

BUILDING WEALTH IN CHANGING TIMES



The Solari Report

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Russia & Global Geopolitics with the Saker





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C. AUSTIN FITTS: Ladies and gentlemen, it's my pleasure to welcome to The Solari Report someone who is going to be speaking under anonymity. His handle is the Saker, and he writes at the Vineyard of the Saker. He is the person I most read when I'm trying to understand what in the world is going on with the United States' squabble with Russia, but also Russia's point of view of what is going on in Russia and how Russia sees the world. He's an accomplished military analyst, but someone who speaks with a very knowledgeable voice of Russia and Europe.

So it's my pleasure to welcome you to The Solari Report, Saker. Welcome.

SAKER: Thank you very much, and thank you for having me. It's really my pleasure.

C. AUSTIN FITTS: Before we start, you have a new book. I recommend it to everybody who is interested in these topics. You describe in the book how you just started to post your thoughts about what was going on in Russia and in the Ukraine, and this has literally exploded. You now have people translating it in many different countries. This has become quite a big enterprise.

Could you talk a little bit about your history and how you came to do this and how it came to grow to such a significant presence on the internet?

SAKER: Yes, of course. My history is really weirded and unplanned. I am a fourth-generation Russian émigré, which means that my great grandparents left Russia for the civil war. I was born myself in Switzerland. I lived there most of my life, although I studied in the United States. So I lived in Washington DC for a couple of years and got a couple of degrees there, and now I live in Florida.



I basically got my training as a military analyst, and I worked in Europe in that field. I ran into a couple of troubles because of my politically incorrect views, particularly about the war in Bosnia. Eventually I lost my career. To make a long story short, I decided to just forget about it all, and I retrained as a software engineer. But then 9/11 put an end to that because that sector in New York just collapsed.

Then I moved to Florida where my wife was from. Now I live here, and I began a blog just for myself – totally informal, writing my own things. It was a very small blog for many years. I began that in 2007, and I had very few readers.

I'd have to say that I barely mentioned the Ukraine. I was more interested in the Middle East actually. But then the Ukraine happened, and suddenly I was in a privileged position because I'm fluent in Russian, I had many contacts in Russia, and having been a cold warrior, I knew the Soviet system and security service in the military very well. So it gave me a different perspective.

Having studied in the US, I got a degree in [inaudible] studies from Washington, DC. Having lived in the US and having been a military journalist in Europe, it also gave me a fairly good idea of what the military security complexes are in the West. So I was sort-of in the middle, and I could write in English.

So I began writing articles which I would say probably reflected the Russian point of view on things, which is actually new for me. I used to be a flame-breathing anti-Soviet, and now if I must, I'm thinking good things about the Kremlin, which is really counterintuitive for me I promise you. It's even more counterintuitive to have a positive opinion of a former KGB guy like Putin because I was raised with this idea that the KGB is the epitome of evil. So it's very strange for me to be in that position, but I think I had the only blog written by a Russian that was written in English, and that helped a lot. Suddenly it truly exploded. People began reading more and more.

Then a charming lady from France told me, "You know what? I think



you should also translate it into French.”

I said, “I can’t do it. It’s not because I don’t speak French – I do – but I don’t have the time.”

She said, “Well, I’ll do it.”

I said, “Okay. Great. Go ahead and do it”

All the other Saker blogs right now are staffed by volunteers and they’re independent, and they do that just because they decided to do it. I have actually no control or input on their work at all.

C. AUSTIN FITTS: I’ll tell you what I most enjoy is that you don’t oversimplify. So much of the commentary is good guy/bad guy or, “I’m on this side or that side.” What you’re exploring is lots of different points of view.

For example, you’ll go into Russia and take the different groups and different points of view. So it really breaks it down to a much more realistic commentary than most that you find. I think part of it is because you can look at it having lived in the United States and having lived in Europe and having spent time in and knowing Russia. You can look at it from different points of view.

SAKER: Absolutely.

C. AUSTIN FITTS: To me, military and national security is probably the organizing principle here.

SAKER: Definitely in Russia, yes.

C. AUSTIN FITTS: I would love it if you would just touch a little bit on what happened in Russia in the 1990’s. We’ve had Anne Williamson on The Solari Report. So generally our subscribers are familiar with the story,

“All the other Saker blogs right now are staffed by volunteers and they’re independent, and they do that just because



but I was interested when I was reading your book about your experiences in the 1990's in Russia. I would love it if you could touch on that as background to what is going on now.

SAKER: Sure. The 1990's were truly an apocalyptic period for Russia because basically what happened was that the Soviet Union didn't break up. It was broken up by Soviet elites, people linked to the Nomenklatura, the high level party, and they split up the Soviet Union into 15 republics. In Russia, you had basically former communists impersonating democrats – very similar to the situation in the Ukraine. The Ukraine is going through something very similar to what happened to Russia in the 1990's. It was an apocalyptic period.

The country was led by thugs, by mafia bosses, by something called 'The seven bankers' – semibankirshchina – which I think, just between themselves, they had either 40 or 60% of the entire economy that belonged to these seven banks.

It was a regime that was completely controlled by the United States, particularly after 1993. I mean, you probably remember the first coup and their lame attempts to restore the Soviet Union in 1991, and then there was an opposition between the parliaments and President Yeltsin.

I was there during these events. I witnessed all of that, and I can tell you that it was very depressing because you saw on both sides former communists, both sides impersonating democrats, and both sides accusing the other side of being fascist – which was just really a depressing sight.

The country went through complete chaos. I truly believe that the country could have broken up and just finished its existence completely had it not been for several quasi-miraculous events, one of them being paradoxically the war on Chechnya which frightened people into a realization that Russia was about to disappear and either have a huge civil war and turn into Somalia, or turn into the Ukraine today.

Then, of course, the big event was the appointment of Putin which in



itself is a murky, complex issue. To make a long story short, there were two very powerful groups at the end of the 1990's who realized that something had to be done. It was big business/big money, the weapons industry, and the oil/gas/minerals, and they pushed Medvedev as a candidate for their point of view. The security services pushed Putin, who initially appeared as a very bleak, pretty unoriginal bureaucrat.

I have to confess that was the first impression I got from him when he first showed up, and he turned out to be an amazing personality. I mean, I have to say I think he is honestly one of the greatest leaders that Russia ever had. He accomplished a true miracle after he actually came to power.

But I would compare the 1990's to a war. I mean, people died not only from violence but from poverty. It was horrible; the country was plundered. It was absolute chaos – at least as bad as what's happening in the Ukraine today.

C. AUSTIN FITTS: I noticed one commentator you were describing in the book who had said that the US had kept itself funded for ten years just by plundering Russia.

SAKER: Yes. The US did massively plunder Russia. Absolutely, and the US did a big mistake short-term. The idea was to use the advantage because at that time not only was Russia essentially powerless – there was no real Russian power left – but most people were naïve. They really were pro-Western and pro-American to a ridiculous degree. All Russian people wanted to do all these years was to become Westerners and join the Western society.

The mistake that the West did was to try to use that and to really subdue and submit and recolonize Russia. That's what they did. I mean, all the laws are written by Western advisors, the economy was run by Western advisors, the ministers in Russia really had no say, and Russia was run remotely. It was really run by the United States.

C. AUSTIN FITTS: My impression, and I don't know if it's accurate, from the



intelligence agencies was that it was really first and foremost a treasury covert operation on our side. Usually you think of things as being run by the CIA or one of the other intelligence agencies, but this one was very much involving the treasury covert operations.

The other thing was that they were tempted to take the whole government literally down, and then they realized that they would have a problem dealing with the nuclear weapons and the existing weapon infrastructure.

Right now Russia is the second-largest weapon exporter in the world, and if you look at the weapon inventory at that time, what would have happened if you literally took the country down?

SAKER: That's definitely a concern. Absolutely, and even in these horrible circumstances, the military did an extraordinary effort to keep at least a small core capable of functioning, and nuclear weapons were always an elite within the military.

So even at the worst of times, there were functional weapons there under control. So the United States knew that there was a risk messing with that equilibrium. Absolutely.

C. AUSTIN FITTS: It's funny. Sometimes it seems like the core here in the United States is also in the military. The civic leadership we can turn to is in the military.

I have a theory on how the intensity of the squabble now between the United States and Russia started, but let's start with you because you are the knowledgeable one. I would love to hear your description of how the tension grew and got to the point that it has reached today.

SAKER: Okay. Well, I think it's a situation that's evolved. It didn't have to go that way at all. First of all, I would have to say that besides the military, I want to make just a little sidebar to explain Putin's background in the KGB. The KGB was a big organization. He wasn't part of the KGB – the first main directorate – who was in charge of foreign intelligence. So



he had nothing to do with dissidence, concentration camps, or any of that. He's really an intelligence officer. Within the KGB, that branch was an elite. So that is one of the two that actually survived – a core of the military and a core of the intelligence service.

“I think initially when they came to power, the hope was that the West would accept Russia as

I think initially when they came to power, the hope was that the West would accept Russia as a partner. They really did want that. The idea was that, “Communism is gone, we will behave, and we will help you.” They really did try to help, after 9/11 in particular. “We will be loyal, but you have to respect us.”

The minimum demand was, “We are not willing to be your colony, but we're willing to be your loyal and faithful ally.”

Unfortunately the West committed a series of catastrophic mistakes, including the expansion of NATO being a big one – one of the worst ones. I think the bombing of Yugoslavia was something that absolutely appalled Russians, not only the power structure, but even the people.

I would mention the war in Georgia as another one that really horrified Russia, and the war on Chechnya, too. Russia began to have a feeling that, “No matter what happens, the West is always against us. We'll push that advantage to the maximum and try to really destroy Russia.”

I think at that point in time people around Putin gradually began to realize that this is just not going to work. I think he was also personally involved.

They came to the conclusion that they cannot function with a debt system. The debt system as it is right now is a mortal threat to Russia, and they're pushing a different ‘civilizational model’ which is they challenge now the very principle of US worldwide hegemony. They want a multipolar world, and they don't accept the fact that the US is some kind of a world hegemon in terms of security and policing.



I think they want to get rid of the economic dependence on the West because of the dollar issue and the debt. What we see now began as a non-acceptance of Russia's partner, and now it has grown into basically a war. Personally I think Russia and the US are at war, and it's a war for the future of civilization quite literally because the two models are incompatible. One of them will have to collapse and be replaced by the other one. It's unclear which one it will be, but that's how deep it is now.

C. AUSTIN FITTS: Let me tell you a story. I was involved for many years in a very serious litigation with the Department of Justice. It got very ugly. It was smear campaigns and it was my own little war.

It went on for a couple of years, and normally I'm by nature not a fighter. So I was always looking for a political solution, get it settled, and move on. I thought there was no point in fighting. There's an old expression here, "Don't fight City Hall."

I was sitting in a luncheon in 1998 talking with some of my attorneys about what was going on. I suddenly had a chill that went down my spine, and I realized I was dealing with a culture that was like the story of the scorpion and the frog. Do you know that story?

SAKER: Yes, absolutely.

C. AUSTIN FITTS: So it was a scorpion. It was debasing. It was an economic fact that it was essentially demonic. It didn't keep its contracts, it didn't keep its rules, it didn't respect the law, and in fact it was such an empty culture that there was absolutely no point in trying to get along with it. That's when I decided, "I'm going to fight."

You're dealing with something which is so incoherent that you cannot tolerate it. You can't make a deal with it because it is basically psychopathic or nuts or whatever, but it's an issue that is much bigger than money or economics or national security or anything like that. You're talking about the deepest values of culture.

SAKER: I agree.



C. AUSTIN FITTS: It's almost a spiritual and cultural war first and foremost.

SAKER: I completely agree here. Absolutely, no doubt about it. And I would say that there's another phenomena which I'm sure you agree with, which is that these people project their own mindsets onto others. For instance, you probably remember that statement that Hillary Clinton made in Scotland or in Ireland that Putin was trying to rebuild the Soviet Union. It's laughable. I mean, it's pathetic. You wonder who her advisors are.

Russia has no need or use for a Soviet Union. As a matter of fact, everybody in Russia knows that. It's the same with this ridiculous talk about Russia planning to either invade the Ukraine or Poland and the Baltics. It's laughable, but the thing is that this is what they would probably do if they changed places.

Not only are they dead-set on never negotiating but only submitting people, but they assume that everybody else functions like they do.

C. AUSTIN FITTS: I've never quite understood it. I had an uncle who was in the army and taught at West Point and then became a utility executive. He occasionally had the habit of drinking too much, and then he would tell me, "You can never trust the Russians. You can never get along with the Russians. It's going to be the Russians or us, and they are the most dangerous people on the planet."

He would kind-of talk or think in 1,000-year increments. I could never understand why he believed that, but I've just never understood the push.

One of the things I wanted to bring up is if you look at the rebalancing of the global economy and the creation of the WTO in the 1990's, it began when we got up the GPS global satellite navigation system which would be critical to monitoring and basically enforcing in investments. You get that up, and suddenly it can start moving a lot more money globally.



We were the only ones to have such a system until 2011 when Russia got theirs up. I don't know how they did it, but the Russians have managed to maintain significant space activities. They now have more launches every year than we do. They continue to be not only our biggest competitor in weapon exports, but our biggest competitor in selling space launches.

I've always wondered how much that had to do with the growth of tensions. It looked to me like it really started to get very strong at that time.

SAKER: It probably was a contributing factor, but I think there is much more to it than just a space race.

I think that really there is an imperial mindset. To me, the most important thing is ideology. Unlike you, my experience with US military has actually been a much more positive one.

C. AUSTIN FITTS: Mine too.

SAKER: I used to study in Washington, DC, and most of my teachers there were military or agencies. I noticed that a lot of Russian specialists in the military actually joined the military and then became Russian specialists on the job and ended up being very sympathetic to Russia.

I saw much more hostility from the political side, including the CIA, where people joined for ideological reasons and then confirmed their own fears in their career. But the military – and I've known quite a few US senior officers – and I didn't detect at that time of the early 1990's and late 1980's of much Russia-phobia at all.

C. AUSTIN FITTS: Okay.

SAKER: But I think that now the US has changed. It's ruled by neocons, first of all, who are fantastically ideological. I'm afraid that the country is less and less pragmatic and more and more ideological. That's competition at war with Russia. I think the people pushing it are really motivated by



ideological or maybe cultural or even psychological issues that they have, like the bogeyman and the fear of the other one and the unwillingness to be just another nation that desires to be exceptional.

We even hear Obama say, “The dispensable nation.”

C. AUSTIN FITTS: I think it’s interesting. I worked with a group of quasi-neocons in the Bush Administration, and I would describe them as people who could not deal with complexity, and basically believed that the way to accomplish something was to take it.

So their belief was the way you reengineer government is you destroy something on the theory that it’s going to miraculously then sort-of fix itself. When it doesn’t, you just throw millions of dollars of contracts to your friends to go fix it, which of course doesn’t work.

SAKER: Of course.

C. AUSTIN FITTS: So part of it was they were playing with the federal credit that wasn’t connected to fundamental economics, and they could just print money. As long as the empire is working, they can print money. The problem is: You can’t get to any kind of accountability or productivity without the whole thing crashing, and that’s an awfully big crash.

SAKER: Yes. When you speak about people who can’t deal with complexity, to me it’s quite amazing. I remember people like Carlucci and James Baker and even Bush Sr., and the intellectual abilities of a James Baker compared to what we see today around the white house. The Russians have actually been complaining fairly openly about that. It’s rarely reported in the West, but there are many statements of Putin [inaudible] very often and others who basically in polite words say that they’re dealing with idiots who are incompetent. They speak of a lack of professionalism. That’s the euphemism they use. They really think that

“So their belief was the way you reengineer government is you destroy something on the theory that it’s going to miraculously



they're dealing with intellectual midgets.

C. AUSTIN FITTS: Right. Here's the thing. When you're in a unipolar world and you can run everything by force, you can in fact make things simple. It's very wasteful, but you can make things simple.

SAKER: It's true.

C. AUSTIN FITTS: A switch to a multipolar world is going to be pretty shocking.

Let's go back to the Ukraine. Tell us how this situation in the Ukraine start and evolve. Where is it now?

SAKER: How it started – how far back do you want me to go? I mean, it's been brewing since many, many years, arguably since the Middle Ages.

By the way, in the fall of the Soviet Union, the Ukraine was the richest and most armed and most scientifically intellectually capable part of the Soviet Union. If I remember correctly, their GDP was higher than Poland's at that time.

It began all very well, but the problem was it was immediately taken over by the two choices that they had in the Ukraine – crooks and Western puppets. Often they wore both hats.

Basically this country was destroyed day after day after day, ever since its independence by everybody. There wasn't a single leader there that would even be halfway decent. Ever since the coup against Gorbachev, there's a new element now, which is Nazis. So now we have Western puppets, corrupt oligarchs, and Nazis – which didn't improve the situation one bit.

C. AUSTIN FITTS: Right.

SAKER: I don't see a solution to that country to be honest. It's finished. For political reasons, nobody dares to say that, but all of the experts know



that. The country is finished.

C. AUSTIN FITTS: It's remarkable because you're talking about a country that has fantastic resources and could really have developed into something quite remarkable simply being destroyed by poor leadership and politics.

SAKER: Absolutely, and a country which did not have issues of separatism. Even if you look at the Eastern regions – the Donbass and even Crimea – look at the demonstrations that took place there even to protest the events of Kyiv, and look at the flags. The vast majority of flags – 90-95% of the flags – were Ukrainian flags. You did not see Russian flags and you did not originally see flags of the Donetsk People's Republic and flags like that. That came after the military onslaught.

In reality the country had a huge advantage. It was rich, wealthy, competent people. It is an artificial country, but being an artificial country it still was fairly united and nationalism was not a big problem. The problem was that extreme nationalists from the Western Ukraine – and that really translated to neo-Nazis or bona-fide Nazis – imposed their insane view of nationalism. I would compare that if the United States was a patriotic country, but that doesn't mean that it is run by the Ku Klux Klan.

There the local equivalent of the Ku Klux Klan came to power with Western support and started imposing itself on everybody by violence. That's what really finished the country off, and now it's too late to reverse that. The people in the East will never accept a Nazi regime over them. Crimea is gone forever, and I think what's left of the Ukraine today will eventually collapse, probably into at best very wide regionalism, possibly into several countries.

C. AUSTIN FITTS: Do you know what the depopulation has been since this started?

SAKER: No. I know it's huge because people are emigrating as fast as they can. I think it's a million and a half towards Russia, and probably at least as much not out of the combat area but out of the rest of the Ukraine



towards the West.

Frankly, this is something really sad here, but this is the right thing to do. I always ask myself, “What would I do if I had a friend in Kyiv? What would I recommend to him?” and I would say, “Pack up and leave because it’s going to be horrible.”

C. AUSTIN FITTS: Right.

SAKER: It’s really sad, and it’s a horrible thing to say, but right now I don’t see anything good happening at least for the Ukraine that’s left now. I mean, Crimea will be fine. The Donbass will have a much harder time, but I think they will be fine. The rest – I don’t know. This is going to turn very ugly and very violent and very, very poor.

C. AUSTIN FITTS: While this was going on, I was very much watching what was happening with the payment systems and the US effort – and that’s one of the reasons why I watched the satellites – trying to impose control of the clearing and payment mechanisms and the financial system. Then, of course, Snowden happened at various parties in the BRICS nations and Russia doing everything they could to really begin to rebuild and build redundant financial systems so that if we’re going to have a multipolar world, then we have to have multipolar payment and clearing systems.

One of the things that looked to me, and I can’t point to too many things specifically other than how the Snowden revelations played out, it looked to me like there was someone very much at the top in the West – whether in the Europe or in the United States or both – who wanted redundant systems and didn’t want to depend on the United States. It looked to me like Putin was getting some pretty significant help from the West.

SAKER: Really?

C. AUSTIN FITTS: Yes.



SAKER: I don't know about that one. All I can say is that in Russia there are two groups that I've identified that are vying for power. My personal terminology is I call one group the Atlantic Integrationists. They are the people who want to be part of the Western empire or the economy, etc. The second group is what I call the Eurasian Sovereignists who are working towards that multipolar world.

“All I can say is that in Russia there are two groups that I've identified that are vying

You could roughly say that Putin was the latter and Medvedev being the Westerner. But what is also overlooked is the entire economic segment of government, and Russia is controlled by the pro-West and Pro-US and Pro-IMF and pro-WTO group. With Medvedev it's the former Minister Kudrin, but there are many more people – the Head of the Central Bank in Russia, Nabiullina, the Vice Premier Schouvaloff, Dworkin, [inaudible] – and you have to see Putin inherited them. When he came to power in 1999/2000, he first of all inherited a system that was built by pro-Western people, and all the key sectors of the economy were run by people who were appointed and chosen and hand-picked by the Westerners in the 1990's, and that combat has not been resolved.

It's hard to estimate, but I bet about half of the power of the Kremlin is actually still not in Russian hands, and that influences Russia's economy directly. There is a very strong struggle happening right now between those two groups.

C. AUSTIN FITTS: I always assumed that the Atlantics would have help from the West but that it wouldn't necessarily flow to Putin unless they were cooperating.

SAKER: Putin has to compromise with them. That is absolutely clear. He does things which all his allies object to and speak about openly, but he has to keep a low profile on that because they represent a real threat.

There are two things that I love that I hear in the West. One is that the Russian media is entirely in control, and the second one is that Putin is a



dictator. If only that was true! Oh, and me being a paid Putin agent is the third thing I hear, which I also wish was true.

Really, he controls certain sectors – foreign policy and certain things – but big money economic decisions like the ruble and Russian responses to sanctions, etc. is run by the Atlanticist circles, and they definitely have the support of us. This is why Putin was elected to the Foreign Minister. I was told that Nabiullina just got praised for being the best central banker. I mean, that is typical. These are people represented as heroes and moderates, and they are the ones who are still the biggest threats to Putin by far.

C. AUSTIN FITTS: Right. Jim Norman has a wonderful book called *The Oil Card* which describes very much the effort by the National Security state to bring the oil price down during the 1980's and contributing to busting the Soviet budget with lower revenues. Of course, that advantaging China, the notion in *The Oil Card* is that you bring the price up and you checkmate China, you bring the price down and you checkmate Russia.

We've seen the price come down; it's now down 75% in the last two years. That has to put an extraordinary bite on the Russian economy, along with the sanctions that the United States has gotten both the United States and Europe to impose. But I have been amazed at how they seem to be managing very well under the face of that.

SAKER: It's because there are a couple of things happening. First of all, the sanctions and the drop in oil prices really is a wonderful opportunity for Russia because it forced them to do things that they wouldn't do otherwise.

C. AUSTIN FITTS: Right.

SAKER: So there again we're dealing with one of the characteristics of the neocons generally and Western imperial power. They have short-term interests and never think ahead.



For Russia it's a blessing because it forces Russia to do things to the economy to change it. Now that economic sector has done many things wrong, and many things are still left to do, but the pressure is there – particularly public opinion and the media – to react to that.

Since Russia had big reserves and the internal budget is all in Rubles, Russia can cope with that situation. It can cope infinitely, but a lot of people in Russia have the feeling that they can't hold out longer than the US shale industry or the Saudis. So there is actually optimism in Russia, and Russians think mostly that yes, it is a bit, and it is definitely complicating tremendously – particularly the oil prices. Yes, the budget and the revenue in Russia, but first of all, they don't have an option. I mean, let's put it simply.

If you're at war, you accept suffering and loss, and everybody in Russia knows that. This is why after the sanctions were imposed and the economy took a plunge, Putin's popularity went up and not down. The hope was that it would collapse, but that's not understanding the Russian mentality; these circle the wagons, and now Putin is under a ridiculous 90% of support. They accept that this is a war. They understand that.

Secondly, they said they can't hold out because they have enough reserves.

C. AUSTIN FITTS: But it also speaks about the differential between the importance of the financial incentives to the leadership here versus in Russia. In other words, what I would see as a group of leaders in the United States would break apart and run if they were targeted by those sanctions.

SAKER: Yes.

C. AUSTIN FITTS: I don't think they could stand in the face of them because you have to have a real sense of what 'we' is. In other words, you have to understand what your equity is, whether it's your financial equity or your living equity. If you understand the value of your equity, then you



people to go jump in the lake when they try to smash it down because you know what it's worth.

I don't just mean what it's worth financially, but what it's worth in every sense of the word. You understand what the value of your civilization is, and you just don't sell it for a dime or because somebody is attacking.

SAKER: Another very important factor is that Russians are on a daily basis observing what is happening in the Ukraine, and the vast majority of them think that this is the future that the West wants for us.

As you look at the sanctions, yes, the Russians have suffered under that economic plunge, but compared to the Ukrainians, they are doing great.

C. AUSTIN FITTS: It was very interesting. I forget where it was, but I watched a video – it was sometime in the last year – of Putin basically explaining to a large group of American media, including the media that is the more sophisticated policy media, what was really going on in his situation. You could tell that these were people who have had to sit around and pretend that whatever the official story they're getting was true, and to have a world leader unpack the truth and try to force them out of the trance. The look on their faces was just priceless.

Billions of dollars have been spent to come up with the best lies that money can buy, and Putin just keeps unpacking them.

The funny thing is that it's one person with a couple of smart advisors unpacking billions and billions of lies which this whole edifice depends on. You watch it happen, and you just have to laugh.

I mean, I don't know if you've seen them; there are cars driving around in America that say, "Putin for President" on the back of them.

SAKER: I have, and you're probably referring to his 2007 speech in Munich and his recent speech at the UN. I'm aware of that support in the West because in my blog I get a lot of letters, and most of my readers are actually American. A lot of them write to me; I get a huge amount of



letters. They begin with words such as, “I’m a patriotic American and I love my country.” A lot of them are war veterans, and they say, “But now I have to admit that Putin stands up for American values and my leadership does not.”

C. AUSTIN FITTS: Right.

SAKER: You’re absolutely correct when you’re saying that Putin is destroying the myths that were built under propaganda.

Remember that Putin is a foreign intelligence man. He understands the West superbly. He was trained to understand the West really deeply. He was an intelligence officer in Germany.

C. AUSTIN FITTS: Oh, I didn’t realize that.

SAKER: Oh, yes. He was an intelligence officer in Germany, and this is definitely the intellectual elite – the Foreign Intelligence Service of the KGB. People were superb at getting communication with language skills, history, everything. He understands the West really well, and this is why he’s constantly – one by one – debunking the lies and bringing them down, and that is why he is so hated. He dares to commit the ultimate crime which is to plainly say things that nobody else would dare to say. That’s why people in the West have a simple thinking.

American patriots say, “I like this guy because he speaks straight and he stands for his values and he defends his country.” And none of that actually triggers any kind of anti-Russian feelings in most Americans because they understand that. They would love to have a Putin over here instead of Obama.

C. AUSTIN FITTS: Right, until they realize the financial ramifications of it.

I told you by email one of the stories that I wanted to ask you about. In 2005 someone who is a national security advisor in the Putin group, I believe, in Russia came to a gold conference that I was speaking at.

“You’re absolutely correct when you’re saying that Putin is destroying the myths that were built under



I spent a fair amount of time with him, and he was a fascinating guy. We had very cordial conversations. Then when we were flying back, he tried to recruit me. It was one of the most impressive recruiting speeches I've ever heard. Basically what it said is, "Our values come from the Orthodox Church, and we think in 1,000-year increments. We're building something, and it's something real. You're part of something that's not real. All those people are trying to destroy you anyway."

So basically he wanted me to come over to his team, and it was fabulous, but it underscored the importance of the church. Now let me tell you one thing and then I'm going to ask you about the church.

There was something amiss. Basically what I said to the guy was I said, "Look, I agree with everything you say, but nobody likes a traitor. So that's how it is. I'm not going over to your team; I'm just going to keep getting beat up by my team and stay where I am."

So I got back to my office and did some research and discovered that Russia at the time was the number two holder of Fannie Mae securities. To this day I believe it was simply Fannie Mae trying to get me out of town. That's my guess, but I still think the Orthodox Church speech had some relevancy.

I wanted to ask you: How important is the Russian Orthodox Church to the values that are being represented by Putin and the Russians in terms of its squabble with the United States?

SAKER: I would say that first of all, only a minority of Russians are truly religious people. The majority maybe call it 'self-anomaly Orthodox', but it's more of a cultural historical reference. I think it's not as much Orthodox in a pure theological or sense of individual piety and practice as much as it is spirituality in general.

For instance, I would definitely include Russian Islam, which Putin has very strongly supported, which played an absolutely crucial role in the rebirth of Russia because of the war in Chechnya because the war in Chechnya was only stopped not only thanks to Russian military power,



but also because there were Chechen traditionalist Muslims who stood up to the Wahhabis.

I wouldn't say that Russian Orthodoxy directly is what feeds the difference in world views and civilization. It contributes to it, but I would say generally spirituality and respect for tradition at this point in time. I wouldn't call it a pure religious level, but respect for tradition, for spirituality, for traditional values, yes. Definitely. And the West is perceived as being morally dead with no values. All of the values of the West are basically hypocrisy. That's one of the things that most Russians totally agree on, be it religion or be it democracy or be it human rights or be it free speech or all of that.

Those are in and of themselves good values; nobody in Russia – except for 1-5% pro-Western people – really believes that these values are really true. I think this is why so many people in the West like Putin because those who truly believe in these values, these people in the West who really do still hold on in spite of the dominant classes being against spirituality and tradition, etc., recognize him as a man who also stands up for that.

C. AUSTIN FITTS: Right. There are many of us who believe that the most important thing that we can do at this point is try to preserve Western culture. But certainly the Russians would never have seen that. What they're seeing is not Western culture.

So when I say 'Western culture' I mean things like the Scottish enlightenment.

SAKER: Right. It all depends on what you're referring to by Western culture unfortunately.

C. AUSTIN FITTS: Right.

SAKER: In Russia, a lot of that they would also see as free masonry, as Europe united against Russia during Napoleon, during the Crimean War, the papacy ruling by violence in Western Russia, it depends. But what today



are called ‘American values’ of democracy, these are the values that Russians respect very much still. They really do. They have no problem with them at all.

C. AUSTIN FITTS: So let’s talk about migration. I was in Europe for several months last year watching the migration – some of it. Now the reports are that the volumes are growing even greater. I don’t know if that’s true.

I would love to know what your impression of the migration is. I’m particularly interested in who in the world is financing it. If you look at what’s happening, somebody is truly financing this to happen.

SAKER: The short and honest answer is: I don’t know. I have looked at what is happening in Europe on certain levels, and I’m horrified by that. But where the push came from and how it was organized I hear from very well-informed people that, yes, it is organized. It is very well-organized. The mob in different countries helps people get to Europe. But who really is behind it, I honestly don’t know.

C. AUSTIN FITTS: Right. What do you think will happen to Europe this year as a result of it?

SAKER: I am very pessimistic for Europe. I think that Europe lost an ability to stand up for itself. I see Europe as an American colony completely ruled by the United States. I don’t believe that local politicians have any kind of say. Therefore, I don’t believe that they’re able to devise some kind of response. I don’t think they can devise an intelligence response and try to stop the waves of refugees; I don’t even believe that such a response is possible. I think the pressure – the osmotic pressure – is way too strong.

If I was in these countries, I would also flee. That’s how simple it is. I don’t think they’ll be able to stop that. I think they brought it upon themselves, and I don’t see a solution short-term. There will be probably more violence, more social tension, and that will result in a curtailing of civil laws. Eventually the Europeans themselves will find themselves under semi-martial law. It’s getting introduced step-by-step in several countries, restricting freedoms and civil rights and increasing police



control. But will that actually succeed in protecting Europe from either terrorism or immigration? No, I don't think so at all.

The solution for immigration has always been to address the cause of immigration, and that's not going to happen.

“The solution for immigration has always been to address the cause of immigration, and that's not going to

C. AUSTIN FITTS: Right. Well, if anything, the oil price dropping even more is going to make it worse.

SAKER: Yes. Absolutely.

C. AUSTIN FITTS: You're going to have Northern Africa with less revenues and more incentive for people to go north.

SAKER: Yes, and I don't believe that the parties who promised, “If we come to power, we'll stop that.” Maybe in the UK because of the channel, but other than that, I know exactly what European borders look like. I can tell you that they're going to be permeable. Europe simply does not have what it takes to build a huge wall and then protect it; it's just not going to happen.

Internal bickering is going to start, and for Europe to do that it would have to break completely from its colonial status. Unfortunately the people in power in Europe today have been chosen because they're spineless and don't have a vision. I don't expect these people to come up with anything.

C. AUSTIN FITTS: If you read the point of view of people who make the case that America is the strongest and has a great future, basically what they say is that Europe will suffer from enormous chaos from this, but the United States is behind the Atlantic and Pacific Ocean and has enormous agricultural resources and now is close to energy self-sufficiency, so it will be the safe island in the storm.

Do you have any thoughts on that?



SAKER: Yes, the weak link in this theory is the dollar and the willingness of people worldwide to finance US deficits by purchasing dollars. I think that's the weak link here.

C. AUSTIN FITTS: If anything, the dollar price right now is high, but the dollar market share has been declining. If you look at all the different infrastructure being put into place to create alternative payment systems, that decline is going to continue.

Now you have a short-term situation where the US has lent dollars all around the world, and now they're essentially raising the cost of capital for dollars by raising interest rates. So they're basically putting the world in what I call a 'bear trap' so that everybody borrows dollars, now the price of dollars is going up, the US can print dollars, commodity revenues are going down, so everybody is over a barrel to the US. But that's a short-term situation. Long term, yes, the more they diversify away.

So if this is a model that depends on force, where does it end other than a war?

SAKER: Exactly. I want to say that the dollar used to be backed by gold. After that was abolished, it became backed by what I call 'aircraft carriers'.

C. AUSTIN FITTS: Right.

SAKER: That's the big strength of the dollar. "If you don't accept it, we'll bomb you into smithereens."

The problem is that right now clearly the US military does not have the ability to continue to enforce that policy. If the US can't even deal with Iran, and now it's failing in Syria, the US is not going to be able to impose by military strength anything on Russia or China or India or all the countries who are slowly coalescing around that.

So they will offer more and more alternatives to that, and eventually people will start just getting out. The military threat will just not work.



The big question is: Will the US empire collapse with a little violence, because violence is inevitable, or in a massive, world-wide conflagration?

All I can say is that I hope and trust that eventually the US military will do what it takes to avoid that. As for Russia, in 2014 I wrote an article that said that the Russians were ready for war. I really repeat that now. I think the Russians are afraid of war because they know what it is; they don't want it. They will do their utmost to avoid it, even compromising heavily. Russia needs peace more than anything else, but if a war is forced upon Russia, Russia will fight.

I am absolutely convinced of that. There is no doubt in my mind. So the US will never succeed in bringing Russia into submission by military might, and I think it's also true for China; it's just not happening.

C. AUSTIN FITTS: Your latest piece on Iran was particularly marvelous. We now just see the Iran deal slowly click into place, and I forget exactly what your headline was, but basically it was that Israel took a big hit.

SAKER: Yes.

C. AUSTIN FITTS: Could just touch on what your thoughts are on the Iran deal and what it means?

SAKER: First of all, I'm amazed by it. One of my biggest mistakes in predicting things in analysis, for years I've been warning about the US war against Iran, and it doesn't happen. I'm delighted about it, but I'm really surprised that it never happened.

I think that the Israel lobby basically used its influence to try to deal with Iran – and the Saudis, too, by the way. For both Israel and the Saudis, the threat is not nuclear weapons in Iran; it's a different civilizational model. They get away with openly defying Israel and the US. That's the crime. They're challenging the Islamic legitimacy of the Saud. That's the real crime.

Iran has to be brought into submission, and that deal delays that. I still



don't believe that the Israel lobby or the US will accept Iran as a fact of life. They failed with the nuclear thing, and they're going to come up with something else be it a false flag or some fake terrorist atrocity blamed on Iran, but Iran as it is right now is just an absolute offense to the Anglo-Zionist empire. It is a country which just doesn't accept the rules and openly dares develop itself in spite of sanctions, in spite of the propaganda against it.

I think at this point in time the Saudis and the Israelis have lost millions and millions and millions of dollars into trying to trigger a collision between the United States and Iran, and they failed. So for them it's a horrible disaster. I think that they are livid there. I think they're going to have to recoup and then think, "What do we do next?"

Just letting it happen is not an option, either for the Israelis or the Saudis.

C. AUSTIN FITTS: Okay. One more question: Have you by any chance watched a series of movies from the BBC called the Worricker Trilogy?

SAKER: No.

C. AUSTIN FITTS: Okay. The first was done in 2007. The second two were done in 2014. It's about a MI6 intelligence operative named Johnny Worricker. Essentially it's one of the most anti-American things I've ever seen come out of the UK.

It's very well-done, very subtly done, but basically it's how the Brits are trying to destroy the global rendition system put in place by the CIA. Of course, it's done fictionally, but the implication is that the Americans bribed Tony Blair behind the back of the intelligence services for which they will never be forgiven. It's kind of like, "We do that to the emerging market countries, but you don't do it to us."

But we've seen a number of different things happen that suggest a schism between the US and the City of London. Now I can't really tell what's going on, but traditionally the power of the US has been very dependent



on that partnership. If the UK is showing distinct space and making deals around the US, I find that to be a very important and interesting situation.

In fact, we've seen The Economist beating up on the US, and very smartly and rightly so for the past two years on a lot of different policy issues.

One of my questions is: What is the city where Putin is getting some of his strength from? I don't know, but there seems to be a crack in the Anglo-American partnership, and I find that fascinating.

SAKER: You're probably referring to things like the UK joining the Chinese bank and the US being left out of it or telling them not to do that. Honestly, I don't know. If there is a crack, then it's a sign of an advancing, that the collapse is further along than we thought.

C. AUSTIN FITTS: Right.

SAKER: There's infighting every time there's a crisis. When things go well, there is no infighting. But I don't think Putin would ever be an ally for the City of London. For Europe, yes. But there is an extremely acute sense in Russia that Britain is a formidable, very devious, and extremely dangerous foe, particularly in the intelligence services.

C. AUSTIN FITTS: Yes.

SAKER: So they will deal pragmatically with it, but I don't think anybody in the city really hopes for Putin to prevail. Now if it's just an internal thing between the US and the UK, then that begs the question: Where would the UK get military power for its operations? That's what the US provided so much of.

That partnership, that symbiosis was the banks in the UK and the aircraft carriers from the US. So it's hard for me to imagine that breaking

“If the UK is showing distinct space and making deals around the US, I find that to be a very important and



hard to imagine.

C. AUSTIN FITTS: Right. It's "your beating up mine," but it seems to me whether the Donald Cook incident or the electronic blackout in Syria, the Russians continue to demonstrate significant ability in the weaponry area that is very important to what is happening.

SAKER: Yes, they are definitely trying to convince the US-deep states that they have what it takes. They are also reinforcing and creating new tank divisions in the Western directions. They're sending signals very clear that are, "Don't try it."

C. AUSTIN FITTS: Well, Saker, I can't thank you enough for joining us. Before we close, I want you to describe your website and describe your book and how to get it. I just have to say that I know you don't market, but it's absolutely fantastic. If you're interested in what is happening globally, let alone Russia, it is not only a must-read, but it is a very fascinating and entertaining read.

I don't know how you manage to do it. Obviously you're very knowledgeable and professional about the politics and the military and security aspects, but you always throw in these personal, "Oh my God! Do you know how this makes me feel?"

You seem to weave in your feelings about these things in a way that never gets too mushy, but it makes for enormous entertainment.

I really can't recommend your writing enough. So, if you could please tell everybody how they can find your website and how they can get the book I would appreciate it.

SAKER: Thank you for your very kind words. The website is www.TheSaker.is. You can get the book which is called Essential Saker from Amazon or directly from the publisher, Nimble Books. You can get it as a hard copy or as an ebook. Both are available. You can get it also on my website. It's advertised there.



C. AUSTIN FITTS: And how often do you publish? You're publishing other people, too. So how often should we check in with your website?

SAKER: On a daily basis. I try to get three to four new items every day, and I publish guest's posts, which I think are very high quality. So I would recommend people look on a daily basis.

C. AUSTIN FITTS: Okay. Well, keep on doing it. You're great. Have a wonderful day, and thanks again.

SAKER: Thank you so much. I appreciate everything. It was a real pleasure. Thank you, Catherine.

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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.