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The Solari Report

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At Home in the Heartland
with Dr. Joseph Farrell





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C. AUSTIN FITTS: Ladies and Gentlemen, this is Catherine Austin Fitts. Welcome to The Solari Report. It's sometime in July. I'm someplace in America with a mysterious, elusive Dr. Joseph Farrell, and I've asked him to read our 2nd Quarter Wrap Up on infrastructure. I've asked him to watch the very delicious *Worricker Trilogy*, three movies from the BBC.

DR. JOSEPH FARRELL: Oh boy!

C. AUSTIN FITTS: As a man who's spent many years deep in MI5 territory, how appropriate for you to come in on it.

Anyway, it's really, as you know, an opportunity. It's delightful to be with Joseph. So we're going to talk through the Wrap Up, but we're also going to talk about Joseph's new and wonderful book which I just started to read. You're going to be wanting to get it soon. It's called *The Third Way: The Nazi International, European Union, and Corporate Fascism*. Given what's going on in Europe, it's very appropriate. Anyway, I want to take some time to talk about that as well.

Joseph, thank you very much for taking time out of your busy schedule. I know you are already on the next book!

DR. JOSEPH FARRELL: I am. Thank you for having me back on.

C. AUSTIN FITTS: So, infrastructure. Have you had a chance to read the 2nd Quarter Wrap Up?

DR. JOSEPH FARRELL: I did. There are lots of things in it that struck me, but I was looking at the map – as I told you a few minutes ago – that you have in there with the rail networks from Europe to Asia. I was looking



at the map, and two things struck me right off the top. The first was on the existing rail system in Europe and Asia you can travel all the way from Inverness, Scotland to Vladivostock on one connected rail service.

The other thing that struck me, and I looked very carefully at the top of the map which really leapt out at me, where they have a long Trans-Siberian rail route planned in the Arctic. That leapt out at me because, as you know, Mr. Putin's been making a lot of talk in the last several years about the development of the Arctic, the development of Russian resources in that region of the world, which is virtually untapped.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: So that leapt off right off the bat at me. That means a huge, huge investment in infrastructure.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: To develop that region of the world, you're going to need rail services, you're going to need roads obviously to build the railroad. So there is huge investment going on there, and this is coming right at the time that you have the Asia infrastructure bank in China getting started. You've got the BRICS bank up and running now. I think their capitalization is what now – over \$100 billion or something like that. That was the last figure I saw.

So you've got this huge project going on in Asia. Then in addition to that, I showed you that story about the Russians and the Japanese starting a joint card project with Gazprombank and Japanese Credit Bureau.

C. AUSTIN FITTS: Which is unbelievable.

DR. JOSEPH FARRELL: Unbelievable. Yes. And it made no news over here.

C. AUSTIN FITTS: Right. Are they ready for the next tsunami?



DR. JOSEPH FARRELL: Exactly.

C. AUSTIN FITTS: What's interesting is one of the things that inspired me to focus on this theme in infrastructure – and each Wrap Up we focus on a theme and it's a chance for me to do the deeper research – is our conversations about 2.0 to 3.0 and how you look at what has to happen to make a big investment in space.

When you make a big investment in space, you're talking about building a suborbital platform, you're talking about building infrastructure on the moon, on Mars. These are huge infrastructure investments. To do that, you've got to radically improve the productivity of your manufacturing base. That was one of the things we were talking about – to what extent the new fabrication technology robotics is really significantly improving the productivity.

To do that, you've got to have a big investment in infrastructure railroads, which we see happening all over the world – not just passenger traffic but freight traffic.

So those two things in combination mean big infrastructure, but then if you're going to continue the growth in the emerging markets, that's huge infrastructure. McKinsey's study, which doesn't touch space or get into the space, just that part of the overt economy is \$57 trillion between 2030, and that's coming about at exactly the same time that the long-term bull market and bonds – which have traditionally financed infrastructure – is either plateauing or going in the tank.

“So those two things in combination mean big infrastructure, but then if you're going to continue the growth in the emerging markets, that's huge infrastructure.”

DR. JOSEPH FARRELL: Right.

C. AUSTIN FITTS: So the very source of funding the infrastructure is plateauing or drying up at the very time you need to dramatically increase infrastructure investment.



One of the things McKinsey points out is if you use basically digital systems to re-optimize that, that can make everything much smarter and, in fact, it can lessen the amount of physical stuff you would have to build otherwise, but that too requires an investment in infrastructure.

What I was looking at was this huge squeeze because the financing is going one way and the demand is going the other way.

DR. JOSEPH FARRELL: The other way, yes.

C. AUSTIN FITTS: It's like a pig going through the stake. You look at him and you say, "Wait a minute. Some things have to give."

Then you look at a third thing, which is why I still love the *Worricker Trilogy*. Instead of our leadership leading in that change, they've been spending hundreds of billions of dollars building global prisons and rendition centers.

DR. JOSEPH FARRELL: Yes.

C. AUSTIN FITTS: So rather than lead on building the great new infrastructure, they've spent a huge amount of money sourcing the bond market, including fraudulent, on building control systems.

DR. JOSEPH FARRELL: Right.

C. AUSTIN FITTS: So what's that about?

DR. JOSEPH FARRELL: Well, I watched that trilogy five times – almost nonstop – back to back.

C. AUSTIN FITTS: You're lucky the acting was great.

DR. JOSEPH FARRELL: Let's deal with the trilogy and then let's deal with the rendition camps and the slave labor and all of that.

The trilogy itself, I think, is a message.



C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: Very clearly. You don't get on the BBC, which is the propaganda organ of the British government, without approval. To be doing a trilogy based around the following premise: The British Prime Minister, whose last name is Beasley – which starts with a 'B' interestingly enough.

C. AUSTIN FITTS: And he just happens to resign to go to the same job that Tony Blair did.

DR. JOSEPH FARRELL: The premise of the plot is very interesting. MI5 gets a hold of a file that indicates that 10 Downing Street is fully aware of all of these prison camps that the United States is building all over the world for cheap labor – rendition camps.

In the second part of the trilogy you have this group of Americans who are basically exposed and then forced to relinquish some of their investment in these things.

To me, this is sending huge, huge messages to the American elite that, number one, we know what you're up to. This is followed by another message which you pointed out when we were talking earlier today from *The Economist* about the American oligarchy is calcified.

C. AUSTIN FITTS: Calcified.

DR. JOSEPH FARRELL: Calcified. Again, *The Economist* is the magazine of the British oligarchy – the British elite. It's their take on the world. It's their take on geopolitics.

C. AUSTIN FITTS: Right. They followed up with a criticism of the investment Americans have made in enforcement saying that they're basically – and I'll use my words because I don't remember their words off the top of my head – destroying their credibility. What they're doing is lawless enforcement.



DR. JOSEPH FARRELL: Right. It's lawless and it's ultimately non-productive. This is the big message that the British are sending. To me, this is an earthquake. This is Britain signaling the potential end of the so-called 'special relationship'.

C. AUSTIN FITTS: Let me bring up some dates because the *Worricker Trilogy* was written by David Hare who is arguably one of the great playwrights, and certainly British playwrights, existing. So for someone of his caliber and ability to be put on this is quite extraordinary.

DR. JOSEPH FARRELL: Yes. And to do it as a high-production value.

C. AUSTIN FITTS: Right. The actors that they get are first-rate. They have Bill Nighy playing Worricker, who does an incredible job. The first one was done in I think 2007.

DR. JOSEPH FARRELL: 2007, right.

C. AUSTIN FITTS: And then the second two – which outs the Gladstone group which is this group of New Jersey business guys in *Turks & Caicos* – those two movies, *Turks & Caicos* and then the third one, *Salting the Battlefield*, are put out in 2014 which is a huge amount to get accomplished in one year. Look at that year. At the end of that year, they then come out with the aristocracy is calcifying, and it's clearly a message.

DR. JOSEPH FARRELL: Clearly. Absolutely. It's clearly a message. I think Britain is signaling two things here. First, we know what the American oligarchy has been up to. We're not in favor of it. And they're signaling the potential end of this special relationship. Secondly, that means that in turn the implication here is that Britain has gone along with the sanctions regime against Russia, but what I think it could ultimately mean is they could become a partner in the Asian Infrastructure Investment Bank.

I think what this may signal is that Britain is taking a very long-term view of the American empire. They don't like what they see. They don't



like the lawlessness in the system. They don't like the immorality of the system. They're weighing their geopolitical and financial options to sever that special relationship and take a turn toward the East.

If that happens – if Britain goes this route, as I suspect they will – they have a lot of capital in a soft form to draw on. By that I mean they can play their traditional role as the bearers of Anglo-Saxon culture, for want of a better expression. They've got the commonwealth. They can make that turn to the East. If they do, then they're going to be throwing their lot into a certain extent with France and Germany, making that turn eastward. That's a huge development.

C. AUSTIN FITTS: That is huge.

DR. JOSEPH FARRELL: This is the implication that is behind this BBC trilogy. It's the implication of that *Economist* article. This is all huge stuff.

C. AUSTIN FITTS: It's very difficult for the British to throw over that special relationship and try to make their _____ with the Germans and the French. If I were them, I'd rather engineer a coup d'état here in America.

DR. JOSEPH FARRELL: We discussed that, too. That's a real potentiality. To do something like that, they'd have to have the intelligence infrastructure to pull something like that off in this country. They did have it during the Second World War.

“That’s a real potentiality. To do something like that, they’d have to have the intelligence infrastructure to pull something like that off in this country.”

C. AUSTIN FITTS: Notice that in the *Worricker Trilogy*, part of the plot is this group of businessmen who have been stealing from the CIA. So they've been stealing from the intelligence agencies.

DR. JOSEPH FARRELL: Yes. The message is that they would link up with disgruntled factions within the American military intelligence complex.



C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: The other group that has intelligence assets in this country and have had them for quite some time that do a lot of espionage is the French. They've done a lot of industrial espionage in this country.

The German contacts, their intelligence...

C. AUSTIN FITTS: Remember it was the French who engineered the Revolutionary War against the Brit's. We wouldn't have won without them.

DR. JOSEPH FARRELL: Yeah. We wouldn't have. The other intelligence assets, of course, are all of those things going back to the post-war agreements between American intelligence and wartime German intelligence. I think that network more or less has stayed in place. I really do. I realize that is a sensational thing to maintain, but a coup – yes. If you're fed up with the way the American political elite is going – as I think it's very clear that these are the messages – I think that's a possibility. I think they may try to engineer something like that. I think you're dead-on. I do.

C. AUSTIN FITTS: That's what I would do if I were them. I told this story earlier on the Solari Report. I was in a cab when I was in New Zealand and Australia. I had a cab driver who had been living there for more than a decade but he was from Eastern Europe.

He said, "Let's face it." He was talking about countries who were part of the Crown. He said, "We're all stuck under the umbrella of the United States, and if they blow it, you know we're all going down. It's very nerve-wracking. We need you guys to stop blowing it."

DR. JOSEPH FARRELL: Exactly, and this is the message that I think you're getting in the *Worricker Trilogy* and more specifically in *The Economist* article.

For the message part of it, let's go back to the original question with all



of these rendition camps. Why do they need this vast labor pool?

C. AUSTIN FITTS: Why do they do it? I can't figure it out. I'll write a book review for the website when it's done. I'm reading a book called *The Company Man* by a fellow who worked in the CIA General Counsel's office for 30 years. It's fascinating.

Essentially what we did as a group of people, because I believe some of my former partners were in the Gladstone Group. In the review of the *Worricker Trilogy* I'll explain why that's so. Why did we stop being a group of people who were building great infrastructure and instead shift our resources into doing what we've done in space and underground – covert – but then building and coming out with a policy?

The CIA and the intelligence agencies, in my experience, have been torturing for decades. This is not new.

DR. JOSEPH FARRELL: This is not new. No.

C. AUSTIN FITTS: But it is new to make it official and public.

DR. JOSEPH FARRELL: And not only that but to make it such large scale.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: You're looking at a large scale.

C. AUSTIN FITTS: You're looking at a global infrastructure to torture globally.

DR. JOSEPH FARRELL: Right.

C. AUSTIN FITTS: One of the things that was interesting was in *The Company Man* book, after 9/11 they round up a group of people and move them into the torture rendition centers. Once they've finished getting out of them whatever information they can either get out or get them to confess to even if they're innocent.



DR. JOSEPH FARRELL: Right.

C. AUSTIN FITTS: I'm assuming part of the reason you want to torture people is you want them to say that they did something they didn't do. It's usually not a very effective way of getting information.

At that point, years have gone by. There's nothing new that they can tell you, but yet the CIA has no place to put them and there's no exit plan.

DR. JOSEPH FARRELL: It's the lack of the exit plan that convinces me that we're looking at a system of slave labor. Again, all these camps suggest to me that while torture is the public story that they've put out in the wake of 9/11, what you're really looking at is a system of slave labor on a large economy of scale.

In other words, you're dealing with a hidden economy. The real question then becomes: If this is the case, what's it for? What are they trying to do?

The only thing that I can come up with – looking at this and the size of it because as you say this is spread all over the world – as a reason that they'd be doing this is for some reason they need that economy of scale to produce something and to do so secretly.

The analogy I'm making here is you have to go back to World War II and look at Nazi Germany and the structure of their black projects. When you look at the structure of their black projects, it's interesting.

C. AUSTIN FITTS: A lot of the slave labor was underground.

DR. JOSEPH FARRELL: A lot of which was underground. You look at the archipelago of concentration camps in Germany, and they're all located very close – if not in – these secret projects: research, development, and manufacturing facilities. It looks to me like what they might be doing is something very similar to that. They've got some sort of secret project that they need a basically, moderately-skilled labor force that they can control absolutely to produce something.



In that case, what you're looking at is you've got prisoners at Camp X producing Widget Y, and then you've got prisoners at Camp Z producing Widget A. They don't know what they're producing, but whoever is in charge of all this system is doing it. This is the only thing I can make sense out of it because slave labor is not economic at all.

C. AUSTIN FITTS: It's not economic. Right. It's very expensive.

DR. JOSEPH FARRELL: It's very, very expensive. This is the only thing I can think of that would justify all of this.

C. AUSTIN FITTS: You know my concern about the immigration policy is we saw a very significant amount of young people brought over at the border in a very fast period. My concern was: How many of those people are going underground?

“You know my concern about the immigration policy is we saw a very significant amount of young people brought over at the border in a very fast period.”

DR. JOSEPH FARRELL: Exactly. When you're dealing with a hidden infrastructure, a financial manufacturing base that is clearly, since the end of World War II, involved trillions of dollars – and that's not accounting for the things we don't know about; that's just what we do know about it.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: We have to project this backward over time – over the last six decades since the end of World War II. This has got to be a massive, massive hidden infrastructure. This is the only thing that I can think of that you would need the massive amounts of funds that they do, and the black budget in the underground economy, and the drug economy, which is huge. What is all of this going for, and why do you need all this labor? It has to be some sort of massive project.

The other thing that the *Worricker Trilogy* brings out in kind of a subtle way is you get this undertow watching these three things of urgency to



what they're doing, particularly that Gladstone Group.

C. AUSTIN FITTS: They're very frayed.

DR. JOSEPH FARRELL: They're very frayed and it's got to go fast.

C. AUSTIN FITTS: Right, and the Prime Minister is saying, "I've seen this. It's real. It's urgent. It's whatever."

DR. JOSEPH FARRELL: Right, and you have to wonder what the urgency is. Why the big rush here?

Again, what this also is speaking to is you look at the BRICS nations. We were talking – before we started recording – in your infrastructure map that we talked about earlier in this show. The BRICS nations are developing all of this capital system – this financing system – to build all this public infrastructure while the United States is dumping massive amounts of money into this hidden system.

What that is suggesting is that within the British and American oligarchy there is a group of people who know something that the BRICS nations may suspect, but they're not behaving like they know it.

C. AUSTIN FITTS: Well, they behave like they're building the future.

DR. JOSEPH FARRELL: Right. Exactly.

C. AUSTIN FITTS: And we behave like we're leaving for Mars.

DR. JOSEPH FARRELL: Exactly. It makes you wonder just exactly what is going on here. There are hints that some of the BRICS nations may know something is up because you had the Russians coming out with that very, very strange story in the last couple of weeks that the Apollo moon landings need to be investigated. Remember that one?

C. AUSTIN FITTS: Yeah!



DR. JOSEPH FARRELL: I thought, “What?” I read this article, and the article made it very clear that the Russians weren’t saying that it didn’t happen. What they were saying was, “We want to know what happened to all those moon rocks and the lost videotape that NASA claims it lost.”

I think what’s really being signaled here is that we know what happened to that videotape. We may have copies of it, and do you really want us to discuss it openly?

There’s a little bit of a hint that they may know something is up. But, again, the behavior of the American elite makes no sense on any conventional analysis. This is where we’re going, I think. It makes no sense unless you factor into the equation what you and I have talked about so many times that you’ve got a hidden system of finance that’s in play here. It’s very clearly being run by the West. It’s being run by the West for some covert purpose – probably involving research and probably involving space. We don’t know in what capacity. This is the only way I can make sense out of it.

C. AUSTIN FITTS: There are two places where in the 1990’s, while we were doing the prisons, they did make the big infrastructure investments that I wanted to mention.

One was they made a pretty significant investment in airports in upgrading the airports. What was interesting was that in 1998 and 1999 I’d be walking around saying, “They’re building a shopping mall on this airport. How in the world are they going to get people to go to the airport to shop? It doesn’t make any sense.”

Then when 9/11 happened I thought, “Oh, that’s how they’re going to get people,” because you doubled the time that people are going to spend at the airport before they fly.

DR. JOSEPH FARRELL: One of the biggest things that they’ve done infrastructure-wise at airports is in Oklahoma City at the Will Rogers Airport. There’s a big facility called the Federal Transfer Center. If you see this thing, this is something that I don’t know how else to describe it



other than it looks like a facility designed to move massive amounts of people through there quickly and quietly. It's huge.

C. AUSTIN FITTS: Really?

DR. JOSEPH FARRELL: Oh, yes. It's huge. You can see it. It's got narrow little windows like in a prison. It's right there at the airport, and you have to wonder: If we have the prison rendition system with people who basically don't exist anymore for the public world running all of this hidden infrastructure for whatever purpose, you have to wonder just what's going on.

I don't know, but the only thing I can say is it reinforces my conviction that there is something hidden going on that is massive. It requires huge capitalization, and now for whatever reason, in the last 10-15 years it's required a huge labor pool that has to exist completely off the books.

This is the real point that I'm hoping people get: Torture is the public story.

C. AUSTIN FITTS: Well, it's torture, but what is it that the Chinese say? "To scare the monkeys, kill the chicken."

So if you have torture centers all over the world and you're grabbing people and torturing them, then people say, "Let's not rock the boat. Let's not ask questions."

It's symbolic. The rendition centers are clearly not prison labor, but it's a cover story.

DR. JOSEPH FARRELL: It's a cover story, and those facilities could be used as input points into a much vaster system. In a certain sense, the torture could function as a vetting mechanism for who you're going to keep in those systems.

The whole thing is diabolical. For the British to come out and make that trilog and to say the things they did in *The Economist* means, I think,



that they are getting tired of playing along with that system.

If that's the case, there is big, big geopolitical and financial earthquakes coming.

C. AUSTIN FITTS: Here's my take. I don't know this, but my guess from watching the *Turks & Caicos*, the second movie in the *Worricker Trilogy*, is the Gladstone Group and the Americans were doing two things. One is the business group, my guess, was not only stealing – because Turks & Caicos is a Crown holding – from the CIA, but they were stealing from the Crown.

DR. JOSEPH FARRELL: Big mistake. Yes, I think you're right.

C. AUSTIN FITTS: They were doing something that they'd been doing all over the world, which is that you drop into a country, you get an elite, you pay them off, and you get them to fiddle with the local politics and do what you want.

To do that to the Brits is a big mistake. That's what they did with Tony Blair. That's what it looks like.

DR. JOSEPH FARRELL: Yes. You have a big Tory backlash against the Blair government. This also is very, very clear. I think a lot of this goes back to the Thatcher era and how they got rid of her in order to finesse their way – the Eurocrats and Great Britain – into the European Union, but we may be looking at the flip side of those visions, too.

I think you're right. I think there's an element here that not only did these private groups take the American intelligence community to the cleaners, but at some point they have interfered with the British Crown. If that's the case, let me back up and put it this way: I think you're right because for the BBC, which is Britain's official propaganda organ, to be

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releasing that trilogy, which is not at all flattering to the American elite, that has to come from a high level in the British government. That to me, more than anything else, is the signal that your hypothesis here may be that they have raked over the royal family and the British Crown. That is very plausible in my thinking. And, yes, you have to shake your head.

C. AUSTIN FITTS: What's the point? What's the goal? In other words, I'm coming from a place where – and excuse me if I'm racist – we have this expression called 'white trash'.

DR. JOSEPH FARRELL: We have that expression here, too.

C. AUSTIN FITTS: The expression, if you look at how it's used where I live, it's talking about people who engage in lose-lose behavior, lose-lose thinking.

You're talking about something that is very lose-lose, and the funny thing about the *Worricker Trilogy* is you almost feel like you're getting the same message that you're getting from Putin, which is, "These people are morally perverted. We want nothing to do with them. It has nothing to do with price. There is no negotiation. We're not going along with people who are that perverted."

DR. JOSEPH FARRELL: I mull that over myself, but the answer that I come to is I think you've got a certain segment of the American parasitical oligarchy that has so bought the notion, and they really don't understand anything about the British oligarchy or anything about the British constitution. Let me just boil it down to brass tacks.

In this country, we have been taught over and over and over again, from elementary school all the way on up through college, that the British Crown – the British monarchy – is a constitutional monarchy and that the monarch is basically a figurehead. I've got sad news for people.

C. AUSTIN FITTS: Nobody has that much wealth as a figurehead.

DR. JOSEPH FARRELL: Precisely. Nobody that has the wealth of the



Windsor's are simply figureheads. When the Prime Minister is summoned to the palace, the Prime Minister is 'summoned' to the palace.

The other thing that Americans need to remember is that the British Crown is the executive branch of the British government. Parliament can pass all the laws it wants to. If the Queen doesn't sign it into law, it's not a law. Now, within the British system in the last 250 years or so, the Crown has always signed these bills, but there is nothing compelling them to do so.

I used to entertain notions back when I was living in Great Britain that if Prince Charles ever were to succeed his mother and become King, if there was ever any British monarch that was tempted not to sign some bill of parliament that he disagreed with, it would be Prince Charles easily. This is a very headstrong man, and what everyone thinks of him, he's not an idiot.

He exemplifies this kind of quiet power that the British monarchy really has. I think the group in America that may have been playing around with not only ripping off the American intelligence community but potentially the British Crown is acting quite simply out of stupidity. They really don't understand because they've been buying this propaganda from our educational system. They really don't understand what they're dealing with with that group.

C. AUSTIN FITTS: Here's what I saw in Washington. We won the Cold War, and suddenly the whistle gets blown to pass the World Trade Organization, and suddenly they feel like it's theirs to take. They can run around the world. It's a global sweepstake, and they're just going to put everything in their shopping cart.

There's this elation of feeling, "We won, and now to the victor go the spoils. Now we can just grab everything. It's harvest time."

DR. JOSEPH FARRELL: Right.



C. AUSTIN FITTS: “We’re here now, and it’s harvest time,” and there’s no thinking five steps down the road.

DR. JOSEPH FARRELL: No.

C. AUSTIN FITTS: It’s just, “Everybody go get yours.” It’s almost as though there was no leadership to bring it together and make sense of the whole thing.

DR. JOSEPH FARRELL: There wasn’t. There wasn’t. You’re right. It was a big sweepstakes. Everybody was going out and filling up their shopping cart.

C. AUSTIN FITTS: It’s almost like no one planned beyond the end of the Cold War.

DR. JOSEPH FARRELL: They didn’t. They didn’t. This was rather alarming.

Let’s back up and say not so much that they didn’t. Let’s say that certain sectors in the American financial and political elite didn’t. I do think that they planned for the end of the Cold War. I mean, it’s very clear if you look at Chancellor Kohl in Germany. He was certainly looking at the situation and making some long-term plans. I mean, that was rather obvious.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: I think you could say the same thing was obtained in France, and definitely you can say that it was obtained in Great Britain, but our leadership didn’t show that foresight. This is the other thing that we’re looking at, too. You’re talking about infrastructure, infrastructure development.

Well, I talk about this in my new book as a matter of fact, the way that Kohl handled the Anchelis – for a lack of a better word – with the former Eastern zone, he had this horribly non-competitive state industries in East Germany that had to be absorbed into the total German economy and then made efficient.



What he did, as you've pointed out many times, is he tendered for the currency on a par value rather than market value.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: That created massive short-term problems, but in the long term – we're 20 plus years now down the line from German reunification – the German economy is booming because of that decision.

C. AUSTIN FITTS: It was the right decision.

DR. JOSEPH FARRELL: Yes, it was the right thing to do. So he kept his labor force in East Germany that could have been sucked out of the Eastern zone into West Germany. He kept that in place by that tender offer. That allowed him to make those old state industries efficient and absorb them into the German corporate system.

You had some considerable foresight going on in those countries, and hence you had the investment in the soft infrastructure. You had the investment in their people. You had the investment in the railroads and updating industry and retooling and things like that that you didn't have in this country.

“You had some considerable foresight going on in those countries, and hence you had the investment in the soft infrastructure.”

In a certain sense, I think we were totally unprepared for the collapse of the Soviet Union. Now we're paying the price. Now we built up this huge empire and now we've got all these camps that they're building for something obviously, and it's very, very alarming.

C. AUSTIN FITTS: There was just a court decision in the United States. The Appeals Court agreed that some of the Bush Administration officials could now be sued for overstepping their bounds on this issue.

DR. JOSEPH FARRELL: Yes. That's a major switch.



C. AUSTIN FITTS: So somebody in America is lining up with the Brit's.

DR. JOSEPH FARRELL: Somebody. I think what you're seeing is possibly there's a faction within the finance intelligence military industrial complex – whatever you wish to call it – that is looking at all of this. They have to be looking at all of this. I'd be dumbfounded to find out that nobody in this country has done analysis of the situation in what is going on. I really would.

I think what you have is somebody aligning themselves with a more sane policy. They're saying, "Look, if we keep going this way we're going to lose Europe and we can't afford to lose Europe. We just can't allow that to happen."

I don't necessarily look at it as possibly a pro-British faction, although that would certainly be in their calculation. I think they're looking at the whole situation in Europe and they're seeing Paris and Berlin just run rough shod over Greece in this power vacuum. They're looking at this situation and they're concluding that it can't continue on the way it is. And they're right; it can't.

C. AUSTIN FITTS: What you've got is you've got an economy with a very powerful group which is running the economy with a negative return on investment. It's clearly composting whole parts of the economy around the world.

The thing that has been allowing it to continue has been the bond market. You keep piling up money in the bond market, piling up money in the bond market, and as soon as Greece and Puerto Rico ring the bell, it's over.

DR. JOSEPH FARRELL: That's it!

C. AUSTIN FITTS: So it's part of moving to an economy where you look at the real economy and say, "Look, we've got to have a positive return."

That's what the Brits are saying. They're saying, "If we're going to eat it,



we have to grow it.”

DR. JOSEPH FARRELL: That’s right.

C. AUSTIN FITTS: That’s what they’re saying, and that’s what the Brit’s are saying, too. They’re saying, “Whatever we do, the trains have to get out on time.”

It’s that kind of thing. Everybody knows we’ve got to have a positive return. We can’t just keep going around in this circle. That keeps raising the question of, “Why is the American leadership behaving like this? What are they afraid of? What are they doing?”

This gets us into all the black budget issues. Where is all the money going? It’s not logical. I mean, it’s perfectly plausible to say, “Look, these guys are just nuts.”

DR. JOSEPH FARRELL: And some of them are.

C. AUSTIN FITTS: And some of them are, but that’s not a compelling reason.

DR. JOSEPH FARRELL: It isn’t. Let’s look at it this way: Just on conventional models of analysis, and again, what I know about finance and economics and so on you can write on the back of a postage stamp, but looking at it from a historical point of view, over the last century to a century and a half what you see increasingly happening in the United States during this time period after the industrialization of the country is you have an increasing reliance purely and now to the point almost exclusively finance capital to drive the economy without the corresponding manufacture infrastructure, real investment in real education – not Common Core and all these pseudo attempts. This is what’s missing.

In other words, in the United States we’re dealing with a finance capital driven economy, and in Europe you’re dealing with the exact opposite, particularly in Germany’s case. Germany, to their credit, constructed their post-war economy so that they wouldn’t lose their heavy industrial plant.



C. AUSTIN FITTS: Right, and they transitioned their work force.

DR. JOSEPH FARRELL: And they transitioned their work force at the same time. Not to say that Germany doesn't have problems, but the real point I'm trying to illustrate here is you've got industrial capital in Germany. In Russia you've got much the same thing in the form of resource capital and investment in infrastructure and investment in resources. In China it's the same thing.

In this country what you see is we've got investments in derivatives and credit default swaps, and this goes nowhere. It's a Das Ponzi scheme.

So there's that part of it, and it's like you say. If you look at just that you can't make sense of it. You have to factor in the black budget. You have to factor in the hidden finance – and I mean something different by that expression than simply 'black budget'.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: You have to factor in that somebody somewhere knows something that they're not telling publicly for whatever reason. This is the reason: they need all these camps. This is the reason they need all this labor pool that exists totally off the books that they can control absolutely and keep whatever it is that they're building a big, huge secret for whatever reason. The only thing I can come up with is in this respect is that it must have something to do with space.

C. AUSTIN FITTS: So I'm reminded of the story of Sampson in the bible where he's asked, "Where does your strength come from," because it's not intuitively obvious. It has always led me to the conclusion that Sampson wasn't a big guy.

If you look at the Americans, all I can figure is they think they have some definitive advantage of weaponry – an invisible weaponry – and I put up in the web presentation for the infrastructure 2nd Quarter Wrap Up the quote from my interview with Colonel Lawrence Wilkerson which was, to me, such an astounding comment.



He's talking about the enormous investment that the Navy needs to keep its ports functioning and the Air Force where they're near the ocean. They need to keep functioning as well. This is important because without the US Navy, the dollar is no longer the reserve currency. China is building their Navy. They know what it takes. Russia knows what it takes.

So the Navy – not everything is going to be done from space. The Navy is your ace in the hole. You cannot afford to play games with the Navy.

Wilkerson is talking about how all the candidates have absolutely no interest. This is not how you generate fees for your friends or power or whatever. The reality is that we've run down that infrastructure for 30, 40, or 50 years. If you don't get interested in that, it's all over. There is no reserve currency, which means there is no US Treasury largess. It's all over.

“This is important because without the US Navy, the dollar is no longer the reserve currency.”

DR. JOSEPH FARRELL: Without infrastructure there is no empire.

C. AUSTIN FITTS: So what is it that would have a group of people so confident that they didn't need to attend to that?

The other thing that I forgot to tell you was when we were talking about the two things that they did in infrastructure. One was the airports. The other was the coliseums – stadiums. So it was bread and circus.

DR. JOSEPH FARRELL: Bread and circus.

C. AUSTIN FITTS: So in addition to prisons we have our bread and circus.

DR. JOSEPH FARRELL: Well, it didn't get Marie Antoinette very far, and it didn't get Rome very far. It's not going to get us very far.

Number one, we have to have a rail service in this country which is much better than we do now. Our trains move at a snail's pace compared



to what Europe or Japan or China or Russia can move goods and services by rail. It's just not the rail service that you would expect a great power to have. That's number one, and that needs to be done.

The interstate highway system, we were talking before we started recording about the tremendous infrastructure that the interstate highway system represents and the vast economic boom that occurred because of not only its building but simply because once the system was finished, goods and services could move quickly and efficiently around the country.

Well, the interstate system is now dilapidated in most parts of the country.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: That needs to be refurbished. Some of our bridges need to be refurbished. I showed you that bridge earlier today when we were traveling, and our bridges are in awful shape in many parts of the country. Again, this needs to be taken care of.

C. AUSTIN FITTS: It's funny. I told you when I came from a world, including on Wall Street, where infrastructure was the source of power.

DR. JOSEPH FARRELL: Exactly.

C. AUSTIN FITTS: It was full of electricity – the infrastructure – and yet when I started to talk publicly, what I discovered was I had this long, frustrating relationship for many years with the *Coast to Coast* group because nobody wanted to talk about infrastructure or bridges or roads or communities or all the things that to me were the source of real power.

Finally I came to understand, “Okay, they're right. So much of this game is coming from space and I need to deal with that.”

But I still couldn't get them interested in infrastructure because for them



there was no power. What's interesting about what the BRICS have done is the BRICS have finally just said, "Fine. We get it. The World Bank and the IMF is not going to play. We're on our own. Fine. We're going to do it."

Now they're into, "Let's build the future," and they're excited about it.

DR. JOSEPH FARRELL: Right.

C. AUSTIN FITTS: If you look at all the different regional cooperation groups coming together across the Silk Road, it's railroad, it's pipelines, it's roads, it's everything. You can tell they're having fun.

You look at the pictures of their meetings and they're having fun. It's great.

DR. JOSEPH FARRELL: They're smiling.

C. AUSTIN FITTS: It's great to be building, and they're like, "Okay, we don't know how to cooperate and do these big financial mechanisms and manage this kind of risk, but we'll figure it out. We're on our own; we have to do it."

You can kind of see the Americans going, "Wait a minute. How do we step on this and get them going through our mechanisms?"

Our mechanisms aren't set up to handle that. We walked away from that a long time ago and left it to slowly go no place. They have no choice, but as you could see last week, China paid a very big price in the game of economic warfare. If you look at the market today, it's clearly saying, "Okay, the US leadership won that one."

DR. JOSEPH FARRELL: But again, I think going back to the model here of finance capitalism versus industrial and entrepreneurial capitalism, ultimately finance capitalism can never win.

C. AUSTIN FITTS: Right. Absolutely.



DR. JOSEPH FARRELL: Sooner or later the pressure of forces, if the American leadership is sane – and the question is out on that – it's going to have to change its game and change it drastically. Otherwise we're going to be left in the dust.

C. AUSTIN FITTS: We're being left in the dust.

DR. JOSEPH FARRELL: We are being left in the dust.

C. AUSTIN FITTS: So at the worst part last week you saw the Chinese market down 15%. Bonds hardly bumped, and the dollar hardly bumped.

DR. JOSEPH FARRELL: Right.

C. AUSTIN FITTS: Part of that is we're moving. One way or another, the bond game is over. So the question is: The real economy matters, and there are a whole bunch of people who just decided that they're more interested in the real economy than playing along with this silly game.

DR. JOSEPH FARRELL: Well, let's look at it this way. Let's look at the infrastructure problem this way in relationship to the Navy. You have data that's indicating that water levels are rising in ports on the Atlantic and Pacific that are currently ports that are faced with a future where the facilities themselves are either going to have to be diked like the Dutch do, which means an investment in infrastructure so you can keep your ports so that you can have your Navy.

The other thing is if you're going to maintain this global naval presence and have places all over the world plus home bases in the United States, you're going to have to have an infrastructure in this country that can move the goods that you need to get to your ships to supply your ships to keep your supply ships supplying the ships, and we don't have enough of it.

If you're thinking just purely in military terms alone, you have to have this infrastructure. Let's go back to the interstate highways. What's the official name of the interstate highways? The National Defense Highway



System.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: This was clearly conceived not just as an economic tool but as a tool of the expression of American economic and military power to move goods and services around the country quickly and efficiently.

So, yes, the same thing. We took the cue from Hitler in his Autobahn in Germany during the inner war period. Clearly you can't have and sustain a global military power without having the infrastructure to do it. So if we're going to maintain that, we have to start investing in this country again and the infrastructure of the country. No two ways about this.

C. AUSTIN FITTS: So if you look at a study that McKinsey did, it basically said, "Can we do this \$57 trillion?"

What they said was, "Yes if we radically increase productivity now."

Without going through all the steps involved, first of all you need a much more transparent system, and you need a much more participatory system, and you need much more collaboration. When you get down into the numbers and how it all translates out, what you're talking about is a radically different leadership. You cannot have leadership which is 100% lawyers.

DR. JOSEPH FARRELL: No. You can't.

C. AUSTIN FITTS: It's not working.

DR. JOSEPH FARRELL: You can't have leadership that is 100% lawyers or bankers or – what's the word I'm looking for – paper shufflers. You can't do it. You have to bring in the engineers. You have to bring in the

“This was clearly conceived not just as an economic tool but as a tool of the expression of American economic and military power to move goods and services around the country quickly and efficiently.”



entrepreneurs. You can't be reliant on big cartel capitalism here.

C. AUSTIN FITTS: When I watched all the money being stolen, I thought, "Okay, you have the mobsters steal the money, but then when it's over you switch the leadership and you put in the people who do the next phase –whatever that is."

The way you engineer a financial coup d'état, who you use is totally different than what you use for Phase II. So the question is: What's Phase II, and who's the leader?

I don't see a turn happening.

DR. JOSEPH FARRELL: I don't either.

C. AUSTIN FITTS: It's just all children and wives of Phase I.

DR. JOSEPH FARRELL: Yes. It's all going into shiny upgrades of the old model. We've got Google and Quantum Computing and data management and software and surveillance. It's all the same old stuff. We don't see any investment in hard infrastructure. For that matter, we don't see any investment in soft infrastructure either. By that I mean an investment in the human capital that is going to be necessary to preserve the lifestyle we're accustomed to. It's not going to come out of Common Core. I'm sorry. That whole thing is a sham.

C. AUSTIN FITTS: To me, Obamacare and Common Core are simply a way of standardizing all education so you can reengineer it to the digital system so that you can centrally control it and take over the last two parts of the local economy that you haven't taken over.

DR. JOSEPH FARRELL: Exactly.

C. AUSTIN FITTS: But what you're going to do is you're basically going to take 80% of the kids doomed to failure and permanent dumbed down.

DR. JOSEPH FARRELL: Right, and then you can't compete.



C. AUSTIN FITTS: The other 20% are not going to be well-educated.

DR. JOSEPH FARRELL: Trust me. We will not be able to compete with China or India or Russia.

C. AUSTIN FITTS: But that's the plan.

DR. JOSEPH FARRELL: That's the plan apparently. I'm with you. I don't see any real leadership in this country. Like you said earlier, there's the possibility of a real coup.

C. AUSTIN FITTS: If you look at Common Core and Obamacare, it's very interesting because last week there were a lot of people saying that the Chinese market has bubbled. Now the Chinese market has run up a tremendous amount – more than any other year – but if you look at where it started, it started in a very low PE and it still hasn't reached the PE of the United States.

But, the big sector that's really been the strength in the US market has been the reengineering of the healthcare industry. Every time the Supreme Court rules, of course, it goes up a lot.

A lot of this is really the government subsidy and government support creating a monopoly. That's what is driving the market up. As you know, I talked to you about Karl Denninger's piece last week where he basically said that he took a surgical center in the heartland and then a testing center in Arizona which passed a law that says now that I don't have to go to a doctor to get a test. I can just walk into a testing center and get a test myself.

DR. JOSEPH FARRELL: Right.

C. AUSTIN FITTS: What he was saying was that the prices are 20% of the Medicare price.

DR. JOSEPH FARRELL: Exactly.



C. AUSTIN FITTS: If you look at the 20% deductible on Medicare, that's it. Now if you talk about a bubble, that's the biggest bubble on the planet.

DR. JOSEPH FARRELL: That's the healthcare bubble. It's huge.

C. AUSTIN FITTS: It's the biggest bubble in the stock market – on the planet – and it's not a real economy; it's a fake economy. It's a complete fake economy. Imagine if we'd taken all the time and energy we put into Obamacare and Common Core over the last three years and instead put that into designing great infrastructure that made us economically competitive.

DR. JOSEPH FARRELL: Exactly.

C. AUSTIN FITTS: Or fix the Navy's problem. You know, whatever you want.

DR. JOSEPH FARRELL: Exactly.

C. AUSTIN FITTS: But it's all massive investment in paper shuffling backed up with government money coming from the bond market. How's that supposed to work?

DR. JOSEPH FARRELL: It won't. It won't.

C. AUSTIN FITTS: And it's going to wipe out the local economies. It will wipe them out. It's wiping them out now.

DR. JOSEPH FARRELL: It's wiping them out now, and it will get worse. Again, markets ultimately correct themselves no matter how much central control you try to put on them. This is just economic reality.

The real problem is: Are we going to have the leadership? I go back to something I used to say on another show with a friend who recently passed away, which is that the American elite – the American financial power elite – began in the late 19th century and early 20th century through their networks of foundations and so on and so forth to surround themselves with people who had more or less the same



ideology.

In other words, when you surround yourself with people who think like you do and you're confronted with a new circumstance that doesn't conform to your ideology, you can't think outside the box.

In other words, we're going back to that *Economist* article. The fact that the American leadership is now calcified because it's no longer able to entertain any ideas that conflict with its central dogmas, this is a very bad situation because they're not responding to reality. The Supreme Court is not responding to reality; the markets really aren't responding to reality, particularly in health care like you've pointed out.

I don't know what to make of all of this. I think we're ripe for something like what you said earlier – a coup.

C. AUSTIN FITTS: Here's the thing. If you look at the Crown holding us –

DR. JOSEPH FARRELL: They're huge in this country.

C. AUSTIN FITTS: When I was in New Zealand I was going through the New Zealand budget. Basically if you look at the Crown position it's the equity. It's what I call the 'Z piece' but it takes all the risk.

DR. JOSEPH FARRELL: Yes.

C. AUSTIN FITTS: If you look at the extent to which all the Crown holdings globally are dependent on the US military operation, they can't afford for the US to mess up. It's not so easy to just walk off and say, "Oh, Germany and France will pick up the slack."

DR. JOSEPH FARRELL: That's not going to happen.

“When you surround yourself with people who think like you do and you're confronted with a new circumstance that doesn't conform to your ideology, you can't think outside the box.”



C. AUSTIN FITTS: The Germans will extract and the French will extract a huge price. So the question is: You can't afford for your Navy to just run around and behave like this.

DR. JOSEPH FARRELL: No.

C. AUSTIN FITTS: And you can't afford for your Navy to be flooded.

DR. JOSEPH FARRELL: You can't afford for your leadership to behave like this.

C. AUSTIN FITTS: Right. It's too expensive, and you're the 'Z piece' – at least on all the Crown holdings. In terms of land mass, if you add them all up it's bigger than the United States.

DR. JOSEPH FARRELL: Oh, it's huge.

C. AUSTIN FITTS: Right. So you've got Australia, you've got New Zealand, you've got Canada, you've got the UK, and you've got all the land they've got here. That's a lot of risk. It's like the insurance company.

If you're responsible for that, you need adults running things. You've got to have adults. You can't afford this anymore.

DR. JOSEPH FARRELL: No. You can't. Let's put it this way. If it doesn't change in a genuine way in this next presidential cycle, I fully expect that by the one after that something is going to happen to force a change. I really do.

You look at the current presidential cycle, and no one on either side of the political aisle is talking about the infrastructure in this country. Obama when he ran the first time tried.

C. AUSTIN FITTS: He tried.

DR. JOSEPH FARRELL: We saw where that got him; it went nowhere. He tried because I suspect whoever was advising him – and I suspect it's coming



out of the old JFK circle, Ted Sorensen and people like that who were advisors in his first campaign – that just went nowhere. It can't continue on like this.

You look at the current bevy of candidates on both sides of the aisles, and there's not a fresh idea among the lot. There really isn't. So it's got to change either this election cycle some big surprise is going to come out in the wings that we were not expecting or it's going to change in the next one because it can't go on this way.

The Brits have signaled this. The Brits, I think, have spoken for not only Great Britain but for the British Commonwealth – which you know is a substantial portion of the global economy – and for the British culture. By that I mean in the broad sense – Canada, Australia, and New Zealand and so on. To a certain extent I think they may be speaking for Europe as well, in spite of the fact that there is no love lost between London and Paris and Berlin. I think to a certain extent they're speaking for the Europeans as well in this regard. It's got to change.

C. AUSTIN FITTS: It's funny because if you look at the top investors, the ones who are responsible for the most money, they're saying the same thing that the people who are sitting and managing money in the offshore havens have to be thinking, which is: Unless you significantly improve the investment in the real economy, nobody is going to make any money.

DR. JOSEPH FARRELL: That's right.

C. AUSTIN FITTS: You've run your thing down or you've taken it as far as it can go. You've got to get yields to the real economy. You've got to invest to get those yields. Now we're talking about really killing the goose that laid the golden egg.

DR. JOSEPH FARRELL: I don't know if you're familiar with Webster Tarpley, but he's a fellow who I listen to a great deal because he's an interesting fellow from the standpoint of his historical and economic analysis. He talks constantly about the need for a new kind of New Deal. In other



words, he's a classic Roosevelt New Deal democrat.

C. AUSTIN FITTS: They all believe in infrastructure.

DR. JOSEPH FARRELL: Yes, and they do. Quite definitely they do. In this respect I think he's absolutely right. I'm certainly not in favor of government programs like that, but I do think if you got this whole system – this finance capital mercantilist government system – out of the way and freed up that capital to start making the investments in localities, in local infrastructures like you've been advocating for so long, things would turn around, and probably very quickly.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: It's clearing out this whole parasitical apparatus that's going to be the problem, and that's going to require some major assistance.

C. AUSTIN FITTS: You have to let capital flow without the violence, so you're going to have to let local optimization happen. That's going to cut into the profits that have been protected by the violence.

DR. JOSEPH FARRELL: That's right. This is why I say that it's going to require some major external help.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: This is why I think your model of a potential coup comes in.

C. AUSTIN FITTS: It's going to look like the old guys being shifted out and the new guys being brought up, and the new guys are going to have a different profile.

DR. JOSEPH FARRELL: Yes. It's going to come in the form of international liaison officers. You know. We can laugh, but this is the way it's going to come. "This is Sir Winfred So-and-so from Great Britain, and he's here



to advise us on such-and-such.”

C. AUSTIN FITTS: We’re suddenly going to find our borders populated by a lot more Brits and Dutch.

DR. JOSEPH FARRELL: You said it right there. We’re going to see a lot of British, we’re going to see a lot of Dutch, and we’re going to see some Italians from the Po Valley. They’re going to be arriving in droves, which is a good thing.

I really do think in a way it’s a good thing, not just financially and economically but culturally. It’s going to get Americans out of their blinkers on view of the world culture.

C. AUSTIN FITTS: So there are a few this and that’s I want to talk about. The OPM hack.

DR. JOSEPH FARRELL: Oh boy!

C. AUSTIN FITTS: We’re changing the topic from infrastructure. Well, not really!

DR. JOSEPH FARRELL: Not really!

C. AUSTIN FITTS: One of the big infrastructure questions that I couldn’t figure out while I was looking at this is: I get a lot of magazines because I like to scan what’s going on. You have constant propaganda saying, “The solution to all things is we’re going to put everything on the internet and our cars are going to be smarter. Our houses are going to be smart.”

In the meantime, I’m spending half of my day dealing with software systems that don’t work, internet systems that don’t work, and hacking. All the digital systems do not work.

I feel like I live in a third world country. It wastes enormous amounts of my time and money and my team’s time and money. I go abroad and

“We’re going to see a lot of British, we’re going to see a lot of Dutch, and we’re going to see some Italians from the Po Valley.”



everything works. It's not a problem. I come back here and it's just like trying to run in saltwater taffy.

I read all these magazines that say, "Oh, cars are going to be on the internet and everything is going to work."

I thought, "It's like two tsunamis coming at each other at high speed." Boom! Talk about an infrastructure that doesn't work, and the whole financial system depends on it. I mean, how is it supposed to work?

DR. JOSEPH FARRELL: The OPM hack. Let's look at some events that I think are very curious that are directly infrastructure-related. The OPM hack – Office of Personnel Management – is one. Then we had the recent New York Stock Exchange thing – the glitch.

C. AUSTIN FITTS: I was assuming that they were trying to shut down the program trading.

DR. JOSEPH FARRELL: I thought about that.

C. AUSTIN FITTS: Remember, what that meant was that the market didn't stop. All the trades had to go through NASDAQ and the dark pools. So you're taking an enormous amount of the trading and you're routing it out of the Stock Exchange and into the dark pools where it is much easier for you to control.

DR. JOSEPH FARRELL: Yes.

C. AUSTIN FITTS: So it's not clear to me.

DR. JOSEPH FARRELL: I'm looking at that and I'm putting it in a total context. I'm looking at the NYSE hack. I'm looking at the OPM hack. I'm looking at United Airlines as being hacked on the same day, and for what? It was two and a half hours that the whole system went down.

C. AUSTIN FITTS: Did you see what the Dredge headline was?



DR. JOSEPH FARRELL: No.

C. AUSTIN FITTS: “Glitches Galore.”

DR. JOSEPH FARRELL: Well he’s right. Then you had those curious incidents out in the San Francisco Bay Area of all the internet cables being physically severed.

C. AUSTIN FITTS: Oh wow!

DR. JOSEPH FARRELL: Oh yes. This is a huge story. I think it was eleven or thirteen incidents like this in the last few months of internet cables actually being physically severed in the whole Bay Area. Now I’m looking at all of this and I’m thinking, “Somebody is sending us some messages. Somebody has to be sending us some messages.”

The message is quite bluntly, “Your systems are not safe, and your systems are not secure. Why should we do business with you?”

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: When you and I were talking, the other interesting thing you mentioned was the old Inslaw Promis software that you and I both think is behind a lot of this stuff and all of its updates. The interesting thing is if you go back – and we’re going back to Britain here – and examine the Promis software and where it ended up, it ended up in the RCMP in Canada – the Royal Canadian Mounted Police. It ended up in Egypt. It ended up in Iraq. Some of it was even deliberately leaked by the Reagan Administration to the Soviet Union where it blew up a pipeline. It was leaked, I believe, to Australia, Israel, but not Great Britain.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: I think this is so immensely important – what the message is. If these events were coordinated, and everything in my intuition tells me that those events were coordinated – all of them –



somebody is sending a message.

The message is first of all: Your systems are not secured. Number two: If you can play covert ops in our backyard, we can play covert ops in your backyard.

When you look, particularly at the San Francisco internet problems, that area has been a hub of foreign espionage activity. The Russians have been there in force, the Chinese obviously, and the French. This is the other big thing that we have to remember. The French are huge industrial espionage people.

So I'm looking at all of this. Again, I think somebody is sending us some very not-too-subtle messages. You guys need to clean up your game, and you need to clean it up fast because otherwise we're out.

C. AUSTIN FITTS: I didn't understand. I had always thought that the personnel files for the intelligence agencies were at the intelligence agencies. It never occurred to me that they were over at OPM. I had no idea how sensitive some of the OPM files were.

DR. JOSEPH FARRELL: Oh yes.

C. AUSTIN FITTS: This is very scary because I think it's hard for somebody to just pick up a newspaper to understand how much power it gives whoever hacked it.

It's not clear to me that we know who hacked it.

DR. JOSEPH FARRELL: Let's put it this way. You and I both know a mutual acquaintance of mine who was in intelligence. When he found out that all of those personnel files were being run by OPM, he pitched a fit because this was not the case when he was active in that community. What it's telling me – this OPM hack – is I don't think this is coming from within this country. I really don't. I think it was somebody else, and the only people with the sophistication that could pull that off would be either the Russians, the Chinese, or maybe even the Japanese.



C. AUSTIN FITTS: The Brits could pull it off.

DR. JOSEPH FARRELL: Absolutely the Brits could pull it off. And let's not forget Ms. Merkel is pretty pissed off about the NSA spying on her cell phone. So, you know, anybody is the guess here, but I don't think it's coming from inside this country.

C. AUSTIN FITTS: Oh, but if you wanted to shift the US leadership, getting those files would be invaluable.

DR. JOSEPH FARRELL: Absolutely. Bingo! Ding, ding, ding! That's where I was going. That's where I was going, absolutely. You would need a vast database of people that you could profile that exist within the American intelligence community, that exist within the various agencies and departments of the federal government. You would need a file on federal-state liaisons. You'd need a file on potentially state governments that are important – Texas, California, and New York. You'd need all of the connections with the lobby groups, and OPM is the perfect place to get your database up and going. Absolutely.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: This is the other thing that makes your scenario plausible. The fact that it occurs when it does, as we're gearing up for yet another – from all appearances so far – meaningless presidential cycle. Pick Candidate A or pick Candidate A.1.

The fact that it occurs in that timeframe makes me awfully suspicious. Somebody is preparing, and this is the other reason why I think this is coming from outside the USA. Absolutely.

If it's not coming from outside the USA, let's look at it differently. If it's not coming from outside the USA, then it's going to be coming from probably a corporate interest in the USA that is going to pass the

“You would need a vast database of people that you could profile that exist within the American intelligence community, that exist within the various agencies and departments of the federal government.”



information along to their friends overseas so we end up with the same thing.

C. AUSTIN FITTS: Well, you could have a couple of options. You could have Russia and China playing offense and defense because we've been doing it to them, and they're doing it to us. And the Chinese know the value of that intelligence.

DR. JOSEPH FARRELL: Absolutely.

C. AUSTIN FITTS: So, yes, it could be them. But it could be a corporate interest.

DR. JOSEPH FARRELL: Sure.

C. AUSTIN FITTS: It could be the corporation saying, "We don't like the way you're outsourcing this and that."

I mean, the impact of Snowden was that now Google and AT&T have the access but NSA doesn't. So that was a corporate takeover of the surveillance systems.

Now if you look, Snowden worked for Booz Allen, and Booz Allen is a major contractor at OPM. So for all we know this is Snowden, too.

DR. JOSEPH FARRELL: It could be.

C. AUSTIN FITTS: So that's another possibility. Another possibility is it's our allies who've decided that they're going to shake up. And for all we know, the defense contractors could be working with them.

DR. JOSEPH FARRELL: With Japan, France, the United Kingdom, Germany and Italy you've got countries right there that would have the computer hacking expertise to pull off something like that, particularly with the Brits. The capabilities of GCHQ are very similar to the NSA, so we may be looking – as you say there – at providing the database necessary to put your "coup network" or your "coup infrastructure" into place.



Absolutely. And take out this corrupt mafia that's been running things for so long.

C. AUSTIN FITTS: Part of the problem you have if you're the G7 allies and you're scared about where it's going is the more the US depends on force, the more force they're going to have to use. So what you're trying to avoid is using force, using nuclear war – whatever the nuclear war looks like, whether it's 20 tsunamis or 50 earthquakes.

DR. JOSEPH FARRELL: Right. You're trying to head off the paths because historically – and I've said this before – the United States right now is in exactly the same position that Venice was at the beginning of the 1500's where Venice had used its finance capital clout and its ability to raise military power quickly and then apply it very sharply and suddenly. Venice had reached the stage at that point in its history that it had literally – and I'm going to use a bad expression here – pissed off just about everybody in Europe. They finally just said, "Enough is enough. We're taking it out."

The only thing that saved Venice was some pretty underhanded diplomacy, but for a moment all of Europe was aligned against them and there was no way – had that coalition stuck together – that they could have survived it.

We are in the same position now. We have so extended this unipolar principle of geopolitical action in the world. We have driven ourselves into this morass in the Ukraine. We are poking sticks in the cage of the Russian bear, and the Russian bear is not biting. We have alienated most of Europe, and in the process we're alienating Japan. There's no other way I can read Shinzo Abe and his government rearming Japan other than as a long-term realization that we cannot rely on this group. We financed them enough. We cannot rely on this group anymore. We're going to play along like we're rearming to help America combat the Chinese and counterbalance, but that's not what's going on. Not for a moment.

We've alienated every ally. Like you say, they can either have to deal with



us with force, or if they can engineer a change of regime and take it out of this parasitical oligarchy's hands and restore some sanity, that's what they would do.

C. AUSTIN FITTS: So what are we going to do if the OPM hack was done by the neocons? Do you know who the group was who was slowing the neocons down the most? It was the long-term civil service person. It was the American version of the Johnny Worricker's who was slowing them down.

DR. JOSEPH FARRELL: Right. If that's the case, let's look at it this way. If that scenario is true – and I think there's a good possibility that it is – then the intelligence services of the European powers, including Russia, and the intelligence services of India and Japan and China are going to be looking at that incident. They're going to know immediately if that's the case, and they're going to respond in their governments in a very similar way as if one of them or all of them were behind the hack themselves.

In other words, they are going to try to get a hold of that information. In the meantime, they are going to try to prevent the use of that information by the neocons against that civil service bureaucracy. In other words, the only thing that changes in that scenario in my opinion is it simply complicates their response, but it doesn't change their response.

Ultimately they're going to be gathering their own databases. They're going to try to do similar hacks and get their people lined up. I don't see that it changes anything; it just complicates the procedure that they've got to go through.

Going back to Worricker or MI5 or MI6, they love a good challenge.

C. AUSTIN FITTS: If you look at how insecure most systems are globally, you almost wonder if nature isn't forcing transparency on us whether we like it or not. Secrecy is starting to break down.

DR. JOSEPH FARRELL: Yes, it is.



C. AUSTIN FITTS: Speaking of which, I want to turn and talk about your book. It's a new book, *The Third Way*. Tell us about why you decided to write this book.

DR. JOSEPH FARRELL: I had intended when I wrote the *Nazi International*, some of the information in this book I actually uncovered seven years ago when I was writing *Nazi International*. I debated at the time whether or not to include the information that is in this book in that book, and I decided no. For one thing, it would be too overwhelming. Number two, the context of this book is the European Union and the presence within it of that old German trust cartel Nazi party, Nexus.

When you read the details, you will literally be gob smacked.

C. AUSTIN FITTS: I think of it as the Nazi stream.

DR. JOSEPH FARRELL: It's the Nazi stream, yes. I go into a great deal of analysis of the long-term consistent German foreign policy going back to the Kaiser of backing radical Islamacist groups – literally weaponizing Islam for use against the British Empire and America, number one. This has been a consistent feature of German foreign policy down to our day.

Everybody thinks of Russia backing Iran. What people don't realize is the heavy German investment in Iran and the heavy transfer of technology from Germany to Iran. You've got all of this in play.

The other thing that I talk about a great deal in the book is the way the German corporate power structure is actually structured because when you look at that country and the corporations that dominate it, you're dealing with the same old group of gigantic companies.

You've got ThyssenKrupp. You've got BASF. You've got essentially the

“I go into a great deal of analysis of the long-term consistent German foreign policy going back to the Kaiser of backing radical Islamacist groups – literally weaponizing Islam for use against the British Empire and America.”



IG Farben Cartel split back into its original component companies, but those original component companies are still there and they're still extraordinarily powerful. These companies dominate the German economy. Therefore, they dominate the German state.

What most people don't realize is that the way that the European Union's structure is right now, its structure is all coming out of wartime plans that were being drawn up by IG Farben and by the Nazi party as early as 1942, right down to the detailed exchange rate mechanism that was ultimately put in place in the 1970's with Schmitt and Valery Destan in France. The details are astonishing. I mean, you can't look at it and say, "Oh my God!"

That's the reason I was so quiet and tight-lipped about this book until it was actually physically out. I didn't want people to think I was making all this up and not have the information in their hand that they can look at and see it.

The interesting thing in the book is I point out that two Brits, Christopher Story, whom you know, was a typical British middle class man who was looking at all of this and thinking, "My God! They're back, and with a vengeance!" He meant to do something about it.

The other Brit who I mention is a fellow by the name of Bernard Connelly. Connelly was actually in the European bureaucracy, closely associated with running the exchange rate mechanism back when that was in place, prior to the euro. He was looking at all of this and he comes right out and tells you in the book that this is all coming out of IG Farben and Nazi party plans, and everybody is complaining about Germany running everything. Well, it's no wonder because that's what they had planned.

In other words, you look at all of this, and World War II is this kind of a hiccup in what their plans were.

The book is interesting because it gives you, I think, a frightening glimpse as to what is going on behind the scenes geopolitically in Europe



right now with the Ukraine, with Greece. It's truly frightening because I begin the book with a review of a document that's not very well-known at all called *The Madrid Circular*.

C. AUSTIN FITTS: I'd never heard of it.

DR. JOSEPH FARRELL: Oh, yes. It's creepy, and the more you read it, you're thinking, "I'm reading *New York Times* headlines from 2015," but this document was actually ostensibly dated 1950. It was first published by a German-American who was trying to raise the alarms about what was going on in 1953.

In other words, you can go back at least to 1953 and read this thing. It's a blueprint of what's happening now. This is what is really scary. It talks about the Ukraine. It talks about Britain. It talks about dollar diplomacy and why that's ultimately not going to work. It's a breathtaking thing.

The other thing that I hint at at the very end of the book is that you look at American post-war politics and you see something very odd going on that nobody talks about in breadth. You've got the Rees committee in the House of Representatives doing this examination of the power of foundations. Then, of course, you've got the whole McCarthy thing with the communist that brought in communist sympathizers under Roosevelt. Then you've got the McClellan committee investigating the mafia.

So you've got all of these post-war attempts that are looking at the structure of American politics and power, and they're realizing that there's this huge, festering pustule of racketeering and influence going on with all these groups, but there's another factor in play here. You have all of these dirty deals that are made with the Nazis. If you read what's going on, you sense that all of these different committees are getting very close to something. Truman and Eisenhower are running around trying to stamp it out and prevent it from coming out.

I think the urgency here, Truman was aware of all of this because he set up his loyalty review boards and so on and so forth, but I think Truman



in particular reacts so vehemently and forcefully after the conviction of Alger Hiss. You see the Truman administration just absolutely shut down any further cooperation with Congress.

I think what's going on – I'll be very blunt here, and I don't say this in the book but I'll say it here – is Truman is reacting because number one, he set up that hidden system of finance in 1947. When you've got McCarthy and McClellan and the Rees committee, they're getting too close.

C. AUSTIN FITTS: Too close, yes.

DR. JOSEPH FARRELL: “So we've got to shut all of this down, and we've got to shut it down fast.”

He's not successful in McCarthy's case. This carries over into Eisenhower's administration, but ultimately of course the whole McCarthy thing is, I think, engineered to shut that down because they're protecting a system of finance that by now is up and running. We can't have all of these committees going around and trying to expose this thing.

So there's this whole post-war history of all of these Congressional committees that are looking at all of this. I don't think anybody has ever adequately tried to write a history of that period.

We have to remember that this is the period of history that makes the political careers of John F. Kennedy, Robert Kennedy, Hubert Humphrey, Edward Dirksen, Carl Munch, and Barry Goldwater. These are all people who have their political outlook and careers begin in this period. This is a crucially important period for us and for the things that you and I have talked about so many times on your show.

I'm looking at this and I'm thinking, “No one has attempted to write a history of what's really going on here.”

C. AUSTIN FITTS: It's amazing because if you look at the last 100 years, every



time somebody tries to open the door and look at Mr. Global, there's a war, there's a crisis, or there's a 9/11.

DR. JOSEPH FARRELL: Yes. The interesting thing to me is being from South Dakota, I grew up when Senator Karl Mundt was still a sitting Senator. I remember him very, very well as a boy.

Of course Mundt was famous for chairing the Army-McCarthy Hearings. He was one of the few senators who voted not to censure him. I grew up in South Dakota in a very different understanding of that whole era. I could go to the Sioux Falls public library and pull off William F. Buckley's *Defense of McCarthy* and see what was really going on.

“I could go to the Sioux Falls public library and pull off William F. Buckley's *Defense of McCarthy* and see what was really going on.”

I could go and pull off all of these books that Mundt made sure got into all these public libraries. So I never had quite the take that most people had about that whole episode.

But what is interesting to me is if you look at not just McCarthy but Nixon, you look at the House Un-American Activities Committee, you look at McClellan, and all of these people, what really is coming out of this – and I was dumbfounded when I read this, Catherine. This will ping your radar big time – one of the people who had come under not only McCarthy's scrutiny but Truman's loyalty board was Dr. Edward Condon. Condon was considered such a security risk during World War II that General Groves, in charge of the Manhattan Project, trusted him less than he trusted Robert Oppenheimer, who they overlooked for his communist sympathies.

When I read that I thought, “You're kidding me!” You know who Edward Condon is?

C. AUSTIN FITTS: No.

DR. JOSEPH FARRELL: He was the fellow in the 1960's that the US Air Force



tapped to chair the UFO whitewash.

C. AUSTIN FITTS: Oh my God!

DR. JOSEPH FARRELL: Yeah. Ding! Ding! Ding! I thought, “Okay, we’ve got something there.”

And who are the other people who are not only under the spotlight of McCarthy but they’re under the spotlight of the House Un-American Activities Committee? Well, you’ve got people like Harry Dexter White, you’ve got people like Owen Lattimore, and Lattimore is the interesting one here I think.

What was Lattimore involved with? Well, Lattimore was involved with Henry Morgenthau going over to Chiang Kai-shek, and it’s Lattimore and Morgenthau who refuse to return Chiang Kai-shek’s gold.

Now where are we at? Hidden system of finance. We’re at Chinese gold – bear bonds with Morgenthau’s name on it.

They’re getting close to something I think. All of these little indicators are getting close to something, and it has nothing whatsoever to do with mafia, with communists, or anything like this. The real thing that’s at the heart of this – squatting at all of these committees – is there’s this huge financial structure that they’re trying to protect. Rees is looking at one part of it, and McClellan is looking at the mafia and another part of it. You’ve got Nixon and this whole structure.

C. AUSTIN FITTS: It’s interesting what you’re saying. You’ve heard me say before that sometimes I think that the American history is a history of replenishing the slush funds.

DR. JOSEPH FARRELL: Yes. Exactly.

C. AUSTIN FITTS: But one of the things I’m wondering about, because the Crown is the ‘Z piece’ on the Anglo-American Alliance and certainly a big part of the over, I wonder if there is a fundamental non-alignment



between the needs to manage risk and that ‘Z piece’ and the hidden system of finance, and it’s just reached a boiling point. One’s got to come out on top.

DR. JOSEPH FARRELL: Right.

C. AUSTIN FITTS: That’s a big huge thing. If that’s going on inside the Anglo-American Alliance, then you’re talking about a big, big governance issue that’s big. It either gets worked out or you destroy the Anglo-American Alliance.

DR. JOSEPH FARRELL: I think all of the history of that period, and all of what we’ve been talking about now, what you just said is exactly true.

C. AUSTIN FITTS: Here’s the thing. The city is the most powerful thing. The city has got more billionaires than America. So how can the city not be on top? I mean, the city runs the biggest network of tax havens in the world.

DR. JOSEPH FARRELL: Let’s look at it this way. In order to pull that hidden system of finance off, it’s just like I said at the Secret Space Conference. In order to pull this off, they have to have the participation of certain prime banks in the West. In other words, let’s look now at the fact that you have all of these bankers connected with the very prime banks that emerge in connection with this hidden system of finance or these bear bond scandals or whatever.

You’ve got JP Morgan. You’ve got Hong Kong and Shanghai Bank. You’ve got Union Bank of Switzerland. You’ve got Deutsche Bank. In other words, the participants in the system – the British bankers, the German bankers, the Canadian bankers, the Chinese bankers – they know the system exists, or at least some of them do.

C. AUSTIN FITTS: And they’re dropping like flies.

DR. JOSEPH FARRELL: They’re dropping like flies. In other words, the governance issue is coming to the fore. The system has to be rolled up.



In part, I think that's what happens with 9/11. But at that earlier stage, in the post-war stage, from say 1945 up to the death of Kennedy, that period is dominated – and I'll just come right out and say it – and the hidden thing is dominated by all of these scandals that are going on that lead up to the assassination of President Kennedy involve protecting that structure and maintaining it long enough that it gets up and running.

In other words, we're looking at the beginning of one thing in the post-war period with all these committees and not anybody really being able to figure out what all the hullabaloo is about, and then now we come down to the present and we're looking at that system being unraveled.

So they're either having to unravel the system and roll it up and turn it into something else – which I think parts of them are trying to do – and the other part of it is, like you've suggested many times, they are trying to move all of the assets that they can into that system and all of the liabilities into the public system that they can.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: What's happening as a result of that, because you see Japan, you see with the BRICS, and you see with Germany especially these countries realizing that we cannot sustain this system anymore because ultimately if we do, we're going to lose any last shred of our sovereignty. Like you've pointed out, this is a huge governance issue. Things are coming out right now.

For me this was a difficult book not to talk about. I said nothing – literally nothing – about this book. Usually I give little hints, but this is a hugely important book.

I had a couple of people email me after they got their copies and started reading it. One person finished chapter one and he said, "Holy cow! This is like reading the whole current global situation, and this is being said in 1953 in a Nazi document. That's creepy."

I've got news for folks. The book I'm writing right now, I haven't said



one thing about, and I'm not going to. I'm not going to say one thing about what I'm researching right now.

C. AUSTIN FITTS: Okay. I just want to mention again that the title is *The Third Way: The Nazi International, European Union, and Corporate Fascism*. They can get it at www.GizaDeathStar.com or they can go to any of the usual suspects.

DR. JOSEPH FARRELL: Right. It literally just came out. They can go to Adventures Unlimited Press if they're in a hurry for it. Yes, buy the book before it's pulled.

“It literally just came out. They can go to Adventures Unlimited Press if they're in a hurry for it.”

C. AUSTIN FITTS: No. We're not creating that intention.

DR. JOSEPH FARRELL: No. We're not creating that. No.

C. AUSTIN FITTS: So you're working on the next book?

DR. JOSEPH FARRELL: Yes. I started working on it the moment that book arrived.

C. AUSTIN FITTS: Anything else you want to talk about? Do you want to talk about what's going on on the website?

DR. JOSEPH FARRELL: My website? There's nothing going on. We continue to do our Members' Vidchats which are always fun discussions and blogs and stuff. I think you and I may have a conference coming up soon.

C. AUSTIN FITTS: We hope so. Texas in November.

DR. JOSEPH FARRELL: Texas possibly, yes.

C. AUSTIN FITTS: Before we close, I just wanted to mention one thing we did today is we talked about what in the world is going on because I've been very concerned about what's going to happen in the budget cycle in the



fall and the extraordinary tensions.

DR. JOSEPH FARRELL: Oh boy!

C. AUSTIN FITTS: I think the tensions we're talking about are going to come out in that cycle.

DR. JOSEPH FARRELL: I do, too.

C. AUSTIN FITTS: You and I have been sitting here trying to come up with a hypothesis that would explain the reality we're watching, and it's challenging. Needless to say, I don't know if there is anybody else who has spent as much time outside the intelligence agencies trying to figure out what's going on than you and I.

It's not like we haven't tried to understand what in the world is going on. Certainly to do what I do, I'm very nervous managing money unless I know what's going on.

DR. JOSEPH FARRELL: Exactly.

C. AUSTIN FITTS: So to me it's a real fiduciary obligation to know what's going on. I have to say that we don't know.

DR. JOSEPH FARRELL: We don't.

C. AUSTIN FITTS: And if we can't figure it out...

DR. JOSEPH FARRELL: The real problem – and I think you and I have talked about this before – is all of our models of conventional analysis are not working for what is going on.

C. AUSTIN FITTS: Right.

DR. JOSEPH FARRELL: That's why I think you have to factor in these black budget financial items. You have to factor in this hidden system of finance. You have to factor in non-state actors in the equation – the big



cartels and trusts. Let's just call them what they are. Particularly the ones in Russia, the ones in China, and in Europe. They're offering some pretty stiff competition to the American financial order. That's ultimately what I think people have to grasp here. There are hidden players, and until we grapple and come to the realization – and we're not talking conspiracy theory here, folks. We're talking conspiracy fact. These plans were made. These things were done. Therefore, we have to take a very long view of our own history and start factoring in some things we don't really like to talk about, and then look to our future and see where it's going to go.

I'm with you. I think that we're looking at the possibility of something that's going to be a coup that may not look like a coup, and it may come from outside this country with people having been fed up. It's either that or it's the War of the League of Cambrai moment for us.

I don't care how powerful the United States of America is; it cannot take on China and Japan and Russia and Europe. It just can't do it.

C. AUSTIN FITTS: Right. It doesn't have the juice.

DR. JOSEPH FARRELL: Right.

C. AUSTIN FITTS: Okay. Well, from someplace in the heartland, Dr. Joseph Farrell. *The Third Way: The Nazi International, European Union, and Corporate Fascism*. Get it, and the infrastructure web presentation will be up on your site, as this audio will be up on your site as well.

I can't thank you enough.

DR. JOSEPH FARRELL: Thank you for having me back on.

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