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# The Solari Report

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## 2nd Quarter Wrap Up Part I: News Trends & Stories with Joseph Farrell





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**C. Austin Fitts:** Ladies and Gentlemen, it's time for the 2<sup>nd</sup> Quarter Wrap Up, and, of course, one of the most fascinating, special times is News Trends & Stories with the great man, Dr. Joseph P. Farrell, who is with us today.

Joseph, it's great to be on the phone with you.

**Joseph Farrell:** Thanks for having me back, Catherine. I feel this quarter is a bit like the comedian, Joan Rivers, "Can we talk?"

**C. Austin Fitts:** I was traveling throughout Asia, and I kept having this urge to call you and say, "Did you just see that?"

It's wonderful to have you with us when we talk about News Trends & Stories because you have such fantastic insight into things, but second of all, you have the integrity to be outraged. And we've never needed that outrage more.



**Joseph Farrell:** Well, thanks, I knew that Irish temper I inherited from my father would pay off some day.

**C. Austin Fitts:** “It’s unacceptable!”

Normally we would review the different sections of News Trends & Stories. This is Part I, and in Part I we are going to do Economy & Financial Markets, and then Geopolitics as we usually do. But first, we’ve added a section – at your recommendation – called Long Term Trends because there is so much entertainment distraction and noise in the news that it’s invaluable to keep bringing people back to the Long Term Trends.

We also added a section to The Solari Report called Solari Core Concepts, which are concepts that we talk about a lot with News Trends & Stories, like entrainment or control files. It has more background on different terms that we use that could help people.

We’ll talk about Long Term Trends first, then Economy & Financial Markets, and finally Geopolitics. Last quarter you and I had developed a report card for the Trump Administration, and it was very popular. So we decided that we were going to update it and we’ll end Geopolitics with the Trump report card. So we have plenty to cover.

At the web presentation, for those listening, we have a page called Long Term Trends, and it might help you to track along. We have some great links for all of these different concepts.



This is revisiting, and the point of this is to make sure that as we go through the tremendous number of events of the 2<sup>nd</sup> Quarter, you see those Long Term Trends because that's where you get actionable intelligence. We're really seeking actionable intelligence here.

I'm simply going to dive in. The first item, of course, is 'Space: Here We Go.' You have wonderful coverage of what is happening in space in Giza Death Star, which is one of my favorite places to go. I like to go on your website to see your latest.

Clearly, we are committed as a global civilization to become a multiplanetary civilization. It's absolutely happening. Do you have any comments that you want to make on Space: Here We Go? This is a life-long trend, and it's obviously underway.

**Joseph Farrell:** Yes, there are some developments that happened during this quarter that I think people need to be aware of. Two in particular that caught my eye were: The Chinese have continued their experimentations with quantum entanglement communications. They have now successfully been able to use that phenomenon to entangle information at a distance of over 1,000 kilometers, which would be about 600 miles. This was done, incidentally, in a ground to satellite link.

Clearly, what that indicates is that they are taking all of the necessary proof of concept experimental steps to put into place a global satellite system that is going to rely on that phenomenon for the transmission of data. As electronics systems go, it's a fairly secure system.



In other words, it appears like we're watching the long-term buildout of the financial clearing system that they need in order to make their one belt, one road project work. Evidently, the Chinese are thinking in terms of that project, particularly in Central Asia and on into Europe. They are thinking in terms of not simply a ground-based infrastructure to handle it, but also thinking in terms of an international financial clearing system that will be secure and trustworthy and so on. That is the first thing that I've noticed.

The second thing that I think is very interesting that we've seen as a development-the way that the news reports this is that these are disentangled stories, but I think they are very much related- is Russia's recent move to start introducing block chain currencies – electronic currencies like bitcoin. I think that is part and parcel of the same project. I think what you see is Russia has decided to follow one avenue and do the necessary work to get one aspect of that system put into place, and China is doing another avenue.

In other words, they are coordinating their efforts, although the way the news is presenting it, it doesn't look coordinated. But that is the way, in my opinion, it appears .

**C. Austin Fitts:** If you look at what has happened with the Chinese in the 2<sup>nd</sup> quarter-when I was in Hong Kong the MSCI Index announced after several attempts that starting next year they weren't going to include the A shares in China. Until that happens next year, it was only the shares trading on the American or Hong Kong exchange that were included in that index. So that is a huge step in building up liquidity for their global equity securities.



Now they've approved bond investors coming into their markets in China. Along with going into the SDR system, what you're seeing is the buildout of global liquidity around their securities and currency, and a global satellite system is essential.

Only Russia and the United States have those global systems now, but China is pushing for it. With Quantum computing I would think it would be highly secure. So these are very, very big steps to building out the global liquidity they need to compete on an international stage.

**Joseph Farrell:** Absolutely.

**C. Austin Fitts:** It's interesting. When I was in Hong Kong, the big beef was that you couldn't trust them to keep contracts. You couldn't trust the Chinese culture – the PRC culture – to keep contracts, and all of Hong Kong is very nervous about what is going to happen after this 20<sup>th</sup> anniversary celebration.

You're seeing the same tendencies of the procentralization team kill the goose that laid the golden egg.

The second trend is the financial coup d'état, including the black budget and the hidden system of finance. I continue to think that the financial coup continues. Why don't you give us your thoughts on the financial coup?



**Joseph Farrell:** I think it's continuing, and I think, not only is it continuing, but I am getting increasingly the intuition and suspicion that we are watching the manifestation of another aspect of this hidden system financial coup d'état that we previously haven't discussed in that connection. I would like to mention something that I said before we started the recording.

It has a little to do with what you also have put in your outline under Global 2.0 to 3.0. You had a book review on *Artificial Intelligence and the End of the Human Era*, and then under decentralization, can we relocalize?

There is something that disturbs me, and we've touched on this previously in these Wrap Ups. This is the increasingly distant relationship or the increasing disconnect between the major financial markets and actual human market activity. What I'm referring to is just within the last three to four days we have seen yet another flash crash occur on the NASDAQ in this country. Of course, these things, in my opinion, are the implications of having all these dark pools and high frequency trading algorithms and computers now doing the bulk of trading – not only on the equities markets, but also on the commodities markets and so on.

What this means is, if you have a group of machines trading, then increasingly that activity is going to be disconnected from real reflection of actual human market conditions. The problem here is that these markets are also very big, centralized markets. In other words, they're not reflecting what is happening in Perth, Australia or Bangkok, Thailand, or elsewhere. They're not reflective of actual regional or local conditions.



This frightens me because I think that part of the problem, as you've been pointing out, is we need to relocalize. These high frequency trading pools are not going to allow this to happen. In fact, the problem is that they are creating a condition which, in my opinion – and I don't know how it appears to you – seems like, if you're trying to perform risk analysis or do financial statement analysis of companies that you may want to invest in, and get this kind of activity on the stock market that is not reflective of any of that but actually more reflective of computer-generated speculation in equities or commodities or what have you, you're not getting any real market representation. It's becoming increasingly difficult to calculate this.

**C. Austin Fitts:** It's worse than that because you're getting swings in both the costs of capital and different securities that is like a tornado, and it's wreaking havoc in the real economy.

**Joseph Farrell:** It is.

**C. Austin Fitts:** On June 15<sup>th</sup>, *Fortune* published a review of the Fortune 500, and it showed a chart that I wanted to discuss with you. Starting in 1955 and until 1995, a period of 40 years, the GDP of the US and the Fortune 500 revenues moved up together; they were almost in perfect alignment. Then the World Trade Organization went into effect in 1995, and financial coup begins with money disappearing from the Federal government. Suddenly the Fortune 500 revenues explode. As of 2017, the GDP is up 4,600%, but the Fortune 500 revenues are up 9,000%.



That is a giant sucking sound of every ounce of economic value from the real economy into this ‘planet equity’. Some of that is legitimate, and some of it is not. It’s our old friends, the highly leveraged companies, coming in with a high PE and sucking up the entire market share locally in a way that shrinks the total pie.

**Joseph Farrell:** Exactly. This is a computer-generated casino. The other thing about these flash crashes that I need to mention is that I have the strong suspicion, and it’s been increasing every time I see these flash crashes occur, that what you’re seeing is a system that may be showing all the signs of an artificial intelligence. Increasingly the quant – the people who have designed and run these high frequency trading dark pools – even admit that they no longer even know what is happening. As I see it, that is a tongue in cheek way of saying that the system has woken up and driving itself.

In my view, this changes the investment culture. This is what you have said so many times about decentralization becoming relocalized. I think increasingly people are going to have to be aware, if they are investing in some project locally or regionally, to what extent a company or a partnership that they might be considering going into business with is exposed to these national markets that are so manipulatable and manipulated by these computerized trading systems. That is going to be the great sucking sound, and that is the way they are going to try to suck even more wealth out locally.

That’s a strategy that I think we’re going to have to increasingly be aware of.



**C. Austin Fitts:** Right, that's the war on cash.

**Joseph Farrell:** Precisely, that is the war on cash.

**C. Austin Fitts:** The thing that concerns me is: There was an excellent article in the *Economist* around six months ago called 'In Retreat' about the fact that multinational companies had steadily dropping margins, and we're getting much more competition locally around the world – including in the United States – and their revenues are falling.

In fact, if you review this Fortuna 500 chart for a year or two, revenues are falling. This is happening in combination with what you and I have talked about at the end of the debt growth model. Cynthia McKinney and I talked about it, and it's in the video we put up for the 2<sup>nd</sup> Quarter Wrap Up this week where we said that the problem is that we have all these rich criminal slugs. Now that things are shrinking and the game is winding down, they are fighting over the pie, and the pie is shrinking and it's turning mean.

In my opinion, the big danger here is war. I think one of the reasons there is the press for a bigger military budget and the press for a war is because they see that war is the only way to compete back into the game.

**Joseph Farrell:** Right, and that is all the more reason that people with money to invest and with time to invest need to start thinking in local and regional terms and to be very careful about with whom they are dealing.



We've seen another trend on this centralization issue this quarter with Amazon buying Whole Foods. I know that food is a major part of, not only geopolitical thinking, but of your thinking. I hate to say it because I'm very much a Libertarian type of thinker when it comes to markets, but with these companies getting so big with the internet of things, and particularly with Amazon and the so-called media corporations, I think it's high time we start considering the idea of trust-busting.

**C. Austin Fitts:** I couldn't agree more.

**Joseph Farrell:** These corporations are becoming too big and too powerful. When you get a company that is plugged into the CIA now and plugged into organic foods and retail, there is something wrong. There is really no link between selling books and selling groceries.

**C. Austin Fitts:** Let me give you a little information: 90% of Amazon's Prime customers – the membership club where you pay a fee and get all sorts of benefits – are within ten miles of a Whole Foods in the United States. So imagine what is going to happen.

The CIA has a \$600,000 a year contract to plug the Amazon cloud into all of the intelligence agencies. So you can imagine, whether it's control of food or control of the data beast, this is a very frightening matter.

I'll tell you what frightens me the most. When I was in Asia I heard a presentation by Jack Ma. I think it was at the Pearl River Delta when they were doing the big planning exercise for the entire area in the South. He basically said, "Robotics and artificial intelligence are very dangerous, and that is why we at Alibaba have to convert them into tools that can make small business more successful and stronger."



**Joseph Farrell:** Yes.

**C. Austin Fitts:** If you examine the Alibaba model, it's basically designed to support and create a platform for small business where as Amazon is much more designed to take business away from small business. I think that the Alibaba model, given another 20 years, is going to slaughter Amazon.

**Joseph Farrell:** I do too, over time. I commented to you when you first told me about that story that I could use a robot to do my dishes and wash my clothes so that I have more time to work with the website and to research and write the book. So, yes, I think that model is a decent model. The thing that people are going to have to watch out for is the extent to which any robotic technology like that is plugged into the major centralizing systems.

**C. Austin Fitts:** We started with *Space: Here We Go*, and we went to the financial coup d'état, and, without me mentioning the third trend, Planet Equity, we talked about that.

You brought up Global 2.0, which is our expression for shifting the money out of the industrial economy and into the networked economy – often by illegal means, including the financial coup d'état. Then there is the strategic importance of food and water.

One thing that frustrates me tremendously is that I'm constantly lobbied about digital currencies and cryptocurrencies. While the smart money is locking up the entire food supply, they have a tremendous number of our smartest people chasing zeroes and ones in digital worlds. I find it mind-boggling.



**Joseph Farrell:** It's an example of this strategy of getting people to think in terms of investment into the centralizing model. As far as I can tell, these block chain digital zeroes and ones, which they want people to invest in, like you, is a big Ponzi scheme.

People need to be looking at investment opportunities in their area or in their region where they can invest in something where people are actually making something. I don't care what it is – an art gallery, an auto mechanic shop, whatever – where something is being accomplished.

**C. Austin Fitts:** The one reason I do think it is important that we all learn block chain and understand what it means is because you have eight billion people growing globally who want to transact with each other but they can't because the transaction fees are too high. If my understanding of block chain is correct, it has the ability to reduce those transaction fees substantially.

So that's the legitimate side of it. I want to move to something that you and I talk a lot about and are going to be discussing more about it today, and that is the US Federal budget. Much of the US and the global economy essentially work off of the spending, the credit, and the contracts. It's a large piece of the global pie and it holds up the fixed income and derivatives markets.

We've been kicking the can on the Federal budget for many decades, particularly through the bailouts, and now, as I said in the Annual Wrap Up in January, we're at a runway. Now we're talking about controlled demolitions.



We're watching the Trump Administration break down over the fiscal cliff. Much of what they want to do is running smack into all the budgetary issues.

Our next trend is: America Goes over the Fiscal Cliff, and there is no doubt that we are starting to hit the wall.

**Joseph Farrell:** Right. It's not only America. This is something that we're seeing happen in Europe as well.

Italy recently bailed out the Banca Monte dei Paschi di Siena. I don't know if people understand the significance of that bank. It's the world's oldest bank that has been in continuous operation since the Renaissance, so this is a very significant thing.

At the heart of this and at the heart, as you've mentioned, with the Federal budget, the can was kicked down the road, but now we have to deal with it.

At the center of all of this is an enormous pile of derivatives and they are still there. No one really knows what to do with them.

You had an article in this Quarterly Wrap Up which I think is very significant, and that is the way Japan has been handling this.

**C. Austin Fitts:** Yes, I did.



**Joseph Farrell:** They have been literally writing off their debt. In other words, it's a Japanese version of debt jubilee. I think increasingly that is going to have to be something that people talk about, but here is the hook in this problem: I think that any discussion of it without a discussion – as you've been emphasizing over and over again for as long as I've been familiar with your work – is that the central banking welfare warfare model, which is at the heart of it, has to be challenged.

We have to start looking at this, and as a matter of strategic necessity, we have to start targeting the families who have been behind it – the Warburgs, the Rothschilds, the Rockefellers, the Du Ponts, and the Italian banking families – all of them. We have to zero in on these people and begin exposing this entire model. Over time, it is simply not working. Left to their own devices, as Clinton let them do during his Administration, we see the result.

Something has to be done. I think any discussion of debt jubilees, without a discussion of the model that led to them in the first place, doesn't work.

**C. Austin Fitts:** Right. The model is the problem.

**Joseph Farrell:** Yes, the model is the problem. I talked about this complete thing back in *Babylon's Banksters*. You actually had the same situation developing in Mesopotamia thousands of years ago. They would have regular cycles of jubilees where they simply would erase all private debt. It was simply wiped off the books, and everybody would start again. So they never addressed the central problem. This is what we are faced with now.



**C. Austin Fitts:** Right, wash, rinse, repeat.

**Joseph Farrell:** Yes, wash, rinse, repeat.

**C. Austin Fitts:** You've listened to me, off and on, during the last six months. I've been chattering a lot about Chicago. Of course, a couple of weeks ago I got an email from Harry Blazer who was in Chicago. He said, "There is a homeless person every 100 to 300 yards."

I've been watching who and what has been organized in Chicago. Then, of course, we saw the Illinois Treasurer last week post a YouTube video basically saying, "Look, the state has now over \$800 million in late penalty fees only on its existing receivables."

Now Moody's is threatening to downgrade them to 'junk' even though they did come up with a budget by voting a 32% increase on the income tax. Can you imagine?

I started to investigate because I've been very concerned that Homan Square was a version of a local rendition center and that organ harvesting and other dirty organized crime games have been occurring. So I contacted you last week and said, "Joseph, it appears as though it's all of the firms and people who made money on the Rape of Russia."

**Joseph Farrell:** Yes. I think you're looking at something that has spun off from what we've been talking about for several years – this hidden system of finance that I think was put into play after World War II.



In other words, they set this thing up ostensibly to finance covert operations and secret black projects' research. But given the corruption that such a system will inevitably engender, I think it's now spread to purely criminal activity such as you've suggested – organ harvesting, slavery rings, pedophilia rings, and the whole nine yards. They have coupled that – as you've rightly pointed out – with the total idea of control files, of getting information on people.

I think you're looking at a huge underground economy here. Chicago is just the tip of the iceberg and I think this is a truly global network.

**C. Austin Fitts:** The thing that worries me about Chicago is it seems that they are moving to a big privatization. If you have a collapse of the rating in the state and local government in Chicago, then I think that those networks are going to pick up a lot of businesses and market share and real estate cheap. They don't care if their real estate goes down to zero if they can double their holdings.

I'm very concerned about that.

Global Productivity. One thing that is very important when you're in the investment world or government leadership world is watching productivity, and much of the economic blessings that have come in the G7 nations have resulted from steadily increasing productivity. Now we've seen productivity stall. I have written a great deal about why I think that is.



Last year in the 2<sup>nd</sup> Quarter Wrap Up I wrote something called *Productivity, Prosperity, and Popsicle Index*, which basically said that this giant sucking sound of Fortune 500 revenues growing at double the rate of the GDP is wreaking havoc in the real economy, and it is destroying productivity; it's not increasing it.

If corporate growth comes by destroying government productivity and causing government money to be used in a negative return on investment, of course, it's going to destroy productivity. I do think that the Trump election was a productivity backlash in the heartland from people who have to work with the concrete world— the gas, the food, the trucking. So the concrete world was pushing back about that, but I don't think we see an overall understanding of this issue.

The reality, if you look at what is happening with productivity, is that it going to be very painful economically if the trends continue.

**Joseph Farrell:** It is, and this is something that I think people have to really latch onto what you're saying. The current corporate model is simply acquisitions and mergers. It's not producing anything. As in Illinois, which you're suggesting, they are collapsing things simply so they can pick up hard assets for pennies on the dollar.

The problem is that people have been confused. I also think, to a certain extent, it has been a deliberate confusion on the part of the powers that be between finance capital and equity capital. What we're watching is the finance capital part of the equation going bonkers with greed and corruption and regulatory climate that is basically nonexistent while at the same time they have slapped all sorts of regulations on the actual productive part of the economy.



This cannot continue because the end result of finance capital running amuck is socialism and communism. This is always the way it works. I know that sounds strange to most people, but it isn't.

What I truly think is at the root of this is a cultural phenomenon. We have a corporate climate in which virtue does not exist. So my advice to Mr. Trump is: It's nice to want to make America great again, but it's much more important to make America good again. When you do not have a virtuous culture, and when you don't have any cultural traditions or values at all, everything collapses economically. This is central.

**C. Austin Fitts:** We can't afford the corruption and the warfare; it's too expensive.

It's killing the fundamental and it's killing the goose that laid the golden egg.

The next trend is the Shift to the Multipolar World. When I decided I wanted to write about how we were going to enforce the Constitution, I said, "I have to talk to Cynthia."

Cynthia McKinney is one of the few Congress people who genuinely has integrity in terms of her intent and goals. She served for 12 years and ran many campaigns. She won the Senate primary but was dirty-tricked out of it.

She has very deep experience within the machinery. I was a political appointee; I wasn't an elected official. So I said, "I need her big brain and her knowledge."



She is teaching political science in Bangladesh. So I boarded a plane and asked her, “Can I come over for a week and talk?”

It took a week of simply talking about the nuts and bolts of what we do, how we do it, and what is involved. What are the important issues? I feel that the big issue is slug management: How do you take care of the slugs? And how do you free people from being controlled by the slugs and the control files?

She is surrounded by these incredible students. She teaches at a university where you have the *crème de la crème* of these young children from Bangladesh who are so intelligent, they are so energized, they are so excited about the future, and what they’re most excited about, is helping the Bengali people. They see an opportunity to build the pie, but you have kids coming in from countries all around the world. So there were students from Sri Lanka, from Bhutan, from Nepal, and are all conspiring on different things that they can do back and forth together, and you see a vision of the multipolar world that is very wonderful. It has unbelievably talented kids excited about building the future together, and seeing a way to do it – which is totally win-win. It’s amazing.

It’s all very entrepreneurial, whether they are going into government or business. And you see the excitement about the future whereas when you’re here, there is no excitement about the future. People are more, “Oh, God! What are we going to do?”

This shift is happening whether we are part of it or not.



**Joseph Farrell:** What you are saying here goes back to something that we've discussed before, which we need to reiterate and emphasize the cultural aspects of this. Culture means the actual conceptual presuppositions that we have that we never examine. One of the biggest reasons in this finance capital culture is this idea that the pie is of one size and stable over time.

In other words, these people are operating on the idea that this is a closed system, that there is nothing new being added to it and can never be. Of course, they have their own version of physics to back that up.

But the problem is that it's not a closed system, and the pie can shrink or grow over time. The problem is that they are not intellectually enabled even to entertain the idea that you can grow the pie.

What does growing the pie mean? Well, it reverts to this idea of virtue. What you're talking about with these kids in Bangladesh is that they have essentially a virtuous view of themselves and of their neighbor, so that they can do well for themselves and for their neighbor. That includes investment – not only monetary investment- but investments of their time and investments of their intellectual capital and energy.

This is what we have to get back to in this country – the idea that investment means more than money. It means, principally, to recall our roots in the Protestant work ethic. It means, principally, Luther's view that every vocation has value and worth in the sight of God, and therefore, you do your best in that vocation.



You do it, not only for the glory of God, but you do it also for the well being of yourself, your family, and your neighbor.

In other words, this is a very localized view that he was talking about, and this is totally missing now.

**C. Austin Fitts:** One thing that I heard in Australia is that the young people will not work for companies that don't have a net plus view of the total economic return. The young people are demanding it of them. If they don't satisfy it, they're going to have problems with the government projects and the government contracts. They're going to have problems getting the young people to work for them. It was very interesting to hear. There is a real market function that is working.

The next trend is Decentralization: Can We Relocalize? We've already discussed this, but one thing that helps see the world whole and brings together different trends that we are talking about is if the young people want the companies to have a positive impact on the environment and a positive impact on the overall economy. They want them to have a positive total economic return. You can't do that unless you have integrity within the physical area in which you're operating.

The local has to work if you're going to have a positive return to the environment of the total economy. So it's almost as if they're demanding, "Hey, come back. Get out of your computer and back into the real world here."

**Joseph Farrell:** That is crucial. I think you highlighted another very important cultural phenomenon.



These big corporations love their computer-driven models, but it takes a real executive to get out of the boardroom and hop in the car and look at the conditions of the local plants and talk to the local employees of that plant or whatever.

This is all virtual computerized disconnect from human reality.

Like it or not, it's going to take a conscious decision on our part to opt for the human. It reverts back to what I've said so many times about electronic books. I know that people think I'm nuts here.

**C. Austin Fitts:** No, you're not. Every subscriber I talk to agrees with you.

**Joseph Farrell:** With regards to the idea of research, I keep telling people that not everything is on the internet, particularly the meaningful details about our history, about our culture, and about our science and its development. That is not on the internet; that is in books. You're going to have to learn how to use a library to find these things.

**C. Austin Fitts:** Absolutely.

The one that worries me the most: I call it Mind Control, Mr. Global Doubles Down. This is one of the invisible control technologies that is hard for people to fathom that it exists. If you look at what is coming with 5G: I was in Sydney with Jason Bawden-Smith and we recorded a Solari Report on 5G. I'm scared to death of this and I think it's very serious.



**Joseph Farrell:** I am too and I'll tell you what. This is yet another aspect of the dehumanizing fascination that the powers that be have with technology. This is very real. About two weeks ago I received a flood of emails that a new patent had been granted in the United States for a technology that can literally read your brainwaves and get your username and passwords remotely.

Well, if they can read your mind remotely, they can inject waveforms so you have certain emotional patterns or habits of thought and so on. This is real. I believe it's an indicator of something else and it is a good thing. It's an indicator of how scared they actually are.

We're dealing with a handful of people who are so egregiously corrupt and evil that they know if they were ever exposed, they would be floating at the end of a yardarm on a rope. That's how scared they are, and they have to perfect this stuff.

The other part that I think we need to consider in our cultural investment and strategic planning is how exposed we might be and whenever we may be to these technologies. We must consider what we can do about them, and to understand that these technologies are going to want us to act a certain way, and to try to forte that as much as possible so long as it doesn't result in immoral behavior.

**C. Austin Fitts:** When I first moved to Hickory Valley, I went into the ladies' room in one of the churches. It was a small closet bathroom and I sat down and stared right into a cartoon of the Ten Commandments. I thought, "That's very cute."



Whenever I want to do something in violation of the Ten Commandments, I say, “Look, either that is coming from the CIA, or it might as well be, so you can just forget about it.”

You have to inculcate. You have to make a list for yourself – whether it’s the Ten Commandments or your version of it – and then you have to live by it. It’s a discipline designed to protect all of us from this experience.

**Joseph Farrell:** Exactly. It goes to the idea that if we’re going to have a functioning economy, we have to have a functioning culture. If we’re going to have a functioning culture, the vast majority of people in it – in positions of power and out of positions of power – have to be virtuous. There is no other way about it.

**C. Austin Fitts:** And coherent, also.

**Joseph Farrell:** Virtue is coherent. The problem is that we need to reexamine all of the heroes that the standard narrative – that the powers that be – have been shoving at us for so long and examine them in detail, President Lincoln being one of them. Is this guy the significant saint who deserves a mausoleum type temple in Washington, DC? My answer would be ‘no’. Is David Rockefeller the important success story that he and his family have said that they were? My answer would be ‘no’, and so on .

You cannot keep making heroes out of people who are corrupt and evil. To a certain extent, we all have that contagion, but it’s one thing to have the contagion and be fighting it and attempting to overcome it, and another to give into it in order to achieve fame, power, and fortune. That’s been the problem.



**C. Austin Fitts:** One way to implement enforcement is to simply shun people who engage in bad behavior. If we admire the people who engage in bad behavior, then we are never going to get out of corruption.

Another trend I noted was: The Investment Screen is growing. It's relatively easy to move your bank deposits and to grapple with moving your purchases. Investment screening has traditionally gotten a bit more difficult, but I did a 3<sup>rd</sup> Quarter Wrap Up called *Can We Filter for Productive Companies?* It was very interesting because the Norwegian Wealth Fund recently came out with a very interesting development. It said, "We're not going to index funds because we reserve the right to not put money in something because they're destructive." It was quite marvelous. I put the commentary up on the website.

I wanted to discuss investment screening, and finally the trend I call: Who Will Nourish the Field? That goes back to what you have inspired in all of us, and that is how do we nurture, build, protect, and build up our culture?

**Joseph Farrell:** It's interesting that you mentioned this yesterday. I want to tell a little story because I think this is extremely vitally important. Yesterday I received a magazine that I'm a subscriber to called *Fine Art Connoisseur*. Last night when I went to bed, I thought, "That will be my bedtime reading."

In this magazine I was stunned and shocked. There was an article in it about Chinese art schools in the People's Republic of China that, number one, teach that the foundation of the visual arts –



painting, sculptor, and so on— is the traditional Renaissance practice of learning how to draw and to draw beautifully and accurately.

They had some pictures of drawings by Chinese artists. I swear they looked like they could come straight out of the notebooks of Leonardo de Vinci. They are that good.

What that tells me is the Chinese understand, first of all, there is something universal about Western culture. Number two, that universality did not come about by happenstance and chance; it was the result of a tradition of creativity. That tradition has certain fundamentals that you must learn in order to function within it in a creative fashion.

Obviously that's only the arts, but if you expand that paradigm and look at what has been happening in China, really since Deng Xiaoping, I think you have a society there – obviously a very old civilization as well – that understands that if you're going to have a functioning and be a part of a functioning global economy, you have to understand the culture that created it, which is the Western culture, and you have to integrate it with your own in a very creative fashion, which they are doing.

This fascinates me because I think it is an indicator of what you and I have been trying to get across, and that is the link between healthy, functioning economy, investments, and so on, and a healthy, functioning culture.



I was truly stunned by this and still am. I am stunned that they would understand things to that degree of detailed planning. This is not an accident; these are all state-run schools sponsored by the communist party, of all things.

**C. Austin Fitts:** When I was flying to Bangladesh from Hong Kong I picked up the *Café Pacific* airplane magazine, and it was much thicker than most airplane magazines, and it was filled. It had six new fictional stories written by aspiring writers in Asia and they were magnificent.

**Joseph Farrell:** I believe it.

**C. Austin Fitts:** They were all in English, were fresh, and these were Chinese-speaking kids. They were young people writing these magnificent stories, and were very sophisticated.

The entire magazine was filled with unbelievably rich cultural art and music references and these stories. It was incredible. It was something that would be targeted at PhD's, and this was just the airline magazine.

**Joseph Farrell:** It's interesting, too, that the terrorist attack in Tehran recently took place at an art gallery. When I read that, I thought, "Wait a minute. An art gallery?"

So I looked up this art gallery in Tehran, and I was totally stunned at the quality of the art that was in this gallery. Incidentally, it was representational art. I got to thinking that under fundamental tenants of Islam, you're not supposed to have that at all, and here it is.



There is something happening in Asia –from China to Iran – that is a very positive sign that they are giving such attention to the details of human creativity and trying to master the traditional craft while we in the West are, as I pointed out in the Louisville luncheon, backing artists and musicians who are essentially anti-art. They produce garbage; they produce junk; they produce ugliness.

**C. Austin Fitts:** You're talking about embracing a 26-step plus world.

People are continually embracing a 26-step-plus world. There is no effort to simplify things at all. There is celebration of the actual complexity of life.

**Joseph Farrell:** . Prince Charles recently talked about this tendency and this phenomenon as well. I think that, to his credit, he is identifying the very same problem that you and I have talked about.

**C. Austin Fitts:** He probably got it from you.

**Joseph Farrell:** I doubt that very, very much. I doubt that he sits around reading anything that I've written.

**C. Austin Fitts:** But MI5 does, and they feed it to him.



**Joseph Farrell:** I think it's deeper than that. I think there is an awareness of people waking up in the West, particularly in Europe where their culture is under such assault. But it's also here and elsewhere – Australia, Canada, and Indonesia is having a similar thing.

I think people are just tired of the ugliness movement.

**C. Austin Fitts:** Last trend: Environmental and Geophysical Stress.

We saw the President cancel the Paris Accords. I still want to know what that was actually about. It reminds us, once again, that global spraying continues, and all sorts of phenomena are happening. We continue to wonder what the real environmental and geophysical risks are. Do you have any comments on this?

**Joseph Farrell:** I think that there is something happening with his cancellation of the Paris Accords, and I think it ultimately has to do with technology. It's the technology to manipulate weather. You've mentioned the spraying, and that is certainly part of that agenda. But I revert to something that occurred earlier this year when the Russians went into Syria with their intervention at the request of Bashar Assad.

They had someone communicate from their foreign ministry who said that this was the first of many geopolitical 'tectonic' shifts. I think that President Trump's decline of the Paris Accords has to deal with technology. I think there is something going on technologically – not just with the weather but with technological manipulation of the planet itself. That's intuition only and I'll probably be blogging about some of that this coming week.



Along with the mind control technology this is something that internationally that isn't even recognized as a problem, and it is simply not regulated at all. There is no attempt to create a legal international structure to put limits on some of this.

Interestingly enough, I have one more point to note about this. The Russians have been pushing for this – for such an international convention on these types of technologies-ever since the SALT I Treaty between Brezhnev and Nixon. The Russians have been pushing for this even under the Soviet era.

I find it very interesting that the American response to this proposal by the Russians, that clearly came from Brezhnev himself, was mystification. I don't know any other way to describe it. The American negotiating team apparently just sat in the room when the Russians made mention of this and were putting it on the table. They looked at each other mystified as if, "What are they talking about?"

I think it's come home to roost now. We've seen these technologies manifest themselves.

I think one thing that people are going to have to be increasingly aware of is that these are going to be part and parcel of arms negotiations talks, trade agreements, and so on. So don't look mystified when it starts getting mentioned in major media because it's been there for a very long time.

**C. Austin Fitts:** Right, and this is much more serious than North Korea.



**Joseph Farrell:** Oh, much more. That poor little nut there doesn't even actually have a clue.

**C. Austin Fitts:** I like the line from *The Gladiator*, "Are you not entertained?"

**Joseph Farrell:** Exactly! That little nut is investing in all the wrong technology if he wants to be the great warlord.

**C. Austin Fitts:** But he is serving his purpose, and he is doing it well.

**Joseph Farrell:** That is true. He is serving his purpose.

**C. Austin Fitts:** I would encourage everyone to take a look at the Long Term Trends on the web presentation. The reason we went through this with you is because it is so important that whatever time you have to track an event in the news, you focus on the actual intelligence. That is our hope by having you see this.

We're going to turn now to Economy & Financial Markets, and it's amazing how much noise there is that makes no sense unless you can see these Long Term Trends. So I really appreciate you taking the time and making the suggestion that we step back and do that.

On that web presentation there are great links to help you delve into any of the ones you want to explore. There are many resources including those that Joseph has helped us do over the last four years.

Okay, are you ready for Economy & Financial Markets?



**Joseph Farrell:** Yes.

**C. Austin Fitts:** Under the News Trends & Stories on the navigation bar, click on News Trends and you will see a table of contents for that section. Then if you click on ‘Economy & Financial Markets’ you will be following along with the explosive number of stories.

I kept saying to our Top Picks editor, “We only want to put in the very, very most important stories,” and he kept cutting and cutting and cutting, but it kept growing.

I said in the Annual Wrap Up that with the slow burn, the runway was out, and now we are going into controlled demolitions. I have to tell you that every day there is an announcement of a new pension fund in trouble and cutting back and it’s unbelievable.

What we’re talking about is the retirement savings of millions of people who have worked their entire lives and had extraordinary promises made to them, and there’s not a mention of that. We’re too busy watching a CNN fight with this person and that person which, of course, is all a distraction meant to keep you away from this.

Part of this is I think, if CNN thought they actually covered the pension fund problem, their ratings would go into the basement. This is so frightening and depressing, and people don’t want to hear about it.

Of course, the very remarkable one is Illinois, which we just finished discussing. Illinois is becoming the poster child for what can happen to public pension funds in this environment.



**Joseph Farrell:** Right and it's going to increase. I don't see any solution to this being proffered by any of the people writing the analyses or the articles and the major media is not even covering it. The real problem is this welfare warfare model that we've been under: "The state is going to take care of you and all of your grandchildren under the third and fourth generations, and do so by fighting endless wars."

**C. Austin Fitts:** State-sponsored mortgage fraud is siphoning all of the money out of the pension fund through the back door, and internet bubble equities are siphoning money through the back door or pushing interest rates down. They're transferring subsidies out of the pension funds into government.

If you look at all the different ways that money has been siphoned off the pension funds, here is the interesting thing: The Federal government has no problem contemplating a \$27 trillion bailout to the bank. We could do a \$27 trillion bailout of the pension funds, but there is not one ounce of conversation about that.

**Joseph Farrell:** No, there isn't and there won't be. I think your model of what they're really trying to do is another pump and dump so that they can pick up hard assets with pennies on the dollar. The reason they want to do that reverts to the fact that their initial presupposition – the unexamined presupposition – is that the pie is of one size and stable over time.

They're creating their own nightmare, and the real thing that we have to shift in the transition from Global 2.0 to Global 3.0 is to shift out of the finance capital model and shift into the equity model.



The only way to do that safely in this environment where you have such a criminal mafia running the international financial system is to do it on a regional and local basis. This is key.

It's true not only here but also there is a cultural problem with people wanting to do business with China but unable to do so because of the way the Chinese government regards contracts.

Contracts are covenants, and covenants depend more or less on two equal parties both having integrity and having virtue and wanting to fulfill their commitments.

It's all cultural.

**C. Austin Fitts:** This goes back to what I've always said. We have a negative return on investments to taxpayers, and it keeps getting deeper. The question is: If you get a new Administration willing to address that, what are the chances that that can be turned around?

We will talk a little more about that as we get to geopolitics. There are a couple of challenges of turning that around, and one is that the national security state and its costs are out of control. We have seen McCain and the neocons pushing up the DOD budget.

Trump asked for a \$57 billion increase, which is ridiculous on the face, but when the McCain and the neocons came back with \$100+ billion increase, we know the challenge with that is, if you appropriate the money case law – according to Congresswoman McKinney – you're deemed to have satisfied the war clause under the provisions that went in after 9/11.



So that gives the Administration the ability to fundamentally go to war with you-name-it (fill in the blank).

That's a big problem, and one of the reasons it's a big problem is because, if you look at who is lobbying the Administration to go to war with Iran or Russia, there are a number of problems. One is that they are serious, two, they couldn't care less if the United States fails or not, and three, many of them have dual citizenship. So we're not necessarily even looking at Americans.

**Joseph Farrell:** Oh boy, it's high time to address the dual citizenship. By dual citizenship, you're primarily meeting people with dual citizenship in the United States and Israel. It's high time to address this. There was a wise man who once said, "You can't serve two masters."

Sooner or later, that means you have to choose one or the other. Sadly, the choice has been 'the other' and not the United States.

"War with Russia", and we'll get to that when we get to geopolitics, but if there is anybody in this audience – and I doubt there is – who thinks that we are capable of doing it and pulling it off according to plan, think again.

**C. Austin Fitts:** Right. That's what Cynthia insisted. She said that we're going to lose that war.

**Joseph Farrell:** Absolutely. Number one; this is not a war that will be fought with nuclear weapons. Number two; if it is fought with nuclear weapons, it will be of a very limited nature. If it is fought at all, it will be a very, very different kind of war than we've seen before.



Russia has been sending us messages over and over, “Think twice before you do this.”

We’ll get to that when we get to geopolitics.

**C. Austin Fitts:** One thing that Cynthia pointed out, and it’s in the excerpt we did for the video this week, is that the Duma and Putin outlawed dual citizenship for members of the Duma in Russia.

**Joseph Farrell:** Yes, they did.

**C. Austin Fitts:** That is significant because the Russian mafia and that entire group received passports to Israel when the Rape of Russia occurred. So both, in the Ukraine and Russia, you have serious Russian mafia and related networks that have dual citizenship, and Putin has cut them out. I think that may be part of the reason we’re being encouraged to go to war.

**Joseph Farrell:** Absolutely.

**C. Austin Fitts:** I don’t know if you saw one of my favorite moments in the Second Quarter when Oliver Stone was on Colbert. He said, “Why are you worried about Russian interference? The Israeli interference in the elections is much worse.”

**Joseph Farrell:** Exactly. This whole ‘Russia interference’ thing, when you compare it to the interference in US elections, and let’s remember folks, that virtually every US presidential candidate going back at least 30 or more years has had to make their obligatory statements to the American-Israeli lobby and instantly receiving money from those lobbyists. If that’s not interference, then I don’t know what it is.



It makes anything that Russia may or may not have done – which I haven't seen much evidence for yet – pale by comparison. So it's time for this country and other countries to have a real debate about this dual citizenship thing, and most importantly to enforce the law. Under American law, none of this should be happening – none of it.

**C. Austin Fitts:** I think one of the biggest events in the Second Quarter, in terms of the Economy & Financial Markets, was the Amazon purchase of Whole Foods and the comparison of that model with the Alibaba model, and what the implementation of robotics and AI means. It's a great metaphor for this overall dynamic.

Harry Blazer has agreed to have the entire Solari Report looking in detail at the Amazon-Whole Foods deal. I think it's that important. So we will be doing that this summer.

It was very interesting. Robyn Obrien, who I'm a great admirer of, used to be a stock analyst. As soon as the Amazon-Whole Foods deal was announced, she put out a tweet showing the drop in equity valuations in all of the companies that sell groceries in the United States who have big market shares – Walmart, Kroger, Costco – and they took a huge beating. It was amazing.

You could measure the equity destruction from this kind of very deflationary technology. We've been talking about this as part of the shift from Global 2.0 to Global 3.0 for a long time, but now you're really seeing the hollowing out in very, very significant ways. But this is one action where you can measure the equity destruction, and it was enormous.



**Joseph Farrell:** I think that in the long term it's not going to work for Amazon. But in the short term, like it or not, this means that we are confronted with choices.

I'll tell you why I say that. Where I live are, of course, these Whole Foods stores. I had been considering doing some grocery purchasing there principally because they sell a lot of non-GMO organic produce and so on. After the Amazon announcement, I decided, "No, I'm not shopping there."

Quite frankly I think that is what people are going to have to do. They're going to have to go to their Krogers or Albertsons or what have you and do their shopping there, or even better, at a local farmer's market where they can get some food that's not GMO.

I share your concerns wholeheartedly here.

**C. Austin Fitts:** Another thing that I wanted to mention is you see it in Amazon with the intelligence agencies' cloud plugged into Amazon. God knows how that relates to all of Amazon's databases. Wouldn't we love to know!

It brings up the question of surveillance capitalism. I refer to the chart I described from *Fortune Magazine* where you see the revenues of the Fortune 500 explode and race ahead by more than double the general GDP. I think part of that explosion very much relates to the bulk acquisition by the NSA that we've been talking about with Bill Binney and the great documentaries that Frederick Moser did about Binney's experience.



I think the reason they wanted the bulk acquisition into the private contractors was to help fuel an explosion of surveillance capitalism with Google and Facebook, etc.

**Joseph Farrell:** You're absolutely right. I'll tell you my personal experience here. I don't know if it will be valuable for people or not, but occasionally I do have to buy some of my research material from Amazon because it's just not available anywhere else. But if I can possibly help it, I don't buy from Amazon at all if I'm wanting a book; I go to another major retailer that still has storefronts.

I'll tell you something else that scares me. Over the years I have noticed that when I have been researching and writing a book, that soon after I publish – or sometimes before I publish a book in a certain field – someone else does it, and the book is not nearly as well-written or researched. I've noticed this pattern. Others have noticed this pattern who I know write in this field, and we've talked about it occasionally.

What we think is happening is precisely what you say. The intelligence community is using Amazon purchases, particularly from people who are flagged or tagged as authors or news commentators or journalists or whatever, and they're using their purchases to get a general idea of what they're going to write about.

Quite frankly, I've had to obfuscate my purchasing to buy things that I'm not really needing for research at this particular period. There is no doubt in my mind that Amazon does this. This is another reason to use other retailers if you can, and avoid that CIA-connected Hydra. Absolutely.



**C. Austin Fitts:** Now when I feel like amusing and entertaining myself, I'll say to somebody on the phone, "I have a headache. I have a headache." Then I'll send an email saying, "I have a headache. I have a headache," and I see how long it takes me to start getting emails marketing aspirin or headache relievers.

Another thing I wanted to talk about is the European economy. We started the beginning of the year with Brexit. The UK implemented Brexit going back and forth with the Germans and the French, and then it was the Austrian elections and the Netherland elections and now the French elections. The establishment is breathing a big sigh of relief, so the European equity markets are up. Part of that is the dollar is trending down for the first time in a couple of years.

It appears that Europe has gotten a temporary reprieve. At the same time, if you look under the rug at all the problems – not to mention what is going on at the Vatican – it seems that the European establishment received the same kind of sigh of relief that the American heartland did on the US elections, but it still doesn't address the real problems.

**Joseph Farrell:** No. All Europe did with the elections in France and the Netherlands and Austria is it kicked the can down the road. The fact of the matter is that Merkel is running the policy whether everybody else in Europe wants to admit it or not.

I remember Marine Le Pen at one point speaking in the European parliament, addressed President Francois Hollande as Monsieur le vice-chancelier, Mr. Vice Chancellor. That pretty much said it all.



Europe has done nothing but kick the can of her open borders refugee policy down the road, and, even more importantly in doing so, they've kicked the cultural problem that they're going to have to resolve down the road, and also the financial problem. This is not going to go away; Merkel is not going to change her policies, and as a result, that opposition in Europe is going to grow.

This may be a good time, then, to make a connect with the geopolitics. I think there are three big stories happening in Europe, and they are Italy, Britain, and Germany.

The Italian story heads the list because, as I mentioned earlier, we have the banking bailout of Monte dei Paschi di Siena by the Italian government, but also a raging pedophilia/homosexuality ring/scandal in the Vatican that broke this week. As a result, I think that what is actually happening in Italy has been sidelined.

Today, I did my 'News and Views' on this story: Currently, in the Italian parliament, there are debates about Italy leaving the European Union.

**C. Austin Fitts:** Really?

**Joseph Farrell:** Oh, yes, there are.

**C. Austin Fitts:** You know that Austria is trying to shut off the border to Italy so that all the immigrants get trapped in Italy.



**Joseph Farrell:** Yes, and the refugee problem in Italy is a huge problem. In this article from *Zero Hedge* that I cited in my ‘News & Views’ today, Italian youth unemployment is running at about 37%.

**C. Austin Fitts:** It’s up?

**Joseph Farrell:** Yes. Refugees or no refugees, you cannot have a functioning economy with statistics like this when, at the same time, you’re bailing out banks to billions of dollars or billions of euros. At the end of the article there was something that really caught my eye. There was a German by the name of Heiner Flassbeck who had worked for some years in the German foreign ministry. His advice to the Italians was, “Go ahead and threaten to leave because that’s the only way that you’re going to get Merkel to change her policy.”

I suspect that over the long-term, here is the problem: The European Union shows no sign of wanting to change its fundamental structure from the bureaucrat regulation structure that it is, to a genuinely open participatory republican sort of federative democracy. In other words, behind the facade of a union, you really have the old Nazi plan for federated Europe being run by Germany. That is actually what is happening here.

So I suspect that without such change, the European Union is going to fragment and fracture back into its component of nation-states with great powers and minor powers and so on. Italy is interesting because Italy really – as far as I can see – has nothing culturally, politically, or, in the long term, financially to gain from remaining within the EU.



Let's assume for a moment that Italy does leave at some point in time. If it were to happen tomorrow, I guarantee you what would happen. Russia would be there in a heartbeat. We've already seen – and I've blogged about these stories – Italian cabinet ministers bucking Rome's official policy and going to Russia to try to work out some deals for agricultural trade.

The same thing is going to happen, I suspect, with China. China is going to come in and say, "You have all these financial problems. Let us work out some financial deals with you and deal with it."

In other words, Italy does have options and that is the key point.

**C. Austin Fitts:** I think that Italy would be so much better off out of the EU, from everything that I saw when I was there.

**Joseph Farrell:** Absolutely.

**C. Austin Fitts:** The wonderful thing about the Italians is they understand that there is something more important in life than making money. We did not come here to make money; that is not our goal.

The Italians have a sense of purpose and groundedness.

**Joseph Farrell:** They have a sense of purpose because they have a sense of their culture and of its importance to the overall elaboration and development of Western culture. After all, it's the home of the Renaissance.



They have a sense of the real value, but it's not a value that economic analysts can sit down and calculate. They have a sense of the value of cultural institutions and traditions.

Italy, because of this, of all countries in Europe, would be in a very unique position to deal with countries like Russia, which similarly has an understanding of the value of its own culture, particularly after the Soviet experience. The Chinese who, as I mentioned, are doing very interesting and amazing things in terms of their cultural projects.

I think Italy is in a much stronger position than the merely financial analysis would say it is. I'm not saying that if Italy does leave it wouldn't have problems; it would. But in the long term I think that those problems would be mitigated and ultimately dissipated, and you would see real productivity return there. They have a large economy. Most people are not aware of how large their economy is.

I think Italy is crucial, and the other thing that I think is crucial – not to coin a pun – is the Brexit and the recent British elections in which Prime Minister May suffered, what can only be called a 'severe trouncing', for her goals and for the conservative party.

**Joseph Farrell:** Here I'm going to indulge wildly in 'on to the end of the twig' speculation.

**C. Austin Fitts:** He's hanging on the leaf beyond the twig. Go ahead!



**Joseph Farrell:** I have a picture on my website of a goat. I'm a Capricorn, so I have a picture on my Facebook wall somewhere of a small goat standing at the end of a branch of a tree, and the branch is sagging under the weight. That is what my speculation here is.

Let's look for a moment at Great Britain. I think that Britain is in a very odd political situation, and I don't think we've seen the equivalent of this situation since July of 1940 – France has just been conquered and Neville Chamberlain's government is in tatters. The policy of appeasement not only didn't work out, but now Western Europe is overrun.

I think we're at the Halifax-Churchill moment of history. What do I mean by this? Well, Prime Minister May has to form a coalition with, what the British press is calling an 'extremist Irish right-wing party', the DUP.

On the other side of the aisle, the labor leader, Mr. Corbyn, is calling for a general election. I think eventually, regardless of whether or not that happens, you're going to see a vote of confidence take place in the House of Commons. It may be that Mrs. May would lose that vote and you would have a general election.

The problem here is similar to what we were faced with during this last Presidential election. We were faced with two candidates that nobody really wanted, but for most people it was a choice of what they considered the lesser of two evils. That is similar to what's happening in Great Britain, but there is a difference in Great Britain that could make this a Halifax-Churchill moment of history, and that is the crown.



Some of Mr. Corbyn's policies would not be amenable to the sustained conservatives in power since Tony Blair. I mention Tony Blair because in 2003 his labor government did a study of the existing powers of the crown under the British constitution in 2003. They pointed out that the crown had the right to appoint governments – to choose a Prime Minister. This is what happened in July of 1940 when Chamberlain was replaced with Churchill. The crown literally made a decision between Churchill and Lord Halifax.

I think we may possibly be looking at a situation where that 'could' happen again – I'm not saying it will, but that it could. If it does, it will provoke a constitutional debate – perhaps even a crisis – in Great Britain such as we've not seen before because you have the labor equivalent of the progressives over here who will view that as trammeling and trampling on democracy and so on. You'll have the traditional components within British society – the Tories who will probably back whatever the monarch does.

I do think that the potential is there for another Churchill-Halifax moment.

**C. Austin Fitts:** It's interesting. If you look at the people who voted for Brexit, as you know, I believe the Queen very much wanted Brexit to happen.

**Joseph Farrell:** I do, too.



**C. Austin Fitts:** If you look at who voted for Brexit, I think they were voting with her. If you study how she nurtured and brought William and Kate – the ‘heir apparent’ – along, that’s all designed to capture and hold that part of the population in support of what the monarchs want. I think British royalty will be able to pull it off.

**Joseph Farrell:** I’m not saying that I’m either anticipating or certainly not wanting to see a constitutional crisis in Great Britain, but I’m in agreement with you that I think the crown itself was quietly behind the Brexit vote. The reason I say that, is not simply, because we have that strange incident under Prime Minister Cameron where the Vice Premier was summoned to Buckingham Palace and the dinner conversation that the Queen chose was to have him name three good things about staying in the European Union. That’s somewhat of an Elizabethan way of saying, “I’m not for this.” God Bless her!

The other thing that is a strong indicator of where the crown itself stands with all of this is that, shortly after the Brexit vote, you began to hear all of these rumors originating from the commonwealth. I said at the time that Brexit was setting the stage for revival of the British Commonwealth of nations as a real functioning political and cultural entity. It’s a soft culture power card.

Lo and behold, you have the British talking about extending associate member status to the United States. This clearly is coming from the crown and from certain elements within the peerage as well.



That's another development that we have to watch on the geopolitical stage. You haven't heard much about it, but I can almost guarantee you that President Trump, when he does talk to Prime Minister May and some of the British delegates there, that is going to be a subject of conversation that is to be held behind closed doors. I can almost guarantee it.

**C. Austin Fitts:** Right, and it's very important to remember that Trump's mother was Scottish.

This ties him much deeper than I think most people realize from his style.

I do think that if you scrutinize the people who voted for Brexit, they are firmly behind the crown. But the reality is that the conservatives have to start showing a bit more trust and concern for the common man. I think that is why May has really blown it.

**Joseph Farrell:** Corbyn and the labor party have tapped into that. Some British friends told me that there were Brexit people who crossed the lines and voted labor in this last general election, and that does not surprise me in the least. It really does not and there is much to watch happening in Great Britain.

The third thing that we have to look at very carefully and people-watch geopolitically is, of course, Germany. This quarter Merkel has put me in that Joan Rivers frame of mind, "Can we talk?"

**C. Austin Fitts:** Or as Ricky Ricardo would say, "Let me 'splain you something, Lucy."



**Joseph Farrell:** The news coming out of Germany – particularly in the last two to three weeks of this quarter – has been bizarre and profound. In reaction to the American sanctions, I, as a matter fact, recently had a blog on my website titled, “Germany has had it and considers sanctions against the USA.”

This is coming – as is always the case with Merkel’s government – from people either in her cabinet or at a subcabinet level. This is something to watch because what they’re talking about is sanctions against imports of American energy. That is number one.

Number two is that Merkel herself and some of her ministers have repeatedly made statements that, since the Senate passed more of these ridiculous – in my opinion – Russian sanctions, that Germany and Europe are going to have to go their own way for security arrangements. They have been quietly putting into place – and this is a story that I don’t think that most people are aware of – and integrating the militaries of some of the countries surrounding Germany including Holland and the Czech Republic as units under the command of the Bundeswehr essentially.

You’re watching the creation in slow incremental steps of a Pan-European army again more or less under German control. I think this is *déjà vu*. We’re looking at the internationalization of the Wehrmacht that began in 1942 all over again when you have French, Dutch, Czech, and other units being formed from those nations to fight for Russians. I don’t think that is what Merkel has in mind for this, though.



Today Merkel said that as far as world security and stability goes, Germany and China are going to need to cooperate on this. In other words, the signals coming out of Berlin are very, very strong. Merkel, who was at least for a period of time, considered to be firmly within the Atlanticist camp in Europe, now seems to be reversing course.

**C. Austin Fitts:** Maybe Trump's 'crazy-making' is causing a large amount of people to create many more tracks of talking to each other.

**Joseph Farrell:** That is happening and I think that is one result. Geopolitically, this is a huge move, though. This means, ultimately, – and I predicted this years ago – that Germany is going to cast its lot and therefore Europe's lot with the BRICSA block – with Russia, China, and that entire Shanghai cooperation organization. I think that is inevitable. She is making the opening moves now, signaling this in some very strong language.

This is yet another story to watch. From a simple realpolitik point of view, I am stunned recalling the years since 9/11 at how the United States has managed to push away our most powerful allies in Europe and across the other side of the hemisphere to Japan and their rearmament and the negotiations that Mr. Abe has undertaken with the Russians regarding the Kuril Islands and Japanese investment in Siberia.

We're watching it happen whether we like it or not and there seems to be no sanity whatsoever in Washington with the Ziocon crowd.

**C. Austin Fitts:** I think the goal is to 'make Israel great again'.



**Joseph Farrell:** I do, too.

**C. Austin Fitts:** I don't think that the goal is to make America great. America is to be harvested for their end. I think they believe there is a safe place in the world if they destroy the United States and possibly Russia.

**Joseph Farrell:** I have bad news for them if they think that.

**C. Austin Fitts:** Let me cut in and talk a little about investors before we continue on with geopolitics. I want to close out the Economic & Financial Markets.

One thing that we saw in the Second Quarter is the US market has essentially 25% of the global profits but 50% of the market valuations. Market valuations have moved way ahead. With the dollar decreasing, we see European and Asian markets outperform the US markets significantly – actually for the first time in a long time.

There is no doubt that the US markets are high. Of course, everybody was expecting a correction in the equity markets, and it hasn't happened whatsoever – particularly with the European establishment feeling flush.

What is interesting is that you see the same thing in Asia that you see in the United States, and that is investors still prefer real estate. Part of it is, they are nervous about how high the securities market is, but they're also trying to keep their assets a little harder and a bit more grounded.



Even though we're seeing technology absolutely squeeze and competitions squeeze income and margins, if you look at after-valuations, we're literally watching a hyperinflation through the property markets and many markets around the world.

Vancouver, Sydney, San Francisco, Hong Kong, and around the Pacific Rim the prices are just exploding. Of course, Sydney's property market never dropped during 2008. Every time I'm there they say, "Oh, it has to stop now." Then, of course, it keeps going up.

You are seeing the bleedout of the central bank monetary inflation hitting the property markets in many of these areas. I wanted to note that, because now with property markets bubbled and the equity markets bubbled and income squeezed, everybody is looking around saying, "Oh my God! Where do I go?"

I think it's particularly interesting-although I always hate to mention his name- the head of Facebook is going around and arguing for a minimum income and writing checks to people and providing them with a minimum income, and we've seen countries around the world now starting to do that. There is no doubt that you can see there is a terrible, terrible fear in the establishment of what the continued impact of robotics and artificial intelligence is going to do.

**Joseph Farrell:** Yes, and you can't blame them, particularly vis-à-vis the Pacific Rim and skyrocketing property prices and so on, because the other thing from their standpoint, they are looking at a tremendously destabilizing situation, and are correct. But there are other destabilizing factors that they also have to factor into their thinking, particularly in the Pacific.



You've seen the rise of radical Islam in Indonesia, in the Philippines, and of course, the Philippine leader is not acting very friendly towards the United States now. He is going so far as to claim that the United States is actually arming ISIS in the Philippines to overturn his government and I wouldn't be a bit surprised if that was the case.

**C. Austin Fitts:** Is it the United States or is it simply the narcotics trafficking? He's mad that he's finally shut down the narcotics trafficking.

**Joseph Farrell:** I think it's both. We know the CIA has been up to its earlobes with international drug trafficking as one of its funding mechanism sources for its covert projects. I think it's both, quite frankly, but you're looking at two countries that are stable, but there are problems internally within them, the Philippines and Indonesia.

Of course, once you start thinking in those geopolitical terms and thinking that the Chinese are going to have a say about it and the Australians are going to have a say about it and the Japanese are going to have a say about it, it's going to be interesting to see how this plays out. This could be a factor for why people are investing so much in property in that region rather than in riskier types of investments for the long term.

I think a lot of people are just looking at how these governments are going to handle the situation and if the United States is going to step in and make things worse – as it usually does when it steps in.



**C. Austin Fitts:** I have to mention the last story. I make the assumption that certain things could never happen, and then something happens that is so far outside your concept of reality that it's like getting dropped on the seesaw when you were a kid during recess. I don't know if you've ever had the wind knocked out of you on those big seesaws, but it feels like that.

Here is the story: Federal Reserve Chairwoman, Janet Yellen, has an interview and says that she does not expect any new financial crises in our lifetimes.

Here is the thing: You look at it and think, "Why would anyone who understood the financial system say that?"

Then you realize that it's possible that she doesn't understand the financial system, which perhaps is the most frightening interpretation of what that is. It's better to know that she is just lying and trying to make sure that the average investor feels safe.

But having lived through Hank Paulson not knowing that he couldn't let AIG down, I had to contemplate, "Is it possible she doesn't know?"

Do you have any theories on what that was about? We can just pretend that the central banks will fix 'it' – whatever 'it' is.

**Joseph Farrell:** Listen I hate to say it, but when I saw that article – and I saw it this afternoon – I have to agree with you. My initial reaction was, "No, she's not lying because I don't think she is smart enough to lie like that and do it and pull it off."



I'm with you. I don't think that she knows what she is talking about. I think it's scary.

**C. Austin Fitts:** Since you brought up the Churchill-Halifax moment, I'm bringing up another AIG-Hank Paulson moment.

**Joseph Farrell:** Exactly, this makes no sense. On the other hand, we've discussed so many times that the financial elite themselves – and I've said it for years – when you keep surrounding yourself with the same type of 'yes men' or 'yes women' in this case, eventually you box yourself into a corner where you're dealing with people who are so stupid that they can't think their way out of a new situation. This is what frightens me.

**C. Austin Fitts:** I will say that from watching who is subscribing to The Solari Report and what I've seen of who is subscribing to Giza Death star; I'm amazed at the number of people who are now seeking real information.

**Joseph Farrell:** This is the other thing; it is all cultural. The people, who are backing this central bank model and the analysis that they are putting out, believe their own propaganda. This is what is so frightening.

**C. Austin Fitts:** It is frightening.

**Joseph Farrell:** They are watching the fake news that, they themselves own, and the networks are circulating it.



**C. Austin Fitts:** The blowback is that the mind control is persuading you that the thing you used to mind control that other person is now taking over your mind. It's the ultimate mind control blowback.

So let's jump to geopolitics because there are so many fun things to talk about!

I want to mention the free speech and corporate media meltdown.

I actually believe that much of what we are watching is not the corporate media melting down. Their job is to entertain and distract in a way that gets ratings so that you're not focusing on what is happening to your pension fund.

I think that this is a business. If you look, for example, at the President's fight with CNN, the person running CNN news is fighting against the person who made him the reality TV show host. You almost wonder if they're not coordinating in the morning every day.

There is no doubt that there is an incredible explosion of 'reality TV' or whatever you call it. We need a new word for it because it has nothing to do with news.

**Joseph Farrell:** It has nothing to do with news, and it has nothing to do with fake news. I think it looks like a Chopin Fantasia translated into television – not to cast dispersions on Chopin.

**C. Austin Fitts:** Maybe it's a new American version of the Monty Python show.



**Joseph Farrell:** It has that feel to it. This is not only free speech meltdown, but it's just common sense sanity meltdown that you're watching.

I don't know what to make of this other than this is a cultural phenomenon that inevitably results when you abandon virtue for values that are not grounded in any sort of historical tradition or anything else and that are grounded only in the organizational or personal – and most often both – pursuit of power.

You have these articles about Merkel and police raids in Germany for what people have been posting on Facebook against the government's policy. Well, all that indicates is that the Germans, like Americans and Canadians and Australians and British and French, are fed up with the main line narrative, which they can see in their own personal lives is not true.

We have this Orwellian push to some sort of Soviet propaganda system where the state is putting out a propaganda line and you had better believe it or else: "We are going to raid your home and ship you off to a psychiatric hospital". Well, look at what happened to the Soviet Union.

**C. Austin Fitts:** Wherever I travel – and I travelled a great deal in the Second Quarter, and I'm going to travel much in the Third Quarter in Europe and on the East Coast of the United States.

**Joseph Farrell:** I'm sorry.



**C. Austin Fitts:** Wherever I go, I can't tell you how devastating this is for our global brand, and that is very serious in terms of both power and money. This is a serious problem.

**Joseph Farrell:** You've hit on something that I think people, particularly in the United States or Canada or Britain, have to wake up to and wake up very fast. I'm not going to pull any punches here.

Number one, the progressivist ideology – which has in my mind created a huge part of the problem – is breaking down because its insanity is manifesting itself. People have to wake up and understand that this is an ideology that has basically held sway in one form or another – sometimes overt and sometimes very covert for the last 100+ years.

The other thing – more importantly – is particularly in the United States' case, the reason that we are losing our allies and friends is precisely because the culture is unstable, so the political class is therefore unstable. The culture is so dumbed down and irrational that the political class is dumbed down and irrational and behaving like that.

In other words, if the United States wants to restore its position in the world, it cannot do so – and I am adamant on this – without a restoration of virtue in the popular culture. That means full bore across the board, a restoration of the understanding of our cultural tradition and institutions; where they come from, why they are there, and enforcement of them under the existing Constitution as it's understood.



If that happens, then our position will be restored. But what is happening is that people can no longer look at this country and see it as a beacon of freedom and morality. It's been happening slowly, but the process that was begun after World War II, that we were going to be a policeman to the world, and being a policeman to the world is fine and dandy if you have reasonably moral people running it. But when you have a dual citizenship, Ziocon, politically insane, financially corrupt elite class that has no moral virtue to commend it, this is what happens. This is what must be restored. There is no two ways about that and this is the end of my rant.

**C. Austin Fitts:** You hear people around the world saying, "I have to deal with real things. I have real problems. I have to get up and do something useful with people or I won't earn the rent money. I have no time for this."

One thing I feel very, very strongly about, and it's the reason we have the Constitution and enforce the Constitution as a theme, is that we've seen an effort over the last two years going to different states and have 36 states come together and support having a Constitutional Convention. It's why earlier this year we did the interview with Edward Vieira, a Constitutional scholar, on why a Constitutional Convention is primarily a way of destroying the Constitution.

I started beating the drum to enforce it, but I will say this as we move into geopolitics: I think that we missed a bullet when the Clintons didn't get the White House. At the same time, if you see the many U-turns that Trump took from April 1<sup>st</sup> on, we're watching the neocons ascending once again, almost as if the Clintons were in there. That puts us in terrible danger.



If you reviewed what I described – both in my interview with Dr. McKinney and in what I've written in the Second Quarter Wrap Up – what I'm saying to people is: Look, we can't kick the can anymore. You either enforce the Constitution or, if you look at what is going to happen to each and every one of us, we are going down.

This is not something that we and a few other people can do; it's going to take all of us.

You need to understand that you have lived your entire life, if you are a US citizen, with enormous blessings that you take for granted. If they can throw out the Constitution, get ready for them to balance the budget with your house, your assets, your retirement savings and your life.

We're talking about more than a financial coup d'état; we're talking about a coup that could destroy you or cause you to die. This is very dangerous.

**Joseph Farrell:** And reduce your children and grandchildren to serfdom.

I call this Constitutional Convention issue the 'Con-Con-Con'; it's the Constitutional Convention Con. You and I have said this many times, and I'll repeat it for good measure. To have a Constitutional Convention and entrust it to the likes of Hamilton, Maddison, Jefferson, and so on is one thing. To have a Constitutional Convention and entrust it to the likes of Hillary Clinton, Jeb Bush, Bernie Madoff, and people of that ilk is quite another.



There is no doubt that it would issue precisely what you are talking about. Under the guise of a Constitutional reform, it's really an excuse to legalize their crime post facto, let them get away with it, and enslave everyone else.

**C. Austin Fitts:** Right, and balance the budget with everybody's assets.

**Joseph Farrell:** I guarantee you that if that happens the problem is that, I don't think it would issue in slavery; I think it would issue in a civil war. There would be people in various regions of the country that will have had it at that juncture. And if that happens, the other possibility is that you have foreign intervention, and we don't want that.

**C. Austin Fitts:** Right. Let me play the bad guy. I think that is one of the reasons they are prototyping the *Kingsman* technology. If you examine the Chuck E Cheese brawls or any of these inexplicable 30 adults suddenly starting to fight with each other, that is why I am so concerned about the mind control technology. I think they are planning on that to be a critical defense when that pushback comes.

**Joseph Farrell:** Yes.

**C. Austin Fitts:** Another thing that I wanted to talk about in geopolitics – and it's bleeding over into Financial Markets because the integration of geopolitics and markets is getting tighter every year – is that we continue to see Asia strong and rising.



India has had a gangbuster year, but there has been some great pain there because of the central controls and the implementation of digital payments and other systems and the war on cash. But Asia continues to rise. As it does, the size of their markets and the size and growth of their consumer markets is completely replacing both the EU and the US. That is a very new reality for Americans.

One thing I've been struck with over the last couple of years is how children over the world are learning multiple languages but American kids aren't. I took great notice of the fact that Trump's grandchildren are learning Mandarin.

The combination of Asia rising and the impact on incomes of the new technology means that we are coming into a very different world.

**Joseph Farrell:** Yes it is. You've put your finger on another thing that, like you, I have shared a concern about for years and years and years. That is, in a multicultural world, the American college graduate cannot function because, on average, he or she is coming out of the American 'quackademic' institutions increasingly with degrees in nonsense and they're not multilingual.

Europeans begin learning a foreign language in addition to English when they are in elementary school. We postpone learning foreign languages in this country until high school.

Number one; there is no reason for this. Number two, in that kind of culture with sagging school scores –I'm going to be doing a blog this week on the effect of Common Core thus far on our ever-falling standards, and as one might imagine, it's not good –



and when we are graduating people from these academies that indebt them anywhere from \$100,000 to \$250,000 in student loans, give them degrees in pseudo subjects, make sure that they don't even know the English language properly nor can write it properly, are more concerned about gender-neutral language and compare them with graduates of a Chinese university or college who know mathematics or the arts thoroughly and other languages and are able to verse in them, we are doomed. We are going to become a third world banana republic with nukes. There is no excuse for this, absolutely no excuse.

**C. Austin Fitts:** You are right.

I wanted to focus on actionable intelligence. I think it's essential that everyone listening to this make sure— whether it's your kids or your grandkids, the children you love and the children you know – that they get a great education. That education means that they have to be successful and effective in a multipolar world. That is the message of what you see when you observe what is happening around the world.

It's a wonderful world full of fascinating things to do. There is much happening. So there is plenty of opportunity, but you have to get out of the trance. You certainly should not run up a large amount of student debt. It's not necessary. There are many students who are going to school in Eastern Europe and abroad for pennies on the dollar compared to what they have to pay here.

**Joseph Farrell:** And they are learning a different culture and are learning a different language. In some cases they are exposing themselves to an aspect of our Western culture that is very important.



This is actionable intelligence. This is precisely one of the things I mean when I say ‘own the culture’ because by owning the culture you are taking responsibility to teach it and hand it down to your children or whomever else may ask you or make an inquiry about it.

I’ll say it again: The American educational system from Kindergarten to post-graduate school in this country is now, top to bottom across the board, fraudulent.

**C. Austin Fitts:** Right. That means that I have to have a learning plan for my life, and I have to help my children and grandchildren and the children around me do the same. I need to make sure that it’s effective and it’s cost-effective.

**Joseph Farrell:** And to seize every opportunity that comes our way and open our eyes to the opportunities that come our way to provide whatever instruction or handing down of our civilizational tradition as we can. It doesn’t have to be an hour-long lecture; it can be a little factoid dropped into a conversation with a younger person.

We have to recognize the opportunities when they come.

**C. Austin Fitts:** We wrapped up Geopolitics. Now we turn to the Trump Administration and the Trump Report Card. Are you ready?

**Joseph Farrell:** Yes I am.



**C. Austin Fitts:** I'm going to cut to the chase. I said last time that if we don't reinvent our strategy for the world and how we organize and run the budget, I'm going to give the Trump Administration an F on the budget. So you and I gave him an F and you gave him an F the last time; I was a bit kinder.

All these different policies and intentions come together in the budget, and the budget is what is real. Where is the time going? Where is the money going? The reality is that this entire thing is summarized on the budget.

The proposed Trump budget asks for an additional \$57 trillion for the military. Since they are reinventing the military for a 'Make America Great Again' role in the world, what we have is, "Let's just throw more money at the problem."

Then, of course, John McCain says, "We double down and throw twice as much money as you."

**Joseph Farrell:** What disturbs me here is that we are only talking about the defense budget. We still have the healthcare issue. But let's look at this defense budget for a moment. Quite frankly, this entire business of reinventing the military can be summarized as follows: Number one; we have reinvented a transgender military that doesn't appear to be very effective. Secondly; we have seen during the last two and a half to three years indications from our potential military opponents – chiefly Russia – that indicates they are getting a lot more bang for their ruble than we are.



We have the Donald Cook incident in the Black Sea of a billion-dollar or whatever amount of money that the Aegis class missile frigate cost, whereas a Russian plane has an electronic system that shuts the whole thing off. And we had a replay of that incident in the Baltic Sea with the Donald Cook. Now we've seen the USS Fitzgerald in Japan, which I guarantee was a message either from Russia or China that, "We have an electronic warfare capability that you people can't even guess at."

We're not getting a bang for the buck with this budget. We have weapons systems that cost too much that are ineffectual, and this is the result of the climate of corruption that has persisted. So I'm not only sticking with my F only for the defense budget, but also for healthcare and education and all the rest of this.

We are not getting a bang for our buck; what we're doing is feeding a number of people at the trough who are producing ineffective systems.

**C. Austin Fitts:** We're propping up the stock market with government contracts.

**Joseph Farrell:** That too.

**C. Austin Fitts:** Here is the thing: If the top defense contractors had come to Donald Trump and said, "Look, we'll give you a plane to fly around in and pay you a dollar a year. Will you run around the world and be our salesman?" He would have said 'no'. But what has happened?

**Joseph Farrell:** Exactly. We've seen a reversal. Like you, I'm sticking with my F grade. I'm not looking at this as a good sign.



Don't even get me started on his arms deal with Saudi Arabia. Quite frankly, I think that we need to dump that relationship. That is the Ziocon lobby faction within the American government.

**C. Austin Fitts:** Here is what had happened. I published your rant in early April. We did our report card at the end of March, and shortly thereafter the Trump Administration took five major U-turns and slipped out of 'Make America Great Again' and into 'Make Israel Great Again'.

Essentially, McMaster came up with a \$35 billion a year plan to return to Afghanistan in a major way when it's clear that we can't win. No, we can't win that war. So we were back on the 'seven countries in five year' plan that Wesley Clark laid out. Of course, it hasn't taken five years. We've spent \$6 trillion and only attained two that required major destruction and major defining us as a genocider globally.

So you look at it and say, "What is really going on here? Why is it that we've decided to bet the ranch on more wars in the Middle East? What is that about?"

I still don't know what it's about. I don't, unless it's 'Make Israel Great Again'.

**Joseph Farrell:** That's it. It's 'Make Israel Great Again', and in the process get rid of a potential enemy by allowing that enemy to do your bidding in making it great again. It's a very insidious game that has been happening for quite a while.



**C. Austin Fitts:** But for some reason Trump has been acting in complete contradiction of everything he ran on but also what he said in his inauguration speech. The question is: Why?

We see Bannon and Kushner in the corner, and the question is: Why? Why is Trump doing this?

**Joseph Farrell:** Since we're putting it in terms of the dual citizenship, Ziocon lobby perspective, I suspect that somehow they got to him. How? I have no way of knowing. But it's also a sign that whatever deep state backers he may have had, they have been neutralized. I don't think he's quite out of fight or steam yet, but it's a very disturbing development for me as well as you.

**C. Austin Fitts:** I do think that we are instantly better off in many ways with Trump than with the Clintons.

**Joseph Farrell:** Oh, yes, I do, also.

**C. Austin Fitts:** If you look at what happened with the Paris Accords and if you look at what has happened with immigration, on many different fronts I would say that Trump has done a better job of keeping his commitments than most candidates have traditionally.

**Joseph Farrell:** I would agree.

**C. Austin Fitts:** At the same time, it's exactly what I said when I wrote *Coming Clean over the Fiscal Cliff*. We have a black budget and we have a hidden system of finance, and until we can reinvent how we do the budget and deal with that, we have to deal with the overt side and covert side at the same time.



We are a prisoner of our secrets, and what we're getting as a result of it is simply insane.

**Joseph Farrell:** Yes. What we are getting is, not only insane, but it's unstable and unsustainable. I think this is one reason you see so many states in the country now revolting and doing small things to secure their own future if things should ever go south with the Federal government.

If it continues on the course that it's on, inevitably it's going to happen. So, yes, I'm with you, there is something happening here. To put it in a different perspective, I think that when you look at some of the other things that Trump has done, it's showing signs that he is making some sort of strategic calculus of: What can he win? Where does he have to compromise to get certain things done? And what can't he win?

I do think that in the war gaming and mapping the swamp, I'm still giving him a B because I think he is trying to do some strategic calculus. The problem is that he is not doing what he should be doing in terms of recruiting and building a team.

So my grades have fallen regarding recruiting a team and making the team functional.

**C. Austin Fitts:** Right. If you look at the grades that we've given him, we gave him high grades on vision. I gave a lower grade on building a team. I think he has not done a good job of building teamwork. He's an entrepreneur in a highly politicized environment that is used to working with family. I think he has to learn that.



I think that he has accomplished a lot to date. I think he is a very hard worker, so both of us gave him an A for effort. I think that he is a good communicator. He is a feisty guy, which is not necessarily the best thing in a President, but I also think that he is learning about war games. He finally announced that he would assemble a war team. And he is trying to build bottom-up support, but I think that there is much more that he could do to reach across the aisle – both internationally and domestically. So we've given him C's on building bridges.

I don't think he knows yet how to manage the executive branch bureaucracy but I assume his team will learn.

What I've been very disappointed in is the effort to come up with a grand strategy for America because it's almost as though we've completely fallen out of his vision into the 'Make Israel Great Again'. Do we have a vision, or are we only bouncing around between different constituents?

**Joseph Farrell:** Exactly.

**C. Austin Fitts:** I will say this: This guy is a hard worker, and he is growing in the job. You and I gave him very high marks for continuing to try. I have to give him major credit for attacking the fake news and I saw that as very courageous.

**Joseph Farrell:** Yes, I agree.

**C. Austin Fitts:** The last thing that I have to say is that yesterday I had a subscriber ask, "Why are you so enthusiastic about Trump?"



I said, “I like being alive, and I like my allies being alive, too.”

This returns to the idea that it’s time for all of us to do something to enforce the Constitution. You can’t expect Catherine and Joseph to do more than we’re doing because we’re doing everything humanly possible, but at some point we would like to be able to stay alive.

**Joseph Farrell:** That would be very nice. The biggest step that we can do to enforce the Constitution is, first of all, to read it. I would say to read it in the context of the Declaration of Independence.

**C. Austin Fitts:** Yes, and the Bill of Rights.

**Joseph Farrell:** Yes, and read the Federalist Papers, and please, my friends, read the anti-Federalist papers because there are two sides of the story even for the Constitution. Familiarize yourself with that. For those of you listening overseas, familiarize yourself with the Canadian system and the Australian system and, very importantly, the British constitution.

I have people telling me all the time, “The British don’t have a constitution.”

I say, “What do you mean ‘they don’t have a constitution?’”

“Well, they don’t have anything written down.”

My response is, “They have plenty written down; it’s just not on one piece of paper that has ‘Constitution’ at the top of it.”



**C. Austin Fitts:** I will say this: It's been a wonderful Second Quarter. One thing that I am most looking forward to in the Third Quarter – and we'll talk about it later – is that there is a pipe organ coming.

**Joseph Farrell:** Yes. I certainly hope so. I'm getting antsy, to be quite honest.

**C. Austin Fitts:** It's coming, and it's going to be extremely good.

That's it for the Long Term Trends, Economy & Financial Markets, and Geopolitics. Before we close Part I, do you have any more thoughts on that aspect of News Trends & Stories for the Second Quarter? Was this the most intense quarter you've had so far?

**Joseph Farrell:** Oh, absolutely. I'll tell you what. It started intensely, but in the last two to three weeks, it went off the charts.

It took off like a bottle rocket. I felt that there was absolutely no way any individual could keep track of all of this. I'm very grateful to the people on my website who keep sending me all these articles because I get a very, very different picture than I would be getting if I were to try to research things on my own or watch television news or what have you. It's unbelievable.

**C. Austin Fitts:** I think that being an intelligent network or protecting and enforcing the Constitution, we will need to do this together. It will take all of us. We are a learning network. No one person can do it, and we have to do it together. That's why I end The Solari Report with, "Don't ask if there is a conspiracy. If you're not in a conspiracy, you need to start one."



**Joseph Farrell:** That's right!

**C. Austin Fitts:** We're in one!

Part II is coming next week. Joseph, I can't thank you enough.

**Joseph Farrell:** Thank you for having me back on, Catherine.

## MODIFICATION

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

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