

From: The Solari Update <communicate@solari.com>  
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## Solari Report Update



### 3rd Quarter Wrap Up - Investment Screening: Can We Filter For Productive Companies? - October 27<sup>th</sup>

To

*"Shares of two major prison stocks dropped sharply Thursday after a report the U.S. Justice Department will end the use of private prisons...Corrections Corp. of America and GEO both briefly plunged more than 40 percent in midday trade." ~CNBC, August 18, 2016*

By Catherine Austin Fitts

This week on The Solari Report, I will present the theme of our 3<sup>rd</sup> Quarter Wrap Up: *Investment Screening – Can We Filter for Productive Companies?*

In the 2<sup>nd</sup> Quarter Wrap Up, I took an in-depth look at productivity growth, [Productivity, Prosperity & the Popsicle Index](#), arguing that labor productivity has stalled in part because human productivity has been debased broadly. Now I shall look at the screening practices of the investment industry, particularly in regards to environmental, social and governance issues, and explore whether we can screen for companies that deliver fundamental productivity – both labor (in the workplace) and human (throughout our lives) productivity. As the debt financed growth model comes to an end, companies that depend on (i) cheap government debt for contracts and purchases or on (ii) central bank largesse for cheap capital may be less attractive than companies with products and services that serve real market demand

and add demonstrable value to the wider economy.

A useful example is the recent U.S. Department of Justice announcement that they were not going to renew Bureau of Prisons contracts with private prison companies. As I have argued for years (See [Building a New Investment Strategy](#) and [Dillon Read & Co and the Aristocracy of Stock Profits](#)) it is not economic to put millions of non-violent offenders in prison at an annual all-in cost of approximately \$150,000 + per prisoner (GAO, 1996). This cost is particularly high for prisoners who commit only minor offenses that should not be criminal felonies in the first place, and even higher for private prison companies to run prisons that government employees can run better and more cheaply when all liabilities are taken into consideration. Now we are in a budget squeeze and voters are balking at a private prison industrial complex that is inhuman both to enforcement targets and taxpayers. So the government cannot justify spending billions of dollars on a function that is not economically productive.

Institutional and retail investors want to invest in companies with a productive future – not in companies with balloons that could shrink or collapse as budget cutters target newly unaffordable crony capitalism. Remember the prestigious money manager who invested \$1 billion in Fannie Mae equities in the Spring of 2008 only to watch their investment collapse months later when Fannie Mae was taken over by the Federal government? So, now is a good time to think about how we screen for productive companies that create enduring economic value for shareholders, employees, customers and the wider economy.

It's the last week of the month, so no *Money & Markets* this week. I will address your questions for *Ask Catherine* next week.

For *Let's Go to the Movies*, check out *The Corporation*, a documentary that explores the rise of the dominant institution of our day. It includes interviews with Ray Anderson whose efforts to build a global company that had a positive impact on the environment will inspire you with the possibilities for all of us.

Talk to you Thursday!

Catherine Austin Fitts

## **From The Site**

### **November 3rd**

Protecting Against EMF Radiation with Jason Bawden Smith

### **November 10th**

Scenario Thinking with Eric Best

[Catherine on USA Watchdog](#)

[A Morning in Venice](#)

[Book Review: The Precariat: The New Dangerous Class](#)

[Returning to the Pistis Sophia](#)

[Subscribers: Money & Markets - October 21, 2016](#)

[It's Fiction, Folks!](#)

[Subscribers: 10 Steps to Help You Navigate the Challenges Upon Us](#)

[The Rise of the Deplorables](#)

[Message from Franklin: Our Beloved Susan Sanders Has Passed](#)

[Franklin Sanders on Jailhouse Ministry - Now Public!](#)

[Trump Bests the Machine](#)

[Subscribers: Money & Markets - October 7, 2016](#)

[Crazy Man Versus Criminal: Cut and Run, Monica Lewinsky II, & Real Trouble Ahead](#)

[Catherine Austin Fitts - on USA Watchdog](#)

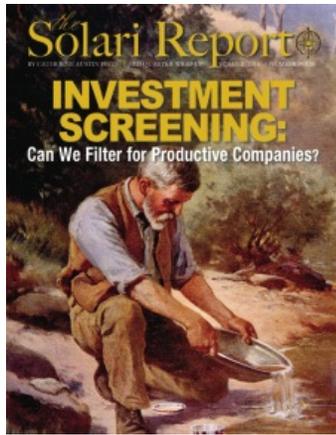
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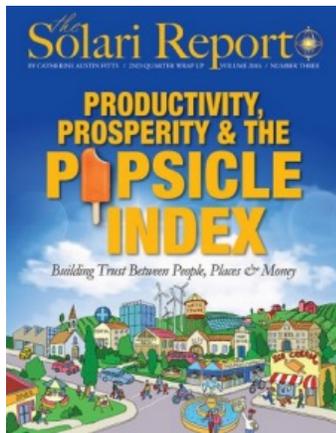
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3rd Quarter Wrap Up- Investment Screening – Can We Filter for Productive Companies?*

***Offer ends October 30, 2016***



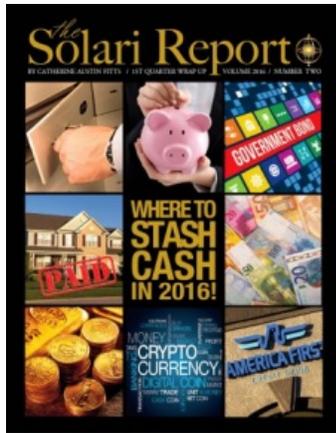
The 2016 3rd Quarter Wrap Up book – *Investment Screening: Can We Filter for Productive Companies* – comes in a soft cover, with glossy pages, beautiful images and easy-to-follow charts. The book includes *Introduction, Theme, News Trends & Stories* and *Financial Charts*.

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The 2016 1st Quarter Wrap Up *Where to Stash Your Cash in 2016* book comes in a soft cover, with glossy pages and beautiful images covering the main theme.

Learn more [here!](#)

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### Highlights from Last Week - Blockbuster Chartology with Rambus/3rd Quarter Equity Overview with Catherine

This coming week we will publish the quarterly written *Blockbuster Chartology* text from [Rambus](#), with an in-depth review across currency, commodity, equity and precious metals markets.

For our audio interview, I will solo to review insights from Rambus as well as our *3rd Quarter Wrap Up Financial Roundup*. You can link to the *Financial Roundup* now in the web presentation for the *3rd Quarter Wrap Up*, which is linked to your Subscriber Resource Page. I will post a link to the *Blockbuster Chartology* on Thursday in your subscriber links.

Across all markets – whether with technical analysis or fundamental analysis – everywhere you turn, we are reaching an inflection point. We are engaged in “battles royal” to define that model that organizes our society, governance, and economy. Will we be a humane society or an inhumane society? Do we maintain the rule of law or reign through politics and force? Are we free and sovereign individuals or “deplorables” to be microchipped, vaccinated and sprayed without our consent? Serious struggles about our most basic values lead to major market shifts, institutional overhauls and war. Uncertainty is the context, so investors are concerned.

Posting from home base in Tennessee, I will address current events in *Money & Markets* and report on our great launch party this evening in Tulsa for the Joseph P. Farrell Pipe Organ crowdfund. Please make sure to e-mail or post your questions for *Ask Catherine*.

[See it here](#) or [Subscribe](#)

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## About The Solari Report

A weekly 1-hour briefing with Catherine Austin Fitts and specialized experts, [The Solari Report](#) helps to navigate you through the shifting political and financial climates while building your wealth.

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*Nothing in this Solari Update 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.*

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