, had an \$8.00 range. Eight dollars. They may as well not have opened up in the morning for an \$8.00 range. Silver's not much better. The last few days, they've been acting like they want to turn around. This time of year, from June through July, is historically and seasonally a time that both of them see their lows for the year and turn around.

I've been expecting the top in the stock market either now or in the fall. This gold and silver, I'm fairly sure by the end of this month, will have made their ultimate low. They may spike now and again. This little turnaround over the last week or so: you really can't put any credibility in it. It doesn't have any credibility until gold gets somewhere about \$1,280.00, and silver gets over \$1,950.00 or so. Then, it'll be time to look out and say, "Well, maybe you're coming back to life now."

C. AUSTIN FITTS: Well, I think silver's really tough, and then I see the low line. I would say that they've shown more strength than I expected. To me, I'm hopeful. I would love to find a bottom this year. All the historical patterns on stocks say that this should be the peak; stocks should be correcting this summer. The one question I have, Franklin, is if you look at how concerned the leadership is about the elections this year, I'm just wondering if the pressure to keep breaks down, and that equity-market high isn't obscene.

FRANKLIN SANDERS: Well, numerous people have noticed that the Fed's balance sheet does not show the amount of tapering they claim. So, that may be going on behind the scenes. You're right: stocks are way past the time that they ought to have turned, seasonally. I think the thing that might do some good here is to realize that markets never do what everybody expects. Markets never do what everybody expects.



C. AUSTIN FITTS: Especially in the last five years.

FRANKLIN SANDERS: Yes, well, there have been some hidden forces in there, too. So, right now, the mainline investing community thinks that gold and silver finished. They think stocks are going to go up forever. I know that, certainly, there are sophisticated investors who look at the indicators with stocks and say, “Well, there’s a problem there.” Wouldn’t it surprise everybody if stocks kept on rising for another four, five percent into the summer and silver and gold went flat? Wouldn’t that surprise everybody? It just stayed here; it didn’t do anything until August.

“Wouldn’t it surprise everybody if stocks kept on rising for another four, five percent into the summer and silver and gold went flat? Wouldn’t that surprise everybody?”

C. AUSTIN FITTS: I think, Franklin, we have to be prepared for anything to happen in the short run here.

FRANKLIN SANDERS: Yes.

C. AUSTIN FITTS: My biggest concern for the most significant risk this year is, I don’t think we get a financial crash; I think we get a war. That’s my biggest concern. I think, could the stock market go up another five to 10 percent? Absolutely. Could it correct here? Absolutely. We are in very different situations, in terms of the markets, than we were 20 years ago. I’ve given up on trying to predict what’s going to happen next. Let’s just be prepared to shift and see things as they are, as they happen.

FRANKLIN SANDERS: Right. Well, if you see silver up over \$2,050.00.

C. AUSTIN FITTS: That’s big.

FRANKLIN SANDERS: Right. If you see gold up over \$1,330.00, then you’ve got to throw your other expectations out the window and say, “Okay, that’s it. They bought them.” On the downside, if in silver you see a spike to, like, \$1,750.00, or on gold, \$1,180.00, \$1,200.00, that would be the time to jump in. I’m confident those are on that low end. If they



get up on the high end of those numbers that I mentioned, then you've got to say, "Well, they're rallying." We've lost, we've passed.

C. AUSTIN FITTS: Well, I want to see it improve the bottom. So, I'm going to want to see whatever's in your bottom. I'm going to want to see it hold that line a couple times.

FRANKLIN SANDERS: If it gets over \$1,330.00, and then it can get over that low from last August, that is the last that August tied \$1,434.00. If it gets over that, then there's not much arguing with it. The only hurdle left after that will be \$1,550.00, where it broke down.

C. AUSTIN FITTS: Right. Right. Okay, well, we will see what we see. There's no doubt, if you're in our business, this is a frustrating world to live in. Anyway, we will continue to fructify. Before we close, anything you want to add?

FRANKLIN SANDERS: Yes. There was something I wanted to add. Thinking about our conversation today, one of the points I wanted to make was: it helps you to help other people. It really helps you to consciously try to become a fructifier. When you meet other people who are struggling with a business, or struggling to make it work, give them a hand. Help them some way or the other. A lot of times, it's just "Hey, what's your problem? Maybe I can talk you through that problem. Maybe some of my experience answers what your questions are now."

The idea that we're all alone in the world, and it's every man for himself, is the one that keeps us isolated from each other. It leads to failure. Who wants to be at the top of the heap when there's nobody else there?

C. AUSTIN FITTS: Well, it's true: you do. When I had to shut down Hamilton Securities Group because I was litigating – I decided, as I started to do radio shows, that every time I got an e-mail and someone asked me a question, I'd answer it. So, I started to answer questions, and the next thing you know, I was answering hundreds of questions a month. That went on and on and on, and that is what turned into The Solari Report. Then, that turned into the investment advisory business.



So, all of the business has grown out of me just trying to help people who ask a question. I was responding to what they wanted, as opposed to any concept I had of how to be useful. I was just trying to help them.

FRANKLIN SANDERS: Right. Well, you were making yourself useful.

C. AUSTIN FITTS: Well, I know it was pretty painful, because they had to ask me all these questions that I didn't know the answers, so I'd have to go figure it out. When you read *Dogwood Mudhole*, you realize: "Oh, I see what this is. It's many years of staying outside your comfort zone."

Okay. Well, Franklin, listen: have a wonderful time in Philadelphia. Thank you again, and we'll keep looking for you on The Solari Report in a month or two, okay?

FRANKLIN SANDERS: Okay. Thank you.

C. AUSTIN FITTS: Okay.

FRANKLIN SANDERS: Appreciate it.

C. AUSTIN FITTS: Have a great day. Bye.

FRANKLIN SANDERS: You too. God bless you. Bye-bye.

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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.