



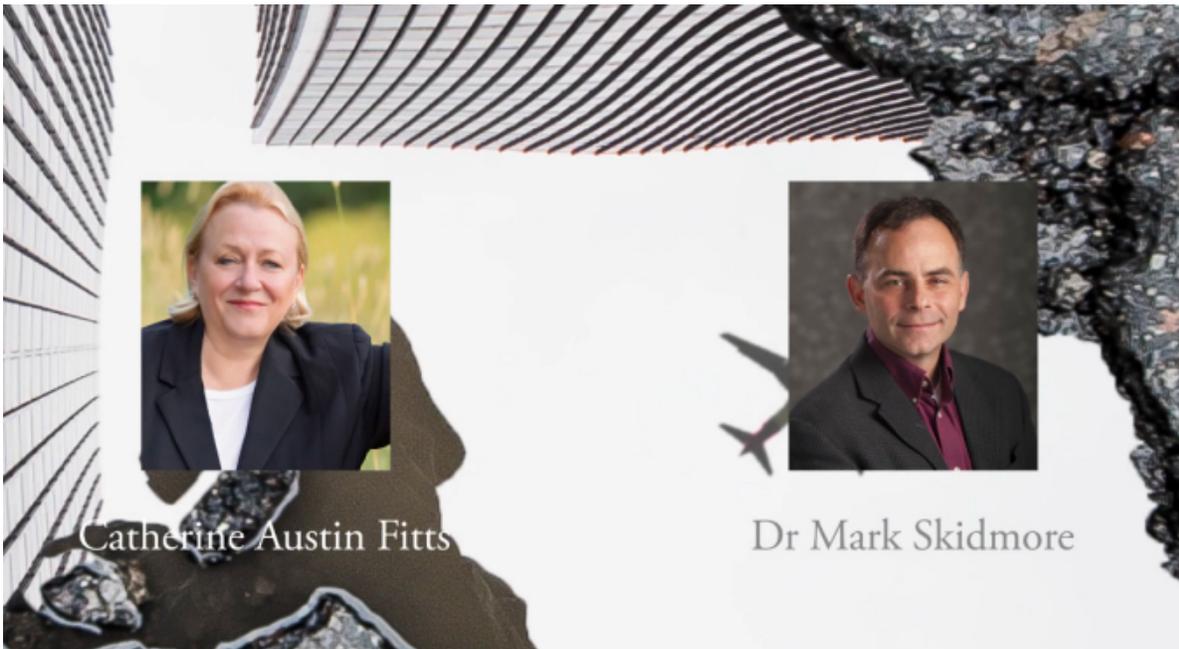
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# The Solari Report

September 12, 2019

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Navigating Reality  
with  
Dr. Mark Skidmore



Catherine Austin Fitts

Dr Mark Skidmore



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**C. Austin Fitts:** Ladies and gentlemen, welcome to The Solari Report. I am in Rob Kirby's wonderful home in Toronto, and I am joined by Dr. Mark Skidmore. We had an absolutely sensational event yesterday. We had a lunch with 40 wonderful guests and subscribers, and Dr. Skidmore drove from Michigan to join us.

He had a presentation that he prepared, and I was so impressed with it. Before he left Michigan, I said, "Mark, you have to do a Solari Report."

So you have taken time out, and instead of driving home immediately, you have taken the time to visit with us and record The Solari Report.

Dr. Mark Skidmore, you need no introduction on The Solari Report. Welcome.

**Dr. Mark Skidmore:** Thank you, Catherine. I am glad to do this recording with you and I'm glad to talk about some of the ideas I have.



**Fitts:** This is really about your journey and trying to distill from your journey what you've learned that could help us all think more logically and systematically about our knowledge management challenge in the society in which we live.

We are going to put your PowerPoint up for the subscribers. Maybe you could describe a little about your journey and introduce the PowerPoint that you've prepared.

**Skidmore:** We all grow up in a certain paradigm, and we try to make sense of the world based on the knowledge base that we have and what we are taught. There is this framework that we become accustomed to. Every once in a while, you push the boundary of your knowledge base, and you discover something a little new or a little different. This can be incremental. I would say that I had a PhD in economics back during the dot-com bubble, and that was an incremental change for me. I understood that something was different from what I had been taught about the bubble.

I remember talking with my students about the dot-com and all these tech companies who never earned a profit. There wasn't any expectation that they would earn a profit, and yet the stock prices were sky-high. How do you reconcile that with what you are taught about how stocks are valued?

Those are incremental things. Every once in a while, you have a big shift, and then you struggle with it. For me, that first happened with the major real estate and financial crisis that occurred, and then —



— later on as I started pushing the boundaries of what I thought was true, I realized, “I have some things really wrong.”

**Fitts:** You knew coming into the bailouts that there was a problem. You were seeing things happening in the housing and mortgage market that made no sense. You do a great deal with local budgets, local economics, and local finance.

**Skidmore:** You see things, and it's very common-sense kind of things, and you have to try to reconcile it. You are told, “The system is stable, and we are expanding the housing market and expanding loans to lower income groups because everybody ought to have a house,” and then you run into the reality of having somebody you are close to get a large loan on a house, and they have no down payment and no job history.

I remember looking at my wife, and we just shrugged our shoulders and said, “How did that person get a loan?”

**Fitts:** I'll never forget going to the dentist in Bolivar, Tennessee and there was a flyer that had clearly been placed all over town. The flyer at the dentist said, “Buy a home. No money down and get cash back.”

So basically, if you didn't have enough money to buy groceries that week, the way that you could buy \$1,000 of groceries was to buy a house.

**Skidmore:** Incentive incompatible, and yet somehow we were told that the quants were able to mix and max all these mortgages into a package that made the system stable. Of course, it just was not true.



**Fitts:** In 1998 when I saw what they were doing with the housing market, I assumed that the bubble would burst in, at most, a year or two. My attorney and I would watch as they would bubble, bubble, bubble. We were astounded at the engineering that was achieved to keep it going because it was so without ground.

**Skidmore:** It really was. Then, of course, we had the crisis, and housing prices fell for the first time. That created numerous layers of challenges. Then ultimately, the whole financial system was at risk. So, we did some extraordinary things to ‘save the system’.

That, for me, was a big paradigm shift. I saw that my common sense and what I was told in the major media outlets just didn’t match. I was fortunate to be able to go on sabbatical. I said, “I’m going to take some time and figure this out.”

I have a PhD in economics, but we are trained to play in our own ‘sandbox’ and do research on a very technical level within a narrow band of what we do. So, the nice thing about teaching a variety of classes is that it asks you to look at the broader range of issues, but it takes a concerted effort to step outside of the sandbox. If you want to publish, you have to do very technical, careful, empirical work, or modeling. It’s very technical, and you have to have a lot of specific expertise, and then you start stepping out beyond the boundaries, and you get a little uncomfortable.

**Fitts:** I will say this: You were looking at local economies. In America as local economies become more and more dependent Federal money and more and more driven by Federal regulation, ——



— there is a real linkage between the Federal finances and the local finances. So, you have a pathway tugging at you, from what I've heard.

**Skidmore:** I think that we all have these linkages between what we know very well and things that maybe, we would like to know more about. That is where you start pushing into these other areas, and you want to learn.

I'll talk a little about it later, but you have to have some level of confidence that you can use your logic and your skillset and your knowledge base to push the boundaries of what you are comfortable knowing in order to learn new things. Sometimes that new information is in the world of reality that not very many people accept or understand.

**Fitts:** It was interesting. When I would do the place-based financials, both when I was at HUD and then when we were lead financial advisor, the GIS software would help me see things, and mapping out the money would help me see things. But then I would share the map with someone who was local and knowledgeable about their local county, and they would see 100 things that I didn't see. That is when I realized, "Oh, you have to make this transparency available to everybody locally because they are the ones who can see and stop the waste."

**Skidmore:** I think that is right. Integrity is, of course, a very important thing at all levels. You can find some really great people, and if they have more information, they can make better decisions.



Sometimes it's the case that you can provide all the information that you want in the decisions, and the incentives are in the wrong direction and it doesn't happen.

**Fitts:** Exactly, and keep going.

**Skidmore:** I'm trying to think about how best to start this.

**Fitts:** Take us from the bailouts to the missing money.

**Skidmore:** During the bailouts, I was also working at the local level in Detroit. There were some real anomalies there. Detroit's city proper population had been declining for 50 years. So, in an urban economic framework, you can't have rising housing prices when the demand for housing is going down. And yet housing prices were going up in Detroit. During the financial crisis, that market in particular just totally collapsed. You could buy a house for \$5,000. The tax delinquency rate was at 50%.

I was asked to do some work looking at the property tax base. We started looking at all the layers of things happening and why it was that people weren't paying their taxes. There were many reasons for it, but one of them was because the assessments were so 'far out of whack' and outside of the law that people just didn't want to pay their taxes.

For those of you who don't know, the US tax system, the property tax base should be based on the market value. So, your assessment and valuation should reflect, to some degree, the market. In the case of Detroit, the market had collapsed, the assessments were bad in general, but when you know your house is only worth \_\_\_\_\_



— \$5,000 or \$6,000 or \$7,000, and you are being taxed as if it were \$60,000, there is a problem. The incentives just don't align. You cannot pay your taxes for three or four years and save a 'boatload of money' — more than the value of the loss of the house that you own.

**Fitts:** You could buy the house back at tax foreclosure.

**Skidmore:** Right, you can buy the house back at tax foreclosure. So, you had many people playing that game. If you want to fix the tax delinquency issue, you have to actually assess at market value. The councilmen who we were working with just looked at us and said, "We can't deal with that right now." They were facing bankruptcy, and they said, "We can't touch that."

When we talked with the assessors, the director of assessment looked me in the eye and said, "We are following the law." But I had the data, and I could see that that wasn't the case.

At any rate, nothing was going to happen within the system, so we made the tough decision of going to the media. In this case, the media did their job. I would say that the assessments haven't really come to where they should be, but they have improved.

That was an eye opener for me on a specific case in which key people at a decision-making level just weren't going to follow the law, and they were willing to lie to me directly in order to hide that.

**Fitts:** I would say this: You have many low-income people who are really being harmed by that. It's the difference between keeping or losing their home



**Skidmore:** Absolutely. Many people lost their home, not only for mortgage foreclosure, but for tax foreclosure. It wasn't following the law. If you need to fix it, you need to do it in an upright way and not just pretend that the assessments were 'proper'.

If you take that, and then I also did a few other things looking at the financial crisis, and I did some work in New Zealand, and I realized that the housing bubble and the crash were really global. I said, "Wow! I have to really figure this out."

That led me to realize that you have to find other sources of information; you're not always going to get what you need. Most of the time, what you really need is not going to be found in the mainstream media.

**Fitts:** I don't call it 'mainstream media' anymore; I call it 'controlled media'. It's not mainstream; it's controlled.

**Skidmore:** I like that. I think that is very accurate. You can get some good information, but it is certainly limited in many respects. So, you have the 'official reality' with the Federal Reserve Chairman saying things like, "The market is contained. We don't see any residual impacts," over and over again.

**Fitts:** "The market is self-regulating." That is my favorite Alan Greenspan quote.

**Skidmore:** For me as an economist, I would place a high weight on a person like Ben Bernanke. He was an academic, we trusted his research, and he is now in a policy-making role.



He is telling us, “We are going to be okay.”

**Fitts:** You and I spoke to the Republican Women’s Club in Bloomfield Hills, Michigan about two months ago, and you did a comparison of Greg Hunter’s career with Ben Bernanke’s career. It’s hysterical. You have to explain that now because you had one hundred clearly prominent Republican members of the Women’s Club and their husbands with their ‘mouths on the floor’.

**Skidmore:** I’m going to just read a few. I actually looked this up. One of the people who I have appreciated for his integrity and his desire to get real information out to help people is Greg Hunter of *USA Watchdog*. So, I looked up some old transcripts of him on CNN trying to help people. He was saying to people, “Hey, there are some real risks here.” So, I juxtaposed Ben Bernanke against Greg Hunter.

**Fitts:** Let’s hear it!

**Skidmore:** Here we go. 2007, Bernanke:

We believe the effect of the troubles in the subprime sector on the broader housing market will likely be limited, and we do not expect significant spillovers from the subprime market to the rest of the economy or to the financial system.

January 18, 2008, about six or seven months later:

The US economy has a strong labor force, excellent productivity and technology, and a deep liquid financial market that is in the process of repairing itself.



So here is Greg Hunter, December 30, 2007:

When is the last time you heard people describe the housing market as a meltdown? That is what happens in a nuclear reactor before it blows sky-high. About two and a half months ago I talked with Yale economist, Robert Shiller, who says that we are in the first inning of a nine inning baseball game. Let's say we are in the second inning. Prices may decline as much as 50% in some parts of the country, and experts believe this won't be over until 2009.

He goes on to say:

This is a worldwide phenomenon. It's never happened before. Be careful.

Then he was talking about using your house as a credit card and how that was fueling spending and how the whole game is going to end, so watch out.

Here is Bernanke a little while later, June 3, 2009. He is saying this directly in a Congressional hearing to a question about whether the Federal Reserve would monetize US government debt:

The Federal Reserve will not monetize debt.

This next quote is from December 5, 2010, when it all 'hit the fan'. Bernanke is an eminent economist, trained at the highest levels:

I wish I had been omniscient and seen the crisis coming.

**Fitts:** I have to tell you that during this period, I was driving throughout America. Every trucker saw it coming. There was not a trucker in America who didn't know that this was coming. Please continue.



**Skidmore:** It's grounded in common sense and reality. That was Bernanke. Here is Hunter on February 8, 2008:

Without question we are going into a recession. The Fed is going to fight and scream to lower rates. We just had a one-point and a 25-rate lowering. We had \$160 billion stimulus package, and that doesn't include all of the injection of liquidity by the Fed. The banks are in trouble.

Here is Greg Hunter with an undergraduate degree from the University of Missouri who sees it all coming and is trying to warn people. I'll put my money on him.

**Fitts:** Right, and he gives basic facts on the interest rates and on what the Fed is doing.

**Skidmore:** He is just pointing it out.

**Fitts:** It is interesting. It is all controlled media sources. He is just working with Fed and government basic statistics.

**Skidmore:** If you read the transcripts, Greg says, "Hey, there is a problem here." Then others say, "Oh, there is Greg again with his doom and gloom," and he was right. He was trying to help people. Then here was Ben Bernanke, and his incentives were to lie and not provide the kind of information.

For me, maybe I should have been a little wiser.

**Fitts:** Tell them what happened to Ben and to Greg.



**Skidmore:** Ben Bernanke received a special position at the Brookings Institute as a scholar, and he was rewarded. He was recently voted into the American Economic Association as President. I'm a member of that association, and I wasn't going to vote for him. He is honored for all of his work.

**Fitts:** And his work was that \$24 to \$29 trillion was gifted to the banks. They are very grateful.

**Skidmore:** So, Ben was rewarded, and Greg Hunter's contract didn't get renewed even though he told the truth. So, Greg used his savings and established his own *USA Watchdog* and is trying to help people.

**Fitts:** He could have messed up the \$24 to \$29 trillion going to the banks.

**Skidmore:** Now I listen to Greg. I don't always agree with everything that his guests have to say, but I actually think that he is trying to help people, and he has a high level of integrity.

**Fitts:** There are no material omissions.

**Skidmore:** Correct. So, here I am having to renegotiate the people who I think I ought to trust, and that is a big paradigm shift.

**Fitts:** So, your map of the world is changing, but also the mapmakers who you are seeking out are changing.



**Skidmore:** Everything is changing. Sometimes you push the boundaries and you learn incrementally, and sometimes, for some of us, there is a big paradigm shift where we have to say, “Man, I think I got it wrong. I have to go back to the drawing board. I have to relearn. I have to reset.” That is a big transition to make. Sometimes people go into a bit of a crisis when they experience that.

For me, once I looked at all those pieces, I was as if, “Wow! If I am supposed to be knowledgeable in a particular area like economics and there is so much that I missed,” you want to say that you have to come to the realization that, “I’m the Patsy. Wow! I really got it wrong. I’ve been fooled.”

So, if I’m fooled by something that I’m supposed to know a lot about, what else don’t I know? That pushes me into looking at things like 9/11 and Building 7 just collapsing in freefall for no apparent reason.

**Fitts:** Let me add this to the discussion. This is the place where most people get stuck. I had to look in the mirror and say, “I’m the Patsy.” But the reason I had to do it was because I was trying to stay alive, and the only way that I could stay alive was to get to the bottom of what was happening and to really understand. I had to go through that line because life was on the other side. If I didn’t go through it, I wasn’t going to make it.

You have to learn how to swim if the boat sinks. So, there you go. That is very hard for people to do without that kind of emergency situation or urgent situation, but you managed to go through it without that.



**Skidmore:** It's a difficult process. I think there are two things: One is that you have to have a certain level of humility to admit that you are very wrong about many things. That is a hard thing. The other piece is that you have to have some confidence in your own ability and logic to create a new map. That is scary.

For many people, it's too hard to let go of the old model, and it's a great deal of work to develop a new model.

My wife is a counselor. She works with people who might get stuck, and they are engaging in a behavior or an activity that they don't want to continue because they know that it's unhealthy, but they can't. So, you need a little help to transcend and build a new framework for your life and transcend your challenges. An obvious example would be something like addiction.

You come to the realization that you have a problem, but you can't just let go of that; it's hard. I think that in many ways we cling to the thing that we know, and it is very hard to let go of that and start over again with a new pattern. It takes plenty of work.

**Fitts:** I love the quote we had recently on The Solari Report from Marcus Aurelius, "Our job is not to be a part of the majority but to make sure we don't wake up in the ranks of the insane."

We are herd animals and we want to belong. There is a tremendous desire to belong.



Some of the feedback that I get from subscribers is, “My kids want to go along with climate change because they want to be part of the crowd.” There is a herd mentality, and it is very painful to say, “Okay, I am going to be the odd man out. I’m going to leave the herd.”

**Skidmore:** There is tremendous social pressure to stay within a certain model or framework or context. Regarding climate change; I’ve taught computer general equilibrium modeling, and it’s an economic modeling system that can’t be solved analytically; you have to use a computer to create the model and then look at what happens when things change within the model.

Some people who are more sophisticated than me will try to integrate the economic models with ecological models or climate models. I was trying to show students how that might work. I started looking at the climate models, and that’s rather hard to jump into a new thing that you’re not an expert in. But I’ll tell you what: I started realizing how many assumptions are embedded in the model and how you could easily question them.

For me, that was a question. I’m in a university environment where climate change is a really big issue. There is plenty of movement and a large amount of money pushing into that. You have to take a step back and be willing to look at it.

**Fitts:** I love the line, “Well, the science is settled.” No, it’s not.

**Skidmore:** It’s not.

**Fitts:** Keep going.



**Skidmore:** As I've searched out and created a new framework for myself, I was thinking about it how to share this idea with other people, and how do I think about it for myself?

So, I created a Venn diagram. You can see it on your screen if you view it before the interview starts. You have this area in blue that we will call reality. That's a dynamic thing. Jordan Peterson talks about how, when a person is born into the world that is a new potential, and there are all kinds of new realities that person can create. The reality isn't fixed; it's always changing and dynamic, and it depends on much of what we do. In that sense, I think of each of us as being made in the image of God. We have this creative ability. So, there is that reality.

Then in our world, there is so much deception that there is a great deal of nonsense and misunderstanding. In the tan is this area of nonsense.

**Fitts:** I will stop you and say that there is a tremendous amount of money spent creating and manufacturing nonsense – and much of it intentionally.

**Skidmore:** We can use our creative energy to build and propagate the nonsense, or we can use our creative energy to build into and discover reality. It becomes really essential for us to be able to parse that out.

Then we have something that you call 'official reality', and some of official reality is actually real.

**Fitts:** There is an intersection between official reality and reality.



**Skidmore:** But then there is plenty of official reality which is pure nonsense. So, then we have our own understanding of reality, and I said something recently that I thought might be controversial. For each of us, a part of our understanding is just nonsense. It's things that we think is true, but it isn't. I think that we are just human, and so we are going to have things that we don't understand in that we believe things that just are not true.

Hopefully, a good portion of what we believe is in reality. Some of the things that we believe might be pure nonsense – it's not official reality. Some of the things that we believe is official reality, but still nonsense. And then there is a portion of official reality that is actually true, and we are there, as well as some things that aren't a part of official reality.

**Fitts:** One thing that is interesting to me is the strategy of how to avoid nonsense, and how to not lose time to nonsense. The other thing is that even though the official reality may not be reality, part of the official reality cross-sects with reality, but not all of it.

You still need to know what it is. You still need to know what people think is the official reality. For navigating, you still need to know the official reality – even though much of it may be nonsense.

**Skidmore:** Yes. It's good to understand the whole realm of official reality so that you can avoid the pitfalls.

Then there are plenty of things that are just nonsense. Like in the alt-media, it's the Wild, Wild West. There is a lot that is not official reality that is in the alt-media, and you could go off on a rabbit trail that leads to nowhere. It's just a waste of time.



It's a challenge to sort through all of that. So, I have several renditions of this Venn diagram. One is where a person's reality might be rather narrow, and there is a lot of overlap with nonsense and false official reality. That is an unhealthy place to be or to put yourself at. You put yourself at a real risk of being unhealthy in many respects, but you put yourself at risk of being sideswiped.

**Fitts:** That one is particularly important to me because in working and doing The Solari Report and being an investment advisor, you see how much harm it can do. We have our time, we have our money, and we have our other resources. You see how the nonsense can rape people's time, their money, their relationships, and their family. It can be enormously destructive – much more destructive than the official reality.

When somebody decides, "I'm going to leave the official reality and figure out what is real," just remember that you can make things worse.

**Skidmore:** Yes, you can. The third diagram is, what I would call, 'Constrained'. It is a person who is in constrained reality. They are afraid to go into the nonsense because they know that is destructive and risky, but they don't explore too much into reality beyond the official reality components. They try to restrict themselves to living in official reality, but only buying into the part that is actually real.

**Fitts:** I call that 'life at the intersection'.

**Skidmore:** I think that's not a bad strategy. You have to get along in this official reality in some way, but you don't want to waste your ———



— energy on the nonsense. So, what can I do to stay in that ‘sweet spot’?

For many academics, that is what we do. There is a great deal of things to explore in the official reality that is real.

**Fitts:** The official reality needs bridges that don’t fall down.

**Skidmore:** Absolutely, but you might be reluctant to head into the unsanctioned knowledge because you’re afraid you’re going to go into the nonsense and the crazies. That is one strategy that people use.

For me, I need to operate in that sweet spot, but I am trying to expand my knowledge into more of reality.

**Fitts:** You are trying to do research into reality while you operate within the intersection.

**Skidmore:** Right. So, if I want to get published, I have to do research that falls into the realm of official reality and that is real, but at the same time, occasionally you are pushing the edge of stepping outside of official reality into other things that are still real but not really sanctioned.

**Fitts:** One of the things that I most enjoy about doing what I do is that I find that you can leave the life at the intersection and – for research – go deep into reality. It will really inform where the intersection is going to go.



One of the things that I do with Wrap Ups is *Megacities*, or *The Rise of the Asian Consumer* is go deep into reality in a way that would be unacceptable to many people in the audience, but then I come back in and bring it back to ground about where life at the intersection is probably going to go.

**Skidmore:** That's a fantastic strategy. For my own work, there are some standard things that I can do. There is a number of things in official reality that is solid and real that I can dig into and shed light on. Then every once in a while I'll push the boundary a little.

I would say the \$21 trillion thing is that. That's not official reality.

**Fitts:** It's government documents. So, in an odd kind of way, it is 'official' reality. It's the 'official' reality that's not allowed to be discussed in the 'official reality'.

**Skidmore:** Right. Somewhat surprisingly, I haven't gotten a lot of pushback from the academic community about this work because it is grounded in existing government documents. You just ask some basic questions, and they are not unreasonable questions. You don't get much pushback, but you do get many people ignoring you.

**Fitts:** Right. The material omission is the strategy, but hey want to omit.

**Skidmore:** So, we have to live in this world, and I think your subscribers are in that 'Aspiration' category. They want to be grounded in reality. They and their children have to live in official reality.



So, how do you direct your energy and intra-reality into that intersection of official reality and reality, and to what degree do you press into and how do you press into looking at a broader perspective? Reality is just a huge, vast, interesting space. It's so vast.

**Fitts:** I do not live life at the intersection. I may have dinner within the intersection, but I've left the intersection. I'm only interested in reality. Part of reality covers official reality.

If I'm going to do what I'm going to do, I have to spend too much time in reality searching and researching reality, and I've just lost all patience with the purveyors of official reality.

Every morning I get up and thank God that I don't have to deal with them. After I thank God, I thank The Solari Report subscribers. It's to some extent like, "I'm going to use my time today to do the best job that I can for the subscribers," and I am unconstrained as to whether I have to be in the official reality or reality unless I'm having dinner with somebody in the official reality, and then I'm happy to adopt the official reality for dinner.

**Skidmore:** Or at least the part of official reality that is real.

**Fitts:** Yes. I always stay within the intersection – with one exception, and that is I believe that you have an ethical obligation to give and get energy from other people. That is a challenge for me because the more that I went through the litigation, the more I learned to live alone and be an introvert.



If someone is in the official reality and not in the intersection, and that is where they need to stay, then my issue is: How can my knowledge help them? How can I give them energy?

I don't want to try to force them or move them out. It's like the movie, *They Live*. If they don't want to put on the sunglasses, I don't want to force them to. For that brief period, I want to give them energy.

In other words, it's not my job to tell somebody where in this map they should be.

**Skidmore:** Absolutely. I'll tell two stories. I have a really good friend who is knowledgeable about gold. He is actually a computer programmer with degrees in physics and journalism. He is a very eclectic, smart person. He knew that I had a background in economics, and he would ask me, "What do you think of the gold market? Do you think it could be manipulated?"

He knew that it was manipulated because he had a lot of gold as part of his investment portfolio. But he would ask me these questions. I had a false model of how the gold market worked; I had a very simplistic demand-supply. If there was any kind of manipulation, the market forces would quickly correct it. So, I would say, "It can't last for long if it is," but I had no idea of the scope and the forces at play and what was at stake and that some entities could issue gold certificates at will in order to suppress the price.

Later on, when I actually bought some gold and started following it, I thought, "Wow! This is amazing!"



I went back to him and said, “I’m really sorry. I just didn’t get it.”

That is one official reality, but he was really patient with me. He didn’t say, “You don’t know what the heck you’re talking about.” It was a good lesson for me because when you come into a new space, and you see that you understand something in a new way, you want to quickly go to people and say, “Don’t you understand?”

They have a model of their own that they cling to, and it might not fit, and they are not easily persuaded.

**Fitts:** I think it’s very important that you can love people without agreeing with them or deciding for them where on the map they want to be.

**Skidmore:** The other thing that I will say is that we are really, really bad at understanding where we are on the map – all of us.

**Fitts:** It’s hard.

**Skidmore:** You may have a wealth of information that you believe to be true, and it’s nonsense, but you don’t have a clue. I did not know about the gold market until I actually started looking at it.

**Fitts:** When I first got into the gold market, somebody was trying to persuade me that it was manipulated – which I found hard to believe, just the same as you. I said, “I don’t know much about commodities.”

In fact, I had been approached by White House personnel after I left HUD before I was asked to join the Federal Reserve ———



— I was asked if I would be interested in being the Commodities Future Trade Commissioner.

I turned to my assistant, who had come from Wall Street to HUD and then left with me, and said, “How would you like to learn about commodities?” because I knew nothing about commodities. The idea of becoming the Commodities Future Trade Commissioner was, “Oh, I could learn about commodities.”

Anyway, he was trying to persuade me that the gold market was rigged. I said, “I just don’t know anything about commodities.” So, I bought some gold and started to watch the market every day. I called him back and said, “Oh my God! This market is rigged!”

I knew markets, and it was impossible. That was the first time I connected the missing money with the gold market. If you investigated into how much money you needed to rig that market—yes they had the Federal Credit—, but you required a large amount of money to play around and intervene. The Exchange Stabilization Fund had all the authorities.

**Skidmore:** There was a mechanism there.

**Fitts:** There was a mechanism to do a great deal of ‘funny business’.

**Skidmore:** I use this map to help me think about where I am in the whole scheme of things, and to what degree my understanding of maps helps out with reality. It helps me because now I look into many different issues, and I am trying to use what tools I have to evaluate the degree to which this is nonsense or a part of reality.



We talk about, “How do we know what we know? What tools do you have?”

I’ve outlined three here – and maybe there are more. One is good old common sense and logic. How does it square up with: two plus two should equal four? If it doesn’t, then there is something wrong with the story.

You can use logic to create some map of what is happening. If things aren’t logical or you don’t understand them, you can get verifiable information and data, and do some evaluation. You are really good at that, and you follow the money. Something has to show up somewhere.

**Fitts:** If anything lends itself to analysis of mathematics of time and money, it works. But there are all these subjects that don’t lend themselves to the mathematics of time and money.

The first few times I seriously tried to look at all the ET writings and UFO’s and ET’s; the first time I read 25 books, I realized that mathematics of time and money doesn’t help with this. My tools won’t work here. That is why, until I started to find people I could trust in that space, I just didn’t know.

**Skidmore:** One of the bullet points that I have is faith in some authority – some knowledgeable or competent people who you trust who have integrity.

**Fitts:** Or faith that you can find them.



**Skidmore:** We are not always in a position to evaluate every aspect – it would take forever. So, we do rely on people for information and knowledge and opinion and assessment.

For some of us, there is a faith component, too. I say my prayers, and I ask God to provide insight. We have some things that we have a reliance on, and there is a sense of something good about it. I am a Christian, and there is something core that is good and true about my faith, and that anchors me and helps me create maps that are useful.

**Fitts:** Right, because love is more intelligent than data.

One of the challenges I find people have is that to do what you are describing, you have to be willing to live with uncertainty. You have to be able to look at a space on the map on the taxonomy of knowledge, if you will, and say, “I don’t know.”

I am always saying, “I don’t know how the governance works. I can’t draw an organizational map of the governance system at the top of Planet Earth and of who is really running things. I don’t know.”

I have a framework, and I call it ‘Mr. Global’. I have a framework for it, but on different days or different weeks I will come up with scenarios of what it might be. The probabilities will change wildly because I don’t know.

So, I use scenarios and probabilities and frameworks to frame the uncertainty, but I find so many people hurdling into nonsense because it gives them certainty.



**Skidmore:** I think that is right. I also have ‘models’ or frameworks that I’ve used, and the useful thing about that is it gives you something to hang the pieces of information and knowledge on in a potentially coherent way. The risk is that if you are too rigid with your model or your framework, you can just dismiss reality.

Going back to the gold example, I had a very simple model of demand and supply, and a basic understanding that market forces would overwhelm any kind of manipulation in the medium term. I didn’t understand things about that market that just didn’t hang well on my simple model.

I had to be flexible. Like you, I try to be flexible enough, but you do still need a framework to hang all the information and the context that you have before you.

**Fitts:** I also think that one of the benefits you have is that you are a scholar and an academic. That is a higher standard. I’m an investment banker, and I was trained not to wait for verifiable knowledge because I would lose all the money if I waited. So, I have a tendency to go too fast because that is the nature of my training, and that is what I do.

I think that being an academic and having that discipline helps. I really do.

**Skidmore:** I think that there are strengths and weaknesses to every approach. You might wait forever for official reality to catch up with reality. In order for something to get published in a peer-reviewed scientific or economics journal, it takes a long time. If it’s a new idea, oftentimes that can be rejected over and over and over again, and it may never appear.



So, you could wait a very long time for verifiable evidence to emerge in the journals, and you could fritter away years waiting for it.

**Fitts:** Some of The Solari Reports have really helped people. One was Amy Benjamin’s interview on ‘Secrecy’.

**Skidmore:** That was very good.

**Fitts:** She did a very good job of documenting how so much could be kept secret. That is very hard for people. How could this all be going on and me not know? I think that she has done a really good job of that.

**Skidmore:** She is a very careful researcher, and is able to pull it all together. I was talking with her a little about her work, and she said, “It’s sort-of picking on the low-hanging fruit. You have this obvious stuff in the realm of reality that doesn’t really overlap with official reality. All you need to do is document it, and do it carefully.”

She is speaking to a fairly narrow audience, but she is doing very important work.

**Fitts:** It’s amazing. You have been collecting a bibliography on weather control. Can I mention that?

**Skidmore:** Sure.

**Fitts:** Just looking at all the sources and the years, you realize, “Oh my God! This has really been a significant investment for a long, long time.”



**Skidmore:** There is little in official reality about weather control. There is climate engineering and weather control, and there is to some extent, a continuum of different types of interventions from just simple cloud-seeding. There has been a long-standing program in North Dakota that I am looking at to suppress hail and protect crops. That is a very simple, narrow kind of thing.

Then you have these official government documents from China that really are saying astounding things. I will give two examples. One is that there is an area in Western China, the Tibetan Plateau, that is about the size of Alaska. They are planning to put these massive ground-based cloud-seeding engines to shoot the seeds up into the atmosphere to create rain, and they think that they can increase rainfall by six percent, and that increases all the tributaries. So, it's going to help China.

**Fitts:** They will create a bread basket.

**Skidmore:** We will see. Then I saw an article in *The Times of India*, and India is very concerned that it is going to create flooding on their side of the plateau. It's like, "Do you really want to be messing with the weather?" That's the type of discussion that we should have.

There is another one that I don't even understand. Apparently, scientists in China have identified some type of weather corridor. With the use of 'unspecified satellite technology', they are going to direct cloud systems from Southern China where it is wet to Northern China; towards Beijing where it is dry. They are going to move entire cloud systems over that area to get more rainfall.



I'm thinking, "Wow! I wonder if they could really do that." It's an official government document, but we don't hear much about that kind of technology.

**Fitts:** One of the things that is astonishing is if you read all their published plans for both government and military, it's amazing how much they publish compared to us.

**Skidmore:** They seem to be more open about it than we are.

**Fitts:** Part of it is that they have a one-party system. To coordinate 1.3 billion people, you need a certain amount of clarity to persuade them. In a one-party system that is very tightly controlled, they will move with you, but they need to know where you are going.

**Skidmore:** The official reality here is that we have a two-party system, but that is a manufactured reality. I'm not sure what the governance system really looks like here, but it certainly isn't a two-party system.

**Fitts:** There is a group at a university in Ohio, and when one of the admirals was running DOD he said, "We need a plan for the military. The world is changing. There is new technology. We need a plan."

He said, "I have to find the civilian plan because our plan needs to support the civilian plan."

Finally, they realized that there was none. So, he put together this group of people and said, "Let's try to invent something for the civilians so that we can then invent a plan for the military."



They worked really hard. Then when they left government, they went to this university in Ohio and kept it going. I recommended their book a few years ago, and it is very interesting. They tried, and took out a blank piece of paper.

When you compare their effort to what the Chinese are doing, you think, “All of our plans are secret.”

**Skidmore:** It is difficult. There isn’t a specific line item in the US government budget that says this is for planning, or in the context of weather manipulation, “We have this much set aside for this kind of activity.” It’s embedded in the \$21 trillion or the black budget somewhere.

**Fitts:** Right, and the black budget is different than the \$212 trillion.

**Skidmore:** I think that one reason it doesn’t specify is because it can be considered a weapon. We talk about managing the climate as a way to protect crops or get more rainfall. Those are potentially useful ways of using that technology, but what if you wanted to create drought conditions? You could use the same technology.

So, I think that is one of the issues around it.

**Fitts:** One of the things that I am grappling with is: How do I do a series of Solari Reports that help people think very methodically and systematically about how you deal with people in the official reality who have less of an understanding of reality than you do? How do you sort your way through the nonsense and not get tricked by the nonsense?



There are all these different ‘How-to’s’ related to managing this process that I don’t feel I’ve flushed out, but I want to flush out. Are you thinking about any ‘best practices’ of how to navigate the official reality when you have more knowledge of reality or how to navigate the nonsense?

**Skidmore:** I’ve been thinking about it relative to me. One part is to have a certain level of humility, and to know that your map is only partial. So, I think that helps immensely. When you have discussions with people, I think that asking questions to understand what their map looks like is really helpful to see where they are rigid and where they are flexible. You can push the boundaries to help them move into reality, but you can’t force somebody to do it.

If I am with a really good friend and we are discussing, we can go back and forth. But if it’s somebody who is a little more outside, I want to be respectful of their space.

The other model that I think about is a counseling model. I hope this is useful. If you think about somebody who is stuck, they might need some extra help to get unstuck. You might have created a pattern in your life that worked for you to survive whatever that happens to be, but then it doesn’t work for you anymore, and you are stuck in the pattern. So, there are many things that can happen in the way that are unhealthy. You know you need to move into a healthier space – at least some people know that, and some people are in denial.

In the same way, I think we all cling to our view of reality. We think this is real whether it is real or not.



So with a counseling framework, you can say, “Oh, a person might be stuck.” To move into a healthier space, you can’t just ask an alcoholic to stop drinking. That’s stupid! “Stop drinking.” It doesn’t work because they have created a pattern and an addiction, and it will take a number of steps to emerge on the other side as a different person.

That is what happened to me. I had an old pattern of thinking about things and what was real and what was not. I was quite confident that I had a good space. Then I realized I was wrong. Then I had to step by step create a new space, and that is not an easy process.

That is how I think about it now. I never try to press people if they are clinging to something that I think might not be real.

**Fitts:** When you published your report on the missing money, and then you published a series of other articles and did interviews, you were working entirely from government documentation. In fact, you had the strange problem of getting on the radio and having DOD communicate incorrect information. But everything that you were referring to was documented in a government document and was easily available online. So, it’s hard to say that you were operating outside of the official reality because government documents are part of the official reality. However, the government documents were communicating something that the official reality didn’t feel was acceptable.

**Skidmore:** It was a boundary issue, right? It was half in official reality and it was spilling over into the area that people feel uncomfortable about.



**Fitts:** You were working entirely from government documentation, but you were getting a variety of different parties trying to refute you in messy or strange ways. So, you have a DOD spokesperson who can't tell the difference between a billion and a million.

**Skidmore:** Or a trillion!

**Fitts:** You have reporters behaving in odd ways, and all these different actions. You also have colleagues and friends, I am sure, who had reactions that I don't know about. This is definitely a paradigm shifting experience for anybody who looks at it and reads it.

So, whether it was government or media versus your colleagues and friends, what was the response?

**Skidmore:** Among colleagues and friends it is mixed. There are some people who will take a few minutes to look at it, and they will say, "Wow!"

I have a colleague who recently asked about it, and I told him about Standard 56. I said, "I will forward you the information. It's really astounding." So, I sent him the link to the actual document.

He said, "Wow! It actually does give our government the authority to create two sets of financial statements – one real and one fake."

**Fitts:** It's the government saying, "First of all, we don't need accounting. The second thing is we can take the majority of the US securities market dark with an administrative policy."



When you think of the hubris, it's quite astonishing.

**Skidmore:** It is and he saw that.

**Fitts:** So he understood?

**Skidmore:** He understood the implications of it, and that is a positive.

**Fitts:** It's a gigantic leap!

**Skidmore:** It is a huge win. There are other people who don't want to talk about it or they assume that it's okay because it couldn't be that bad. If you look at Scott Showalter, the Chair of the FASAB, he wrote an article on how important it was for our security that we do this. Now he's a professor of practice at North Carolina State University. He had that published.

On the other hand, I've had people such as my colleague who has dual Ph.D.'s – one in economics and one in accounting. I'm always trying to triangulate. That is one of the strategies for looking for reality – triangulating and trying to pinpoint and find another point which you can compare and contrast to see what is real and what is not real.

He is now a dean at a major university in the United States, and I asked him to look at it. His initial response when I first got into this was, "Any time there are unsupported adjustments of this magnitude, there is cause for concern."



Then, as we moved into this space and it got more attention, he became a non-response. He did not want to be involved. At one point, I asked him if he could connect me to some accountants so that we could move through this more systematically, and I received no response. So that sometimes happens.

I have a colleague who worked for a major accounting firm for many years. When the local government got into financial trouble, they would call this person. He would go in and straighten out their books and try to get them back on track.

I said, “I will offer you a consulting fee if you will write up an assessment of some of these reports. I would like your professional assessment. You can do that privately for me because I would like to know your opinion, or you could make it public if you would like; I don’t care.”

We had one conversation, and he never responded to any of my inquiries again-no response.

**Fitts:** One of the things that I considered was the way that Statement 56 was promulgated. They put out a draft, and then took comments from a variety of the impacted parties. I’m going to grossly oversimplify this, but you basically had HUD saying, “Oh, good! We need this.”

Why does a domestic mortgage agency need to have two sets of books?

Then you had the SEC essentially saying, “No problem!”



Wait a minute- you are in charge of transparency and disclosure for the US securities market, and these people are going to take the majority of the market dark, and you have no comment?

The big firms had nothing. Then you had a person at Carney who was very brave. He wrote a remarkably good comment about it. He said, “This is madness. Without accounting, how are you going to run a \$2 trillion a year operation? It’s going to be madness.”

It was beautiful, and I’ve always wanted to go find that person.

**Skidmore:** It’s interesting. I was looking at some of those recently because I was sharing them with my colleague. Lorin Venable, the person in charge at the OIG who signed off on the Army Report that indicated there were \$6.5 trillion in unsupported adjustments – the biggest, largest one –wrote a note saying that she had a problem with it, too.

**Fitts:** What she knows is that is the end of all control. The OIG’s office completely loses control at that point, and there is nothing they can do.

**Skidmore:** In some respects, I was surprised because I tried to contact that lady by email and by phone and by LinkedIn at least a dozen times, and there was no response. Yet she was opposed to the change.

**Fitts:** It was very amusing for me to watch you go through the process.



One of my most fun times was when you went into shock when they took the documents down.

You couldn't believe that they would do it. It was stupid; it was a foolish error.

I know what happened. Once it was highlighted that they had done it, the White House called and said, "Put them back up. Are you crazy?" because they knew how stupid it would look.

Then the DOD spokesman made the mistake when you did the radio show in Michigan, and there were a couple of other moments. One of my favorites was when a student of yours, Tanner, found the IG document where every number had been redacted. You sent it to me, and said, "Can this happen?"

I was stunned because I didn't think that such a thing could happen. I didn't know that it was possible. Though now thinking about it, I know it is. But to think that the black budget people could redact an entire IG report, all the numbers and the title; I remember looking at that and thinking, "This is getting pretty wild!"

It was the same as when we discovered that there had been a fire at the New York Fed shortly after your report came out.

**Skidmore:** Is it a coincidence that there was a fire? Or was it really in response?



**Fitts:** It was very interesting. The first report that I read was in the *New York Post*, and it said that it was because of a fire in the basement. Somebody was using the fireplace in October in the basement on a Saturday night, and that had caused the fire to break out on the roof. You know when you have these old fireplaces, the chimney can catch on fire and start a fire on the roof.

When I went back to get a copy of it, it was gone. It later said that there was a fire on the roof. There was no mention of the fireplace.

**Skidmore:** Interesting.

**Fitts:** It was a feedback moment where the people in charge of the official reality did something unkosher, and you would wonder, “Whaaat?”

**Skidmore:** It’s based on experience. I do a fair amount of work with Federal government officials in the role that I play at the university. We have grants, so I have a program officer, and I work with people who are hardworking and thoughtful and want to try to do a good job.

**Fitts:** And they are very competent.

**Skidmore:** I know that there are levels of competence, but the people who are competent and do a good job and mean well tend to rise.

**Fitts:** It’s just an air cover story, “Oh, it’s the bureaucrats. They are incompetent.”



**Skidmore:** But in the case of thinking about, “Why would they knock out all the documents and take them offline?” or, “How could they get billions versus trillions off on a statement when it’s just gotten a lot of attention?”

Again, it was dissonance because you had this view of what things are like, and then you experience something different from that. Then you have to try to make sense of it.

**Fitts:** I recently interviewed Linda Moulton Howe, who was a very credentialed reporter from Denver when she started to cover the cattle mutilations. She decided to keep following the facts. Of course, it led her into the world of, what she calls, ‘high strangeness’. I wanted to interview her because she has had to tolerate decades of ridicule, and it’s very painful to do it. She has been fearless. She is a very serious reporter. So, if you look at her documentation, it’s incredible.

When she published her first book, *Alien Harvest*, they were insistent that she couldn’t put the pictures of the cattle mutilation in it. The pictures are rather gruesome, but what you see is, if you look at the technical superiority of whoever did it, that you realize this is pretty amazing. Whatever we are dealing with is quite sophisticated; it’s not a pack of wolves.

She said, “No, you can’t understand this without the pictures.” So, she figured out how to publish it herself.

Her fearlessness in the face of the pushback is amazing. If you look at somebody like Linda, she has dealt with the worst nonsense.



She is dealing with the nonsense that the people with plenty of money pay to trick you. She has dealt with the worst nonsense, the worst ridicule, and the worst everything, and she found a way to keep on going. I am always amazed when I find people like that.

So, I have to ask you: Were you afraid of the ridicule?

**Skidmore:** A little. You are stepping outside of your sandbox where you feel comfortable, and you are moving into this area. I'm somewhat of a mild-mannered man, but I am also very competitive. So, I am trying to mix and match, and make sure that the map from official reality into this space has a good linkage so that I am beyond reproach. But you can't be.

**Fitts:** Here is the other thing: If you are a really competitive person, then you want the job at Brookings Institution, you want to be President of the Economic Association, but then if you look at what Bernanke did to get there, forget it! It's a joke.

**Skidmore:** It is a joke.

**Fitts:** Are you willing to be a joke to get it?

**Skidmore:** That is where character and integrity come into play. I think that all of us have to look at ourselves in the mirror and say, "Did I do the best I could? Was I acting honorably? Was I able to do the things that I was able to do in a way that was respectful and honorable and all that?"



**Fitts:** And am I willing to join the ranks of the insane?

**Skidmore:** I will always say a prayer. “Help me make sure that what I am doing is truthful. Help me to have a certain level of integrity and grace. How do you do that well?”

**Fitts:** One of my favorite tactics is Scarlett O’Hara saying, “I’ll worry about it tomorrow.”

There are so many times that I come up against something, and I just don’t know, or it looks like a mess to me. I can’t think about it anymore, so I will worry about it tomorrow.

It’s one thing to understand reality, but I believe reality has to serve a free and inspired life. So, Bill Tiller changed my life when he said, “Community prayer could only help if everybody doing the praying was coherent.” There is no point in learning more about reality if it only makes me incoherent. I need to find a way to have a map so that I can be coherent, and it can be useful. It has to be useful.

**Skidmore:** I don’t remember the verse, but it might be in Ecclesiastes or Proverbs where it is a prayer to God. It says, “Some things are too high for me to understand.”

I think there is some wisdom in that. Reality is a vast thing. There is so much to it, and it is a very interesting place to be.

I think that official reality is a rather boring place.



**Fitts:** It is very constrained.

**Skidmore:** It is very constrained and restrictive, and it limits creativity, but it is a very big place. I think there are limits to what we can know. I am pushing in different directions and trying to use what skills I have to understand and broaden my perspective on reality. I think that what you just said is healthy. There are certain times where you have to take a step back because maybe it's not coherent yet, and that is okay. You don't have to know it all.

You can live a free and inspired life without knowing every aspect of reality.

**Fitts:** I think that part of being a Christian is believing that intelligence is love; in other words, love and intelligence are one thing.

**Skidmore:** I will have to think about that. In God that is true.

**Fitts:** Since the coming of grace, I think we can be in God. I keep trying.

This has been very useful. We will have the PowerPoint up on the website because I think it is a very excellent framework to help people think about navigating this. Each person is going to have to figure out how they are going to navigate it, and how they are going to do it in the context of their family and their job and everything else.

**Skidmore:** Sometimes you can be very direct. Other times you might not be able to because the model is too rigid.



**Fitts:** I just had a wonderful conversation with a client. Her children wanted to hurdle off working in the official reality, but in the part of the official reality that is not part of the intersection. I said to her, “All kids care about the environment. Get them back into the intersection because if they spend 20 years building a career and expertise in an area which is not within the intersection, they could wake up and have it pulled right out from under them.”

After 20 years they will have no skills, no experience, and nothing economically relevant. They have to stay in the intersection. If they want to go along with the crowd, but they want to have a career that is going to be someplace in 20 years, they need to stay within the intersection.

**Skidmore:** I think of it as this: Are we in a healthy space, or are we in an unhealthy space? That requires a bit of wisdom. but I think that is a very good strategy. It’s the one that I use for my children.

**Fitts:** I think the most important thing that you do in the beginning of your career is get excellent training. If you are getting excellent training outside of reality, you have a real problem.

**Skidmore:** You could really get blindsided, and I think we all risk that. Thankfully, I had a degree that gave me good technical skills that I could apply to many things, but I really got blindsided after the financial crisis. I didn’t understand a great number of things, but you pick yourself up.

**Fitts:** And ‘turtle forth’.



Dr. Mark Skidmore, thank you for joining us on The Solari Report. Do you have any last thoughts?

**Skidmore:** No, but thank you for speaking with me. I am glad to share the images, and maybe it will be useful for some.

**Fitts:** I'm sure it will. We have plenty to work out in terms of the 'how-to's'.

**Skidmore:** Thank you.

**Fitts:** Have a great day!

## 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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