



The Solari Report

July 07, 2016

News Trends & Stories, Part I
with Dr. Joseph Farrell

**PRODUCTIVITY,
PROSPERITY & THE
PIPSICLE
INDEX**

A large orange popsicle with a bite taken out of it, positioned over the word 'PIPSICLE'.



News Trends & Stories, Part I

July 07, 2016

C. Austin Fitts: Ladies and gentlemen, welcome to the Second Quarter Wrap Up. We're going to be talking about news, trends, and stories with Dr. Joseph Farrell, as we do every quarter. It's one of our most popular Solari Reports.

We have four sections this evening: Economy & Financial Markets, Geopolitics, Science & Technology, and The Big Questions. Part one is going to be the first two – Economy & Financial Markets and Geopolitics. Part two, which will run next week, will be Science & Technology and The Big Questions.

Before we invite Dr. Farrell in, I wanted to just remind you of the introduction quote to the Second Quarter Wrap Up, “The debt-financed growth model has reached its limits. There are no shortcuts that aren't reforms.” That's from the German Finance Minister at the G20 meeting in Shanghai.

For the news trends stories, the quote from the CEO of ING Group, one of the largest financial institutions of Europe, “We've interviewed about 2,000 of our clients, and we got a very sobering message from them. They said, ‘Well, you should realize that we all need banking, but we don't need banks.’”

With that, let me introduce Dr. Joseph Farrell who needs no introduction here. Joseph, I have to say that until a week ago this was looking to be the most fascinating Wrap Up of news, trends, and stories we've had to date. Then with Brexit, it looks like it's the most momentous we've ever had.

Dr. Joseph Farrell: It's huge, and thank you for having me back on. There is no way of slicing this other than it's at least a major event and, depending on how you approach an analysis of this thing, in my mind, Catherine, this is either a huge defeat for Mr. Global, or it's another indicator of what I've been



arguing; there are some really serious factional fighting, fissures, and cracks going on in the globalist agenda.

This is just huge. There's just no two ways about it.

C. Austin Fitts: I would say this is the beginning of the end for the unipolar world.

Dr. Joseph Farrell: I would say that, too. I really think that. It's the end of the American attempt to completely keep Europe under the thumb. Britain isn't going to go along with it, and you can't blame them. There are a lot of factors in play here.

The cost of EU regulations that you and I talked about at great length on Sunday is that a number of unelected commissioners in Brussels are handing down regulations that everybody has to abide by. This is what most people don't understand, particularly in the United States. They tend to think of the EU as a legitimate democratic federation, and it's not. It's an unelected set of bureaucrats in Brussels who are basically dictating to the rest of Europe. This means that there is an undue influence in weight given to French and German commissioners. Of those two countries, we know which one is in the driver's seat.

C. Austin Fitts: Right.

Dr. Joseph Farrell: For Britain, I think this is a long-term gain. I really do. I think what you have now is an opportunity for Britain to act on its own. I think we're going to see some very aggressive diplomacy coming out of Britain. I've been arguing this on my own website. I think we're going to see some aggressive diplomacy and some very aggressive trade deals come out of them.

I think what you're also going to see – and this is something that I would advise people in the commonwealth countries of Canada, Australia, New Zealand, etc. to look for – Britain played the soft power card with the commonwealth. Absolutely.

This is going to create some interesting investment opportunities. I think



Britain is tired of American leadership, and I think they are tired of America representing the English-speaking world culturally. They are tired of the multiculturalism.

The Brexit vote was not a surprise to me at all, Catherine.

C. Austin Fitts: Right. Let's step back and go through some of the different reasons for this vote because I think it's very important. I have about five or six reasons – because this was a multi-varied equation that was driving it. I would say that number one is the preservation of culture, and this is something you've talked about for years.

If anybody has pounded this drum, it's you. I think the Brit's are absolutely moving to preserve their culture. Maybe you could describe that.

Dr. Joseph Farrell: Well, the bottom line here is Islamic culture is not compatible with a Judeo-Christian Western European humanistic culture. We've got those three influences at work in our culture. We have a prolonged history of the effect and influence of religion and theology on the development of our institutions, and particularly our law.

In addition to that, we have the Renaissance and the Enlightenment influences with an emphasis on humanism and individual freedom and creativity, and certainly a large part of that comes out of the Protestant Reformation as well.

You've got a cultural conflict here that simply is not going to be solvable by allowing people to live in medieval, barbaric ghettos and practicing a form of medieval law – and, quite frankly, brutality. In terms of Western cultural mores, it's very demeaning to women. You've got all of this in play.

I think that kind of multiculturalism is simply poisonous to any nation or civilization that wants to go down that path, and I think most people in Britain realize that and sent a resounding 'no'. You're welcome to assimilate to this

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culture, but you're not welcome to impose a system of law and a system of morality on this culture in the name of what is essentially a backward, medieval, unreconstructed, unreformed religion.

I think that is largely in play here. But I think there are some other things culturally, too, that are in play. I think that there have been cultural consequences to this idea of Mr. Global and the unipolar world where everything is going to be run by multinational corporations rather than sovereign nation states.

If we look at the Brexit vote from that second point of view – and I've been arguing this on my website – I think it's a referendum on the colossal failure of Mr. Global in this respect. They have proven themselves to be people who view the laws and institutions of the countries that they're in and operating in with contempt. They have viewed themselves as above the law. They have viewed themselves as grand manipulators – to use Zbigniew Brzezinski's phrase of the grand chess board – without due regard for the culture and institutions that they're in.

I think this was a referendum on that philosophy within the globalist division. You can have a globalist vision, but I don't necessarily think it must necessarily exclude the idea of the sovereignty of the individual or the locality, and more importantly, of the nation and its culture.

C. Austin Fitts: Right.

Dr. Joseph Farrell: I think it was a huge vote on that as well. I think that's the second influence that was percolating. At least this was the feeling, Catherine, that I had from members of my own website that live in the United Kingdom, and many as well that live elsewhere in Europe who are watching it.

I think this vote is going to spread. On the day it happened, I was literally flooded with emails from members in France, the Netherlands, Denmark, Austria, etc. who were applauding the vote. In other words, it was a very popular vote in the rest of Europe among basic middle-class Europeans.

C. Austin Fitts: I don't know if you realize this, but the latest poll before the



vote, showed that 80% of the US supported leave.

Dr. Joseph Farrell: Yes, you've got the same sentiment here. This was a referendum on the track record of Mr. Global. And let's face it: If we look at the track record of Mr. Global since the Clinton Administration and the deregulation of the banks and the deregulation of the media etc., it's been a track record of colossal fraud. It's been a track record – in my opinion – of colossal failure, both geopolitically and financially.

We've seen the bailouts and the quantitative easing and on the like, so it's a referendum on that. I think in a certain sense the Brexit vote was a national vote that reflected a growing international consensus within various Western countries. This, to me, is why the phenomenon is legitimate. I think it's a legitimate setback for that kind of globalism, and I think there are some other influences – deeper influences – at work in this vote.

I think that Britain and the British deep state are very well aware of two fundamental problems, and those we discussed in the *The Economist* magazine last year running that op-ed piece about the calcification of the American political class. At the time, Jeb Bush and Hillary Clinton were the front runners. If you're across the pond and you're an ally like Great Britain looking at this phenomenon, you've got to be thinking, "You're kidding! You can't do any better than running the same old thing and the same old game that you've been playing for the last 30 years?"

If you're Britain looking at that, you're thinking, "There are no new solutions here. There is no new thinking here; it's just the same old same old, and it's not working."

C. Austin Fitts: Right.

Dr. Joseph Farrell: I think it's a revolt in that sense. Looking at America unipolarism, Britain can do much better outside the EU on its own in terms of negotiating directly with countries like China and Russia and others.

C. Austin Fitts: Do you remember when the Chinese Premier came and spent a fair amount of time with Brit's and had dinner with the Queen?



Dr. Joseph Farrell: Yes.

C. Austin Fitts: You and I talked about it, and we said, “There’s a deal here,” because if you look at the commonwealth countries, suddenly they are all surpassing in trade with China what they are doing with the United States.

If you look at the New Zealand, Canadian, Australian and the UK balance of trade, it is at a crossroads in terms of which way they go. My impression was that TPP and the Trans-Atlantic Agreement were going to be the US’s ways of tying them back into the traditional Anglo-American Alliance and, in fact, that stalled with the election. Now we see the Brit’s taking the commonwealth – I think – and reinvigorating the old empire trade alliance. You used the right words, ‘soft power’.

Dr. Joseph Farrell: It’s not only that, but I think those trade agreements, Catherine, particularly the Trans-Atlantic and Trade Partnership – which one of my website members called a ‘terribly bad investment plan’ – and if you look at the response now spreading in Europe, the whole thing is dead. It’s dead if it’s not fundamentally renegotiated with terms much more favorable to Europe.

There is tremendous pushback against it in France. I think this will spread to the rest of Europe. Probably the only country that is going to support it – more or less half-heartedly – would be Germany. Even then, the Germans just inked several billion dollars’ worth of deals with the Chinese and, behind the scenes they’re quietly negotiating with the Russians. Thus the whole economic situation is driving a fundamental change geopolitically. I think that trade deal is dead.

I think at the fourth level, Catherine, the Brexit vote was really a vote against the insipient fascism – if I can be very blunt and frank – of the European Union. It was a vote against the German dominance of the continent. In that sense you can’t blame the Brit’s. They’ve fought two world wars, after all. From that point of view, it makes a great deal of historical sense, and there is much more to be gained – as you pointed out – and their trade is growing with China.

I don’t know much about what kind of trade the commonwealth nations are



conducting with China, but I'm guessing it's not all Wal-Mart's.

C. Austin Fitts: I really wonder, in part, if you look at the timing of this, that the Brit's are trying to get out ahead of a couple of big hot potatoes – one of which is a European bank bailout.

If you look at the trading patterns of both the UK and the European banks, clearly they are coming into something that is going to need to be done this year, including the possibility that Greece gets moved out of the EU. So that is coming.

The other thing that is coming is an explosion in the general population in Europe about immigration.

Dr. Joseph Farrell: Yes, absolutely.

C. Austin Fitts: Here's my question: Is it Germany that is pushing the immigration, or is it the Vatican?

Dr. Joseph Farrell: I've pondered this immigration problem for a long time. Germany, to be sure, but more precisely, Chancellor Merkel, because it's equally unpopular with many Germans as it is elsewhere in Europe.

C. Austin Fitts: Right.

Dr. Joseph Farrell: It's really Merkel and, again, the globalist bureaucrats in Brussels who have been behind this. I have had suspicions as well; there have been a number of internet stories. I haven't had the time to pursue them or verify them, but they said that, to some extent, this was being driven from Silicon Valley in the United States with tweets on Twitter and social media. They were telling people in the Middle East and Africa, "Move to Europe, you can get benefits there," and statements of this nature in order to swamp Europe with an immigration and social programs crisis to keep their economies in chaos and, therefore, under the American thumb.

The other scenario that I have been entertaining is the idea that if you're going

The other thing that is coming is an explosion in the general population in Europe about immigration.



to create a genuine Europe, you have to create a European sense of identity and culture rather than simply a French, German, an Austrian, or a Norwegian sense of identity. The way you do that is you bring in a completely alien and foreign and – let's be honest – barbaric and brutal culture and expose your people to it to create a backlash and that sense of togetherness and belonging in something that you possess in common that they don't.

I've been viewing the immigration crisis there as perhaps having been deliberately orchestrated for precisely that cultural purpose. We certainly do see the backlash now in Europe with the growth of political parties and movements on the political right in Europe that are giving voice to the idea of our fundamental European values of a Judeo-Christian humanistic civilization which are now under assault by this invasion.

We have to understand something here. There are two manifestations of this in Europe. One is an extreme right-wing kind of neo-fascist/neo-Nazi sort of pagan revival. I don't know what else to call it. We've certainly seen some of that happen.

But for the most part, the more serious political movements are not catering to that, and are, in fact, carefully avoiding any rhetoric or language that would even suggest that. You've got much more serious politicians in the Netherlands with Geert Wilders and people in France and Germany supporting this idea of closing the borders. "If you're willing to assimilate, fine, you're welcome to stay, but if not, out you go."

C. Austin Fitts: Do you think, Joseph, that there is any chance that the Brit's are trying to get out ahead of the Americans trying to start a war with Russia?

Dr. Joseph Farrell: Yes, I do. I think this was a vote also at a fourth and deepest fundamental level. I think this was a vote against American unipolarism.

If you look at the rhetoric and the nuttiness coming out of Washington with respect to Russia, Catherine, there is just no other way to qualify it other than as insanity. Russia is not planning to invade Eastern Europe or anybody else anytime soon, but if they think that they can muscle Russia and make it cow-



-toward their orders and threaten it, they've got another think coming. It's just not going to happen.

I think in Britain, if you're looking at these developments, especially at how America has so wretchedly botched its presence in the Middle East since 9/11 and has destabilized the entire region, and if you're looking at that from the British point of view with their long-standing interest in that area, you've got to be dismayed. You've come to the realization that you can't simply go along with everything that Washington says anymore; you've got to strike out on your own.

The reason I think the commonwealth is very important here is that Britain, on its own, is a powerful economy. It's certainly a world power still. It's a nuclear power obviously, and, it carries a leadership position within the commonwealth. If that institution can be revived in a soft power sort of way, Britain will carry a lot of weight in the world. In the long term, Mr. Global has already stomped his feet and whined and pouted and done what he can to punish Great Britain as a result of this.

In the short- to mid-term, it's going to be a little bumpy for them. In the long term, they're sitting well.

C. Austin Fitts: You know I believe Mr. Global did Snowden and Putin and everything to try to encourage a little competition because the unipolar model wasn't going fast enough.

Dr. Joseph Farrell: Right.

C. Austin Fitts: If you look at the extent to which he has shaken it up and been moving it to a multipolar world, to a certain extent he is much better off with Britain in the lead than the US.

Dr. Joseph Farrell: Oh, yes. Absolutely. Britain is able to articulate a more traditional Western cultural value system than is the United States. Britain isn't exporting McDonald's and bad music to the rest of the world. You know me and my music fetish.

Anyway, it's true. Britain isn't going to be doing things like this, and British



diplomacy has a long tradition. It is very skilled at what they do. I think we're going to see some very aggressive diplomacy coming out.

What is interesting and intriguing to me, Catherine, is that before the Brexit vote, President Obama was telling Britain, "If you do this, you're just going to go to the back of the queue as far as trade with the United States is concerned."

Now, after the vote, Secretary Kerry is in Europe reaffirming the special relationship between the two. In other words, I think the American deep state is very worried about some of these possibilities.

C. Austin Fitts: They should be very worried.

I have a couple of more points I wanted to bring up. You told me a story about the Queen which I would love for you to share with our subscribers.

Dr. Joseph Farrell: Yes. There were three clues to me, Catherine, as I was watching this vote loom, which indicated there was a very good possibility that the Brexit vote would go through. The first was the op-ed piece in *The Economist* magazine that you pointed out to me last July about the calcification of the American political class. The second clue— and it was a huge one — was when Britain jumped right on the bandwagon to become a board member of China's Asian Infrastructure Investment Bank. That was a big clue that something large was quietly going on and was in the works in the background.

But the third clue— the one that really clinched it — was when a few months ago, Queen Elizabeth II invited a bunch of British dignitaries, including the Vice Premier, to the Palace for dinner. The topic of conversation, as it turned out, was that the Queen was asking the various people — especially pointedly at the Vice Premier, who of course represented the Cameron government which wanted to stay in — "Name me three good reasons to stay in the EU."

If you know anything about British politics, that is the monarchy's way of saying, "We're really not in favor of this, and you may want to rethink your policy."

This got out. When the Queen asks you to tea, you go. This appeared in the



British tabloids, and it created somewhat of a minor firestorm. I thought that in itself was a huge clue that something was in the works because the monarchy – as you and I know – is very wealthy. The British royal family is very wealthy. They exercise a great deal of influence behind the scenes and in politics and Great Britain. In addition to this, the royal family represents tradition – good old-fashioned British culture.

I looked at all three of these things, Catherine.

C. Austin Fitts: I want to point something out. Yes, they are very wealthy, but if you look at the investment pools that they control as well as the flotilla of endowments and philanthropic pools of capital and family offices that follow them, they are the lead ship. If you look at the accumulated lead position in major corporations that those pools of capital represent, which I dare say is one of the reasons I believe the EU regulations were really cutting into the cash flows.

The British royal family is very wealthy. They exercise a great deal of influence behind the scenes and in politics and Great Britain.

Dr. Joseph Farrell: Exactly. I've said this many times. I suspect that this was the Queen's way of trying to head off what may have been a looming constitutional crisis. I say this for the American audience more than for the commonwealth audience who would already know this. Americans have this idea that the British monarch is simply a figurehead, and this is simply not true.

C. Austin Fitts: Right.

Dr. Joseph Farrell: Parliament can pass all the bills of law that it wants to, but until the Queen signs it, it's not a law. They are still the Chief Executive in Great Britain, and there is nothing within the English Constitution to compel the monarch to sign a bill of parliament into law.

In other words, they do have a pocket veto power which they haven't exercised, of course, in centuries, but that doesn't prevent them from doing so. It may have been a way on her part – and the monarchy's part – to head off what may have been a looming constitutional crisis.



C. Austin Fitts: It's very interesting because it takes two years to leave the EU, and there is obviously lots of negotiation and complexity in that process. It doesn't begin until they file their Form 50.

What is interesting today is Cameron indicated that they were going to proceed to file, and he's not waiting for his replacement to proceed. That's what it sounds like.

A decision has been made, and we've seen the Brit's reverse path against the will of the people before. For some reason, it's not happening. That's why I bring up the Queen.

I also wanted to bring up a couple of other points. One of the things that I really observed and which gave me the signal that it was not just the meeting with the Chinese, and there were a whole series of articles in *The Economist* warning about this, including one after *The Calcification of Aristocracy*, saying that the US dollar was dangerous and dominant. The clear indication was there are too many sticks here and not enough carrots, so you had better be careful.

There have been plenty of warnings, but one of the warnings that I took very seriously was the Worricker Trilogy because, when you deeply offend the British intelligence services, you've got a big problem.

Dr. Joseph Farrell: Well, when you're offending the British intelligence services – the MI5 and MI6 – you're essentially offending the home office, which is the British interior ministry and closely allied with the foreign ministry. You're offending the British deep state, and you're offending those more traditional elements within both the Labour and Tory parties. It was a huge faux pas, and there is so much in that trilogy to indicate that it's based on fact with the allusions to Prime Minister Blair and his relationship with President Bush. There are too many allusions in that.

C. Austin Fitts: I think that given what happened under the Clintons, the Brit's are looking at Clinton versus Trump and saying, "I don't want Howdy or Doody."

Dr. Joseph Farrell: Exactly. They have seen the geopolitical handwriting on



the wall, and they've decided that this is the moment and opportunity that they need to strike out on their own. This is why I think you're going to see Britain try to make the best that it can out of its commonwealth relationships. I think there is going to be a lot of diplomacy now between Britain and the other commonwealth countries to present as much of a united front as they can in terms of the soft power card.

In this respect, I think it's very interesting. I think they're taking a cue from President Putin and Prime Minister Orban in Hungary in a certain way because they've been saying the same thing. You cannot have a genuinely multipolar world where the rights and sovereignties of nation-states are not taken into account.

In other words, they've been taking direct aim at the globalist dogma that corporations and altruistic central bankers like David Rockefeller are going to run everything. So I think Britain has just joined that chorus.

C. Austin Fitts: One of the factors that you and I both think is involve is Nazi International. Could you just touch on that?

Dr. Joseph Farrell: Yes. This is, I think, the deepest disturbing thing about the motivations behind the Brexit vote and what the motivations of the British deep state may have been. As I pointed out in my book, *The Third Way*, if you look at the structure of the European Union and how it was cobbled together very quickly and very secretly, by Chancellor Kohl and the then French President Valery Giscard d'Estaing, it is essentially almost detail for detail the working out of a Nazi plan that was published in Berlin in 1942.

It was a document sponsored by IG Farben. Very clearly, if you study this thing, it was recommended that they simply bypass national legislatures by creating an international regulatory bureaucracy that would have total control over the movement of capital, over the movement of labor, the standards of production, agriculture, and everything, and do so by regulatory fiat.

C. Austin Fitts: John Laughland wrote a book about this called *The Tainted Source*.

Dr. Joseph Farrell: Exactly. I think this was also in the thinking of the British



deep state. “We can’t possibly be a part of something that has that kind of background and doesn’t really have anything within that structure to protect the local nation or even the localities within a nation, much less the individual rights and liberties that Western civilization has struggled so long to secure.”

The EU is a threat to all of this. I’ll be very blunt. We’re certainly seeing that in the way that Germany has been dictating to countries like Italy or Greece and others .

Again, I think the British made the correct decision. In a certain sense, if you go back to a Britain by the name of Christopher Story, who has passed away, but he was trying to alert Britain to the dangers of the European Union and pointing out precisely the ultimately Nazi origins of many of its institutions. I think in a certain sense this is his vindication – this vote – because I do think the British deep state was very aware of these things and very concerned.

C. Austin Fitts: My last point is that right after Brexit passes, Standard & Poor’s announces they are dropping Britain’s rating from an AAA to an AA+, which is, in fact, the US rating. S&P dropped the US about five or six years ago, and when they did, shortly thereafter the Department of Justice went after Standard & Poor’s.

My guess is that at this point whatever the Administration wants, the Standard & Poor’s do. This is basically a message.

For more than a century the Anglo-American Alliance has ruled the financial world together. This is one side of the Siamese twins declaring war and saying, “No, you’re not going to be independent of us with a cheaper cost of capital than we have. We’re going to raise your cost of capital across the board at the worst moment.”

Dr. Joseph Farrell: Right. It’s a financial declaration of war and I think that the British deep state knew that this was coming. I think that they were planning for it – as you pointed out – with the meeting with President Xi Jinping of China and his meeting with the Queen and other British elites. This was in the cards. They knew it was going to come.



I think Britain positioning itself in the Asian Infrastructure Investment Bank was a key strategic move. In retrospect and hindsight, I think that move signals the fact that they knew that Britain was going to bolt from the EU for some time. They're going to bypass it with trade deals to China, so I don't think they're that concerned.

C. Austin Fitts: So unless you have phenomenal space weaponry that we don't even understand or know about, this is the beginning of the end of the US reserve currency status.

Dr. Joseph Farrell: I agree.

C. Austin Fitts: You know, it's going to take a real rabbit to pull it out of the hat at this point. I don't know how many years we have to adjust, but here it is.

Brexit is a momentous time. We're just going to be watching throughout the third and fourth quarter. We'll know a lot more about what it means as things evolve.

Let's move over to some of the other areas in the global financial arena. Not unconnected to the powerful forces of decentralization, we are in a global slowdown. It's global, and it's happening in the United States, and it's happening globally. Maybe you could say a little bit about that.

Dr. Joseph Farrell: My model of this – and I'm not a student of finance or economy to the extent that you are by any stretch of the imagination – is predicated on my basic model that we've been looking at: infighting within Mr. Global's circles for quite some time. I think you can boil that infighting down to two models – the centralization model, which is the model that the Rockefellers and the Rothschild's would be operating under if you want to name names. Then, the Young Turks, who see this more as a unipolar world not so much clustered around corporations or, for that matter global institutions, but rather clustered around a basic philosophy and approach to things that emphasize the locality.

So unless you have phenomenal space weaponry that we don't even understand or know about, this is the beginning of the end of the US reserve currency status.



I think you're seeing little hints of this surface from time to time in the various European countries where you hear about movements of secession from the nations that they're in – Catalonia in Spain and even Venice in Italy.

You're seeing a discontent with the centralized super state because the centralized super state-going back to what you pointed out with the EU- the cost of regulation is making business and real growth impossible.

C. Austin Fitts: One thing that may have impacted Brexit is we've had the central banks and the big banks looking at blockchain and what it can do. I literally can see the Bank of England saying, "You know, we're better off out just with the commonwealth because this thing is going to be powerfully decentralizing."

Dr. Joseph Farrell: Yes, it is. I think this is really the reason for the slowdown. You've sucked so much liquidity out of the hands of the middle class – the people who are going to drive an economy. You suck so much out of them in the past decade or so that the slowdown isn't going to turn around until the centralization model is broken.

This is why we're seeing the failure now. I think you're absolutely right. We're going to see some major banking upheaval in Europe of some sort, and there's going to be reforms. Let's just be honest. Let's put the warning out there right now. If the reform is more centralization, it's not a reform. It's not a genuine reform. That's the bottom line.

C. Austin Fitts: Hear, hear!

So Global 3.0 rises. I'm going to be talking a lot about this in our Second Quarter Wrap Up. We're having an explosion of technological innovation, but it's not adding anything yet to productivity.

Dr. Joseph Farrell: Right. The reason it isn't is because people don't have the money to invest in it. Let's look at my scenario of Mr. Trump for a moment. I think this speaks directly to what might be happening in terms of an analysis of American politics right now, which I know the rest of the world is also watching very closely.



If you look at Trump, in my opinion, what he represents is a segment of the American deep state that is very, very pissed off about the way that the rest of the American deep state has been running things. That segment of the American deep state has been hit hard by the drying up of leisure capital and liquidity in the hands of the middle class and being able to spend in their casinos, which is the deep state of the mafia.

I think you're really looking at a candidacy that is coming from a segment of the American deep state that realizes you can't keep running things the way you've been running them because it's killing the economy and it's killing their bottom line.

He represents this idea of factional infighting that is going on. Hillary Clinton, on the other hand, represents what we've been seeing and dealing with for the past 30 years and a track record of failure. I'm not trying to endorse Trump here. Please don't get me wrong, but you can't make all these new technologies and expect them to go anywhere unless there are people who have the money to afford them and utilize them. This is the problem.

You can't have Elon Musk's energy-efficient cars costing over \$250,000. It's just not going to work. You have to reinvigorate production, and you have to put liquidity back in the hands of people so that they can spend money on the things that you're producing. This is the problem, and that's not going to happen from centralized solutions.

C. Austin Fitts: In fact, artificial intelligence and robotics are moving faster than even leadership expected.

Dr. Joseph Farrell: Yes, they are.

C. Austin Fitts: If anything, it's going to get much worse before it gets better.

Dr. Joseph Farrell: Let's put it this way, Catherine: I think if you're looking particularly for investment purposes at these technologies, you have to be aware of two things that are going to happen. The technologies are there now, but the problem is they're not going to be brought into a wider role in our culture and in our daily life until people have the money and can afford to buy and utilize



these technologies.

In other words, we're looking at technologies that could come online now and would be online if the economy was healthy. I don't see the economy picking up in a robust or healthy way for maybe a decade, so it's going to delay these technologies.

We already see much more of them than we're seeing if the economy wasn't so bad. That's what I'm saying. Choose your options here very, very carefully because in the long term I think they would be good, but for the short and mid-term, but until Mr. Global wakes up and understands that they have to restore rule of law and trust, they have to move away from this central model and move away from the model of 'no place for the nation state' or 'no place for culture'. Until this happens, the economy is going to remain more abundant.

C. Austin Fitts: Right.

Let's turn to some of the hot potatoes: Negative interest rates. We now have over \$10 trillion of sovereign bonds trading at a negative interest rate in the market. Forget what central banks are doing.

Since 2000, we've been borrowing around the world from \$2 trillion to over \$10 trillion. Here's the question: Could the US Treasuries go to negative interest rates? Is that feasible?

Dr. Joseph Farrell: Catherine, you've got me. What I know about finance I can write on the back of a postage stamp. But here is my fear: We've seen negative interest rates already in Japan. I don't know if that has affected their bond market yet.

There has been talk about negative interest rates in Europe. There is another factor looming on the horizon if you are looking in terms of the bond markets, particularly in Europe. People need to be aware that Deutsche Bank's stock is way down. It is a wash in bad paper and derivatives. So something is going to blow in Europe and it's going to require some major banking overhaul there.



If the result is more centralization, then, yes, you might see negative interest rates on bonds. US Treasuries, on the other hand, I don't think you'll see negative interest rates, but any return that you're going to see on them – especially now that we have the Brexit to deal with and a collapsing alliance system and a looming Presidential election – is going to be low. Let's just put it that way.

It may go into negative, but I don't know.

C. Austin Fitts: The Fed's have said that they're going to bump interest rates. First they said they were going to do it once a quarter. Now they're coming out and saying, "We're going to do it in the fall." Now it looks like, if anything, they are going to cut this year.

Clearly anybody hoping to get yields on their bonds will not see any time soon.

Dr. Joseph Farrell: Exactly.

C. Austin Fitts: I want to talk about productivity. It's something that is going to be the theme for the Second Quarter Wrap Up. So subscribers are going to be hearing a lot more about it.

If you look at the conversation that happened at the World Economic Forum last year, what they said is if you needed to get productivity up, you had to get it up in healthcare, education, and government reengineering.

Here is my prediction: They're not going to get productivity up. They are going to apply the definition of productivity they've been using to reengineer corporate process, which is make everything explicit. Digitize it into Silicon Valley and robots, cut out all the labor costs, and that is going to make the process more centralized and reengineered. It is going to create a dramatic decrease in productivity from the human point of view.

Dr. Joseph Farrell: Exactly. I agree.

C. Austin Fitts: I'm sure it's going to be more productive from Mr. Gates' point of view, but he's going to make a lot more money. It's basically creating



monopolies that get paid by mandated payments.

Its using government to create fake monopolies, and that is what I call it, a cock-up.

Dr. Joseph Farrell: It is.

C. Austin Fitts: If you think Brexit was a revolt, wait until you see this.

Dr. Joseph Farrell: Oh, yes. There is going to be such revolt, and I'm glad you raised the healthcare and education components in this because their model of productivity, I can tell you right now, isn't going to work. You can't have a robot coming in and checking your temperature and giving you your medicine and changing the IV. I'm sorry. If you're on a morphine drip or something, would you trust it to a robot? No thank you. You're still going to need the human touch.

It's obvious in healthcare. We need to think of that obviousness as applied to education. I'm sorry. Robots, computers, and so on in the classroom – they're certainly nice to have. They are wonderful tools. You can certainly use them educationally. I'm not a Luddite here, but the bottom line is that if you want to transmit the key monuments of our culture, human contact and human mentorship, real teachers and professors that know their disciplines are absolutely essential to the process.

C. Austin Fitts: It's almost like they're trying to design something where they say morphogenic fields don't exist, human intelligence doesn't exist, shared intelligence doesn't exist, and there's no such thing as emotional intelligence. If I didn't know better, I'd think that Mr. Global was a machine who didn't know better.

Dr. Joseph Farrell: I think to a certain extent Mr. Global is a machine who doesn't know better. I keep going back to the fact that the elite exposed themselves to their own nutty, progressive education philosophies. John D. Rockefeller sent his sons – and I mentioned this in the Common Core book that will be coming out in August – to one of these progressive schools, and the result was they ended up not being able to read or enjoy reading very well.



In other words, you end up with an elite, and there are articles appearing now in the American press about this very subject. You end up with 'educated people' with their degrees who are fundamentally not only arrogant, but stupid on top of it.

C. Austin Fitts: Let's go to the US budget. While we've been reengineering corporate process to be more and more efficient, we've been subsidizing everything with a negative return on investment to taxpayers and having the taxpayers pick up the tab for massive and greater externalities.

I would say we've been driving productivity down for a long time; we've just been able to hide it with more debt.

Now that that is coming to a head, the debt game is not going to work, particularly if we're going to lose reserve currency status. Now we come into a place where presumably there will be an election, we will go to inauguration, and we're going to have to face the reality of the US budget hot potato. What is going to happen?

Dr. Joseph Farrell: Oh, man. I wish I knew. I'm very serious here, Catherine. I don't have a crystal ball.

C. Austin Fitts: This is why Paul Ryan doesn't want to run for President; he wants to run away.

Dr. Joseph Farrell: Yes.

C. Austin Fitts: He wants to run away from home.

Dr. Joseph Farrell: Those idiots in Congress on both sides of the aisle haven't got a clue. They're not going to be able to fix any of this.

C. Austin Fitts: Here is the problem. You cannot fix this without ending the secrecy on the black budget.

Dr. Joseph Farrell: Bingo! You must have a financial system that is, first of all, transparent. You must have a system of rules of law applicable to all. You



can't have state legislatures – like I just heard in California – exempting themselves from the gun control laws that they want to impose on everybody else. You can't have a Congress exempting itself from a healthcare system that it wants to impose on everybody else.

If you're going to have a system of laws, it has to work for everybody. If it doesn't work for everybody, what you're doing is creating fundamental mistrust in the system. When there is mistrust in the system, what happens is people hoard what liquidity they have; they don't want to spend it because they're worried that something else is going to hit them from the elites and the social engineers and so they hoard money. They don't go out and spend. If they're not spending, you're not having productivity.

C. Austin Fitts: One of the things I truly wonder is if the Brit's are looking at what we're doing with space weapons and saying, "We're going to pull the plug before they have a death star on all of us."

Dr. Joseph Farrell: Exactly. I think that is a part of it. And since you mentioned that, it's very interesting to me. I didn't blog about this, but I read an article last week that India launched, in one week, 26 satellites.

C. Austin Fitts: Right. If you look at the Indian space program, it's building unbelievably rapid, and they have the ability to provide at significantly lower costs than what we're doing per launch. It's unbelievable.

Dr. Joseph Farrell: But the breathtaking thing to me is to pull off a launch schedule like that requires an extremely efficient management system, an extremely sophisticated infrastructure and logistical system, and an extremely sophisticated production system. But what it also signaled to me was they are in a hurry to build out something.

You look at similar launch schedules going on in China and Russia and the European Space Agency and some of the ambitious projects that they're

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talking about, they know that they've got to get up there with force majeure and do so quickly. I think this is all connected. I think you're absolutely right here on this score.

As far as the US budget, I heard that Mr. Trump today gave a speech to some Ohio miners where he is hoping and promising to renegotiate all these free trade agreements and negotiate them in a more favorable way to the American worker. In other words, that does tell me that he is thinking production here. Now whether or not he is going to be successful I don't know, but at least he's thinking broadly in terms of the right ideas.

C. Austin Fitts: His problem is he's in a legal structure where the assets have been moved out and tons of liabilities have been moved in. He has the liabilities. He has assets, but he doesn't begin to have what he needs.

If he is still the reserve currency, he's fine. If he loses his reserve currency status, he is really in trouble.

This brings me to the pension fund hot potato that is part of the budget hot potato. You have pension funds who went along and financed the housing bubble, and I believe they have lost trillions playing the game in the financial coup d'état with the pump-n-dump of the stock market and the dancing of the housing bubble, and all the monies that was lost on that.

Now everybody is saying, "We don't have enough money because yields are low."

It was two decades of financial fraud, but now it's followed up with low yields.

Dr. Joseph Farrell: Catherine, I think inevitably what is going to happen is, regardless of who gets elected – and let's assume for a moment that it is Mr. Trump – he will not be able to do everything that he may intend to do simply because he's got to contend with Congress, and those people are clueless. They are clueless not only because they're stupid, but they are clueless because there is no transparency in the system.

They can have all their congressional committee hearings that they want to



about this or that aspect of the Federal budget, and most of what they're going to be told isn't including – as you've pointed out numerous times in a genuinely transparent way – the massive size of the black budget, not even taking into account my idea of a hidden financial system.

C. Austin Fitts: Absolutely, there is a hidden system of finance, and it's growing. It just got \$40 trillion of hard, cold cash.

Dr. Joseph Farrell: Exactly. I think what is going to happen is by hook or by crook you are going to see the financial capital system come to a point where it becomes obvious that it is not capable of resolving the problem. Once that happens, and once people in localities wake up to the fact that the system is failing and failing them, then the issue of productivity gets driven out of the central government right into the locality.

It's at that point that I think there is some hope for the future because human beings are going to figure out a way to duck and cover and move through all the obstacles the centralization people want to put in their way. I think the other thing that is going to happen – and this is a long-term prognosis – is that we're in a kind of a paradigm shift globally in terms of economic and financial order. We're going to see a return of nation-states bucking this global centralization trend, and I think this is going to spread to localities and regions as well, and you're going to see more and more of what we've seen in dribbles and drabs where you have this state or that province cutting deals with this Chinese company or that Russian company etc.. I think that is going to be the model to look for.

C. Austin Fitts: One of the good news stories on the horizon is about technologically where there is potential for enormous drops in the cost of energy because of breakthrough technology. It's a big adjustment for the fossil fuel industries, and we've seen the large coal companies in the United States essentially go bankrupt.

Dr. Joseph Farrell: Right.

C. Austin Fitts: Ultimately that price in the drop of energy could be very, very good news for everybody.



I also wanted to bring up the volatility of one of the things we're noticing when we publish on the links for the "Top News and Stories" of a big accounting firm's surveys of the annual global CEOs. All the feedback I get from CEOs – whether it's a survey like this or talking to CEOs – is they are dealing, Joseph, with an unbearable amount of volatility and uncertainty.

If you're running a plant that is shipping into Europe – in England – you've now got a nightmare on your hands. Centralization without markets is putting all of them in a position where they have these huge, complex global operations. If you're not grounding in market, it means these changes can be nightmarish. I believe it is seriously cutting into profitability and productivity.

Dr. Joseph Farrell: Absolutely.

C. Austin Fitts: I don't think that corporations are enjoying any of this. Some are, but this is a nightmare if you are a CEO of a big multinational corporation.

Dr. Joseph Farrell: Yes I agree. I don't think ultimately that Mr. Global has helped the situation here, and you've put your finger on something we have to watch for here. If you're the CEO or even senior management in a global corporation that is actually moving goods from one place to another, you're representing a certain aspect of capitalism that is increasingly out of touch with the central bankers and who are trying to finance capitalism. I think this is the other major factional infight that we're going to see emerge between corporations that are actually doing or producing something – be it Disney or General Motors.

You're going to see a huge fight between them and the finance capitalists – in other words, the banks. This has been looming now for a decade. There are aspects of this factional infighting that you can see in these trade agreements – the TTP and the TIP – with Europe. I think this is going to increase, Catherine, and may represent a good thing if handled properly, if they can really drive home the importance of actual freedom of markets, which the finance capitalists peculiarly are the ones choking. They've rigged LIBOR rates; they've rigged the commodities markets, particularly the bullion markets.



I think you're going to see this emerge, too.

C. Austin Fitts: Let me get back to where I think the power is shifting out of finance and into food. I've always believed that food would be the new oil standard.

In the second quarter we started a series called The Solari Food Series. We saw the Russian state move ahead with the ban on GMOs. Maybe you could tell us a little bit about that.

Dr. Joseph Farrell: Wow! I'm so glad that you included that story because I've been arguing for years that if the BRICS block was smart, it would capitalize on the growing opposition to GMOs. It would transform the GMO issue into a geopolitical issue. If you have watched Mr. Putin very carefully, and the Russian Duma for that matter, or the Russian agricultural mystery, this is precisely what they're doing. Russia is now a major wheat exporter.

Turn the clock back, Catherine, just four decades. You and I both remember when the Soviet Union would have to buy wheat from America.

In other words, agriculture is coming back in Russia precisely because the government has stepped out of the way. The government is also ensuring that their food supply isn't going to be contaminated with globs of glyphosate and suchlike. They've put a ban on GMOs. Watch for this to explode. I think the Russians have played their geopolitical card here very, very shrewdly.

At the same time, you see these mergers like Beyer and Monsanto. Beyer wants to buy up Monsanto, and boy what a combination! You've got IG Farben and Monsanto.

C. Austin Fitts: It shows how much failure Monsanto has been taking in the marketplace because, for Monsanto to be down enough for Beyer to pick it up, that is extraordinary. It shows real weakness on the part of Monsanto.

Dr. Joseph Farrell: Oh, absolutely. Karma does work. Their policy and aggressiveness to farmers who didn't want GMOs is coming home to roost. I say, "Good."



The other thing that we've watched the Russians doing, since we're talking about food, is think of vaccines – in a certain sense – as food. You and I talked a great deal about vaccines and the cost of and the links of vaccines to autism etc., and the cost to families who are afflicted with an autistic child.

If you look at Mr. Putin, he has personally been talking about the vaccine issue and pointing out the West, particularly the United States, as being an example of countries captive to the dictates of corporate big pharma, including their own children, with things that are harming their health.

I look for, not only GMO geopolitics coming out of the BRICS block and Russia, but you're going to see some vaccine politics being internationalized, and they're going to take direct aim at these big corporations and the mercantilist policies that they've gotten governments in the West to go along with. They are going to lead a revolt.

It has been intriguing to watch. Russia has been playing a soft card power game in the last few years with those current in Western society who are against these policies of their government. Russia is positioning itself to be the international spokesman for those concerns. This is very, very clever and is only going to grow.

I think it's hugely significant and we're going to see this movement spread from Russia. I fully expect, Catherine, that you're going to see these Russian initiatives begin to affect and influence countries like India, where you've seen not only Monsanto go in there and disrupt Indian agriculture, but the same thing happens with vaccines. There have been stories of tests in India on Indian children being sponsored by Bill Gates that have apparently produced some effects on the health of children where these tests were conducted.

You're going to see stories like this begin to hit and the result of it is going to be that America will start losing some very powerful and significant friends. We

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have to change the way we've been doing business. We have to change the way that government and business have been related to each other in this country. We've become essentially a fascist country where the government is nothing but a front for big corporations and what they want. We have to go back to a sane, regulatory culture in this country rather than turn over our regulatory agencies to the corporations.

C. Austin Fitts: I hate to tell you, but right now the DARK Act is being pushed through the Senate to try to trump the Vermont GMO labeling laws.

Dr. Joseph Farrell: Right.

C. Austin Fitts: There is no indication right now in the United States that anybody intends to change anything.

Dr. Joseph Farrell: No. I'm not saying that it's going to change overnight, but I do think that what is going to happen is the more they try to pursue these mercantilist policies and the more these policies can be shown independently by other nations to be bad for health, for the environment or for your income – as you've been arguing – the more you're going to see the movements of resistance and revolt grow. As a result of that, ultimately the system is going to change. It's not going to change fast in this country because the system is too corrupt and it's been put into play for too long.

I think the result will be moves back to local sovereignty are going to catch on bigtime. I think you're going to see states doing what Colorado did 20 years ago in the wake of the Waco mess. I think you're going to see states passing resolutions of serving their sovereignty under the 10th Amendment.

I think increasingly there is the possibility of states in this country simply refusing Federal mandates because they're running out of money and the Federal government is running out of money.

C. Austin Fitts: It's the same thing as the EU regulation; they cannot afford it.

One thing I do want to point out is that we are watching wholesale starvation



starvation in Venezuela right now. If I was going to recommend to any governor anything he or she needed to pay attention to right now, it would be the cost of not having food sovereignty.

Dr. Joseph Farrell: Exactly.

C. Austin Fitts: It's a very dangerous place to be.

Dr. Joseph Farrell: Exactly.

C. Austin Fitts: That ends our Economy & Financial Markets section. So, Joseph, just give us a one-minute summary. The second quarter – what happened in the economy and financial markets? What to you is the most important?

Dr. Joseph Farrell: Beyond any shadow of a doubt it's the Brexit vote.

C. Austin Fitts: Right.

Dr. Joseph Farrell: I think that may well end up being the story of the decade. It's hugely significant from the standpoint of economy, finance and of political philosophy. Just how much centralization do you want? Just how much regulation do you want? Do you want to turn it all over to super-national unelected boards of corporate commissioners? Do you want to defend the values and monuments of your culture and tradition?

I think this was an enormous thing any way you slice it – financially, geopolitically, culturally – and it is going to spread. You're looking at the beginning of the end of Mr. Global in the centralized model. Like you, I think you're looking at the beginning of the end of unipolarism.

C. Austin Fitts: I don't think you're looking at the end of Mr. Global, but you are definitely looking at the end of the centralization model. The centralization model is going to have to be obedient to both the technology and the economics of decentralization and deflation. Our debt growth model is over.



Dr. Joseph Farrell: Right. It's going to have to be cognizant of individual sovereignty and of culture. They've been playing fast and loose with culture with this immigration crisis, but I think those days are over. People have had enough. They're not going to go along with it anymore. This has been clear in England, and it's clear with some of the statements of Mr. Trump. It's clear in other statements that you see coming out of European political leaders.

This is going to spread, and rightly so. This model that they have been pursuing is basically an inhuman model. When you have an inhuman model, nothing works. Governments don't work, economies don't work, and finance doesn't work. That has been the problem.

C. Austin Fitts: You've heard me say, "Money does not make the world go around; trust makes the world go around. If there is no trust, then money is worthless."

Dr. Joseph Farrell: Exactly. This is the point. No one trusts Mr. Global.

C. Austin Fitts: It's a mess.



C. Austin Fitts: Now we'll turn to the second section of news, trends, and stories for the Second Quarter Wrap Up. Our next topic, Joseph, is Geopolitics and the shift to the multipolar world. We certainly introduced what is happening with Brexit, but there is a lot more going on as well.

You pointed out a fascinating story the other day about the deterioration in the relationship between the US and Israel.

Dr. Joseph Farrell: Yes. That is huge. There have been a number of articles coming out in the *Jerusalem Post* and in *Haaretz*, which is the other big Israeli media outlet. We've seen several visits of Prime Minister Netanyahu to Moscow, talking with Mr. Putin personally. This is an epic earthquake. There is no doubt about it.

The bottom line that seems to be coming through in these articles out of Israel is that Israel, number one, cannot rely any longer solely on America for its big brother security protection; it has to engage in a much more multipolar way with the other major powers, particularly Russia.

I found it very fascinating that as this was being done and as Mr. Netanyahu was visiting in Moscow the Israeli and Russian militaries have been quietly coordinating with each other in Syria. I think this is only going to grow.

I think also what you're going to see is Israel making a number of, not especially 'treaties', but at least you're going to have *motu proprio* memorandum of understandings between Israel and Russia. What this means is that the Israelis are quietly negotiating via Russia with Iran and others. I think you're going to see this extend itself with Israel and the European nations as well.



Israel is also recognizing the handwriting on the world that the unipolar world is over. That is an enormous thing.

C. Austin Fitts: I also think that the US is seeing the handwriting on the wall, and essentially not doing Israel's bidding.

Dr. Joseph Farrell: Right.

C. Austin Fitts: I think that's a two way street.

Dr. Joseph Farrell: I agree. Israel was a major pusher for direct American military intervention with Iran. Of course, the Obama Administration dodged the bullet on that one - I think to its credit.

It means precisely that. You're not going to see American policy being dictated to the extent that it was out of Tel Aviv. There is going to be a sea change in American-Israeli relationships, and I think a big sea change is underway with Israel and Russia, that is going to fundamentally alter politics in the Middle East.

C. Austin Fitts: Speaking of sea changes, a big one is Saudi Arabia being cut loose.

Dr. Joseph Farrell: Yes. This has been something that I've been blogging about for the past few months, ever since that *Atlantic Monthly* article interview with President Obama. I think Saudi Arabia is on the menu, and I think they know it as far as the West is concerned.

Let's be honest, it's a barbaric regime. In a modern world, if you were Mr. Global, would you want to be saddled with that regime? It's an ugly blot on your human rights record. It's terribly oppressive to women. There is nothing good to say about them, and I think the Saudis know this.

C. Austin Fitts: The last that I saw, Congress really was planning on passing the 9/11 bill to disclose the 28-page from the 9/11 Commission Report about Saudi Arabia's role.



Dr. Joseph Farrell: Right. Then what does Saudi Arabia do? It threatens the United States, “Don’t do that or we’ll sell off treasuries,” which some they did.

Then there was a bit of spin that occurred after that, “Well, no, that 9/11 report doesn’t really finger Saudi Arabia.”

Well, I go back to the fact that I said before, that bill – and I put this in my most recent book on 9/11 – and that document, in the words of Senator Graham, names foreign governments (plural, not just ‘government’). Who else is named in that document? Everybody is going to think Israel, but I’ve been saying all along that Israel doesn’t really have any national interest to be involved in anything like that other than perhaps as a secondary on-the-fringe partner to play along and inject American power into the Middle East. But as a major player or in a major role? No. If that were ever to come out, it would hurt Israel dramatically, not just in terms of the United States but with its relationships with any other potential big player on the field.

C. Austin Fitts: We just have to stop here. When your 9/11 book came out, I reviewed it on the website and talked about it on The Solari Report. If you could just give everybody one minute and explain about the book; it’s one of the finest books on 9/11 yet.

Dr. Joseph Farrell: Essentially, Catherine, on the day of 9/11, I came to the conclusion that we were definitely watching a planned operation, which it could not have been pulled off without the involvement of some rogue element within the American deep state.

In other words, there were two levels of the operation. That, of course, has been the idea that the 9/11 Truth movement has been putting out ever since 9/11. I also came to the conclusion that we were really watching a penetrated operation at that second deeper level. In other words, there was a third level

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involved that revealed its presence to the American deep state on 9/11 itself. It revealed itself in two fundamental ways.

First of all, it revealed itself by disclosing the fact that it had penetrated the American Federal command structure so deeply that it had the top secret code names for various operations within the FBI, the DOA, the CIA, the NRO, the Marine Intelligence Office, the ONI, and the DEA, all across the board.

The thing that clued me into that, Catherine, on 9/11 was President Bush at Booker Elementary School giving his first speech and says, “I’m going to be flying immediately back to Washington.”

He departs the school, and somewhere between then and on the way to Air Force One, a decision was made – presumably by he and his staff in consultation with Cheney in Washington – that he needed to fly immediately to Barksdale Air Force Base in Omaha and to Offutt Air Force Base, both are the command centers for all of America’s thermonuclear forces, which were incidentally – on that day – having a full-up military nuclear alert.

C. Austin Fitts: Remember they were having a golf outing led by Warren Buffet.

Dr. Joseph Farrell: Right. That looked to me like they were trying to reassert personal Presidential control over the command structure. That meant that there was a third level involved. So that is my take in the book. I go into some lengthy arguments and considerations in the book, but that is my thesis.

There was a third level that was not connected to the American deep state planners of the operation. You had a number of statements of people like Prime Minister Blair who would say some very similar things. He came out and said, “Well, Al Qaeda is connected to a global network.” What global network?

Then there was a Russian economist before 9/11 that was warning of potential attacks on American soil, which said that this would be the work of a global network of very powerful men who had assets in excess of \$300 trillion.

C. Austin Fitts: You notice the movies that I keep talking about – the James



Bond movies and Captain America – have the operation within the operation.

Dr. Joseph Farrell: Exactly, the meme is there. I think if you look at 9/11 in a certain way, you have to come to the conclusion there was some sort of third element that revealed itself and left the American planners of the operation scrambling to reassert control over the command structure. Suspiciously after 9/11 when Vice President Cheney disappeared for weeks and wasn't seen, I suspect that what he was doing was patching the holes – so to speak – in the system. He was redoing the whole continuity of government planning and everything else.

There are a number of indications, if you really look hard, 9/11 was about more than just terrorism or projecting American power into the Middle East.

C. Austin Fitts: I always thought a big piece of it was financial coup d'état.

Dr. Joseph Farrell: Absolutely. There is a huge financial aspect to 9/11 that I refer to in the book.

C. Austin Fitts: Right. One of the things we're seeing in Europe that I wanted to bring up in geopolitics is the indication that Germany is expanding its army and integrating it with the Netherlands and other military capacity. They're starting to put together the military capacity to really back up a serious currency.

Dr. Joseph Farrell: Yes. This, I think, is also another fallout of the Brexit vote. To a certain extent, I think the Germans saw this coming. There have been a number of moves – if you've been watching Europe carefully – being put into place to create a common European military. This has largely been the brain child of France and Germany.

In other words, this is going to be a way for those two countries to create a Franco-German axis – to use that unfortunate word – and put muscle into the European military.

Now the thing to watch is whether or not France will pull out of the EU. If it does, Germany is going to go ahead with this anyway. Germany is going to



expand the Bundeswehr, the German military, rather dramatically in the next decade whether or not anybody else goes along with the common European military. This goes back to something I pointed out in my book *The Third Way*.

If you go back to Chancellor Kohl right after the unification, he and another Christian democratic union leader authored a memorandum that Germany would either have to dominate Europe through the European Union, or it would be required to dominate central Europe in “the traditional way”.

C. Austin Fitts: Right.

Dr. Joseph Farrell: What I see happening, Catherine, is if the EU falls apart, the euro will go the way of the Rial and the Confederate dollar. You’re going to see a return of the deutschmark, the return of the old exchange rate mechanism – probably beefed up with other countries involved in it besides the Netherlands and Denmark. You’re probably going to see Austria and the Czech Republic. In other words, you’re going to see the old German dream of Mitteleuropa.

Regardless of what happens with these other exit votes, I think you can look at the very strong possibility that Germany is going to pick up the pieces if the European Union shatters. If it doesn’t, they’re going to go ahead with France and a bunch of the smaller countries and integrate their militaries. I suspect that the geopolitical reasoning behind the French and German planners’ thinking is that this is a way for them to create a counterweight to NATO. In other words, it’s a way for them to get out of the unipolar world and get out from underneath Washington’s thumb and assert a much greater measure of sovereignty for themselves.

C. Austin Fitts: If Germany reorganizes the productive north into a common juggernaut, Germany, Denmark and Norway have a AAA rating. Who knows what Switzerland will do? They will probably tag along in some form, but not in the same currency. You’re going to end up with a real powerhouse.

Dr. Joseph Farrell: Yes, you’re going to end up with a Germanic block if the EU falls apart. Even if it doesn’t, Germany is still going to be very much in the



driver's seat because you're going to have all those Germanic nations, and then 'poor France'.

Germany is going to be very much in the driver's seat. In my thinking, Catherine, this is a counterweight to NATO. This is a way of combating unipolarism and taking direct aim at Washington and its policies.

C. Austin Fitts: Let's talk about the Silk Road. Part of this is watching a rising Asia access the wealthiest consumer market in the world, Europe. This is getting the US's hackles up.

This is a way of combating unipolarism and taking direct aim at Washington and its policies.

Dr. Joseph Farrell: Exactly.

C. Austin Fitts: We're seeing the buildout on the Silk Road of transportation networks that are rapidly integrating those two economies – Europe and Asia.

Dr. Joseph Farrell: Right.

C. Austin Fitts: Talk a little bit about what is going on with the Silk Road.

Dr. Joseph Farrell: Well, you've just seen Russia, China, and Mongolia ink a deal to create an economic corridor in those three countries – all based around the expansion of high-speed rail and other similar transportation infrastructure. This is going to continue.

Let's go back for a moment to Germany and how they figures into this. The Germans and Chinese either this week or the week before inked about \$1 billion worth of trade deals. It's very important for people to understand that quietly, behind the scenes, German businessmen and lender politicians – A Land in Germany would be the equivalent of and American state or a Canadian province – very quietly these politicians or businessmen have been journeying to Russia and working out deals.

In other words, the sanctions are being quietly sidestepped in reality by



German business. The other thing that you see happening in Germany is the Mrs. Merkel's cabinet ministers actually making pronouncements against the NATO exercises, against Russian provocation, against NATO war-mongering and the like. This is coming chiefly out of Foreign Minister Steinmeier.

What this means, Catherine, and I've been arguing this for years, is Germany's economic and national interests lie with the Silk Road and in the East. Let's not forget that Germany is also a member of the Asian Infrastructure Investment Bank. What I see all of this boiling down to is the Silk Road is impacting European geopolitics in a very fundamental way. As a result of this, what you see the Germans doing with all of this defense expansion – and I want to get back into this in a moment with respect to NATO – is expanding their military. Steinmeier said two years ago that the expansion of German trade with the East is out of necessity. He pointed this out very bluntly in Berlin in his speech that Germany's foreign policy is going to have to become much more muscular, and “militaristic”.

You're going to see a dramatic expansion of the German military as a consequence of protecting its interests as trade with Asia continues. As a result of the Silk Road you're going to see projections of German power into that area of the world, similar to Kaiser Wilhelm's old idea of the Berlin to Baghdad railway. It's going to be a very similar projection of German power and influence into central Asia.

Now, I want people to look at this military expansion from yet another point of view. Two months ago the big German defense firm of Rheinmetall, which is a very old German armaments firm that has been around since before World War I that you can think of it as the other Krupp, announced a merger with the big French armaments firm.

C. Austin Fitts: Wow!

Dr. Joseph Farrell: Oh, yes.

C. Austin Fitts: Oh my goodness! I didn't pick up on that.

Dr. Joseph Farrell: It was a huge story. I forget what the French firm's name



is. I think it's Nexter. The firm is kind of a cartel of the French armaments makers – Schneider-Creusot, Dassault-Mirage and companies like this.

I think that was a prelude to the European integrated military structure because it's France and Germany getting together and saying, "We're going to standardize our equipment."

What I think is going to come out of this, Catherine, is NATO is going to go the way of the Holy Roman Empire. NATO is going to become a paper entity. It will remain on the books as a legal entity until it just becomes so moribund down the line that some Bonaparte puts the end to it – formally, once and for all.

I think what this means is if you integrate what's been happening with these trade deals between Russia, China, Mongolia and Iran, and the trade deals between Germany and China, and if you see what the German businessmen have been doing behind the scenes with Russia, you're going to have – like it or not – in the next 10-20 years a fundamental shift of Europe geopolitically. The Atlantic Alliance as we've known it since the end of World War II is going to go the way of the Dodo bird; it's going to die.

C. Austin Fitts: There are many people in America who would love to see NATO go.

Dr. Joseph Farrell: Yes. You've had this coming out of certain elements within the Republican Party in the last two elections with Ron Paul and now Donald Trump questioning the value of NATO.

The bottom line is that NATO has become an excuse for the empire to wage war wherever it wants to. The Europeans are simply tired of it because it's putting them at risk.

C. Austin Fitts: Well, we had the Saker, Orlov and one other fellow Russian living in America come out with a warning, saying that essentially the US was headed for a nuclear war with Russia. I wasn't 100% certain that it is true, but it looks like part of the politics of Brexit is people saying, "No, we don't want to go that way."



Dr. Joseph Farrell: Of course not! Europe would be on the front lines. I think that the prospects of nuclear war are not as dire as the Saker is making out. I think it's definitely possible, but on the other hand, you have the Russian Foreign Minister, Mr. Lavrov, responding to that whole thing and saying, "No, that's not going to happen. Nobody wants that."

The key in this whole Silk Road geopolitics/European conundrum is Eastern Europe because of what's been happening; America has been quietly rebasing to the East in Europe.

C. Austin Fitts: Absolutely.

Dr. Joseph Farrell: What I think they're doing is trying to assuage Western European and Central European fears about the presence of those American bases by toning down that presence and shifting it eastward. The Eastern European countries, have been saying and been responding to this whole development, as the same old post-Versailles madness. They're squeezed in two extremely powerful countries with gigantic military potential in Germany's case or gigantic military in Russia's case. They're looking at this and saying, "We need protection."

The problem geopolitically here is different from World War I, and I'm very worried about it. Prior to World War II, what did we see? Well, we saw France creating the cordon sanitaire, the 'sanitary cordon', around Germany in Eastern Europe with the creation of nation-states like Poland, Lithuania, Latvia, Estonia and Romania. That was their cordon sanitaire, and France had trade and alliance agreements with those countries.

But when World War II came along, France and England had guaranteed Poland protection but had no ability whatsoever to project any military power into Poland to prevent the German and Russian invasion.

What America is doing under the auspices of NATO is something highly dangerous because we're putting bases in those countries where, if it did come to a war, and Europe is not going to be a reliable ally, then what we're doing is putting people in the squeeze between Europe and Russia. This is not a good thing.



I really think what we need to look at in terms of the future for possibilities here is you're going to see Russia take the lead in trying to offer some sort of mutual reassurance treaties to those Eastern European countries. They may come in the form – and I suspect they will – of some sort of trade deal with the requirement that some of the bases be cut down in their presence.

This is going to be a long-term thing to look for, and I think it's going to be pitched to them in terms of, "Join in on the Silk Road expansion projects."

This is evitable, and American basing there is a desperation move to prevent that from happening.

C. Austin Fitts: Here's the thing: The more you shorten the supply lines on the Silk Road, the greater productivity grows and the greater prosperity grows.

Dr. Joseph Farrell: Exactly. That's right.

C. Austin Fitts: One of the things I wanted to point out that when I was in Australia, a point I heard on numerous occasions was the fact that, "Convergence is an Asian phenomena."

What they mean by that is if you look at what is happening in the emerging markets, the Asian countries are moving towards parity with per-capita incomes in the Western world, but the southern hemisphere is not.

Dr. Joseph Farrell: Right. This goes directly to the major geopolitical shifts. Let's go back to Eastern Europe for a moment. I think the American rebasing effort here is a desperation move to prevent the Silk Road influence from going so far as to suck those countries into it. I think ultimately it's not going to work.

Now, you mentioned the southern hemisphere. It's very interesting to me, Catherine, that President Obama made a visit a couple of months ago down to – of all places – San Carlos de Bariloche. If you've been reading my books, you'll know the significance of that.

This is going to be a long-term thing to look for, and I think it's going to be pitched to them in terms of, "Join in on the Silk Road expansion projects."



C. Austin Fitts: I haven't even brought up what is going on in the bottom of Argentina.

Dr. Joseph Farrell: Yes, but I think that was partially in response to the fact, if you've been watching the moves that the Chinese have been making in Latin America, they've been offering trade deals like crazy.

C. Austin Fitts: Yes, the Chinese are running around the world offering carrots, and the US is running around the world offering sticks.

Dr. Joseph Farrell: Exactly. This is the problem. We had better start offering something other than a stick because the more we offer the stick, the more those countries are going to pull away.

Fortunately for America, they have a pro-American President in Argentina now, but I'm strongly suspicious that there may have been some American connivance in getting rid of Ms. Kirchner because she was not a friend for various reasons.

Ultimately this goes back to what we discussed previously about productivity. We have to produce something that we can offer to the world other than drones, bombs, and tanks.

C. Austin Fitts: And pornography. Don't forget pornography.

Dr. Joseph Farrell: And pornography, bad music and McDonalds. We've got to become a workshop again – be it in the arts or making nice automobiles that are cheap and/or the like. Otherwise, we're finished. The problem is that China is offering the southern hemisphere a way out from underneath the American thumb. Where China goes, Russia isn't far behind. Look at the constant Russian engagement with Indonesia.

C. Austin Fitts: The way for the Chinese to keep everybody employed is to finance the globe. That's why it's so important to them to get their currency into the SDR and to get it liquid through London – notice again, London. The more they can build out a global currency, the more they can finance the world the way they financed EBT nation in the United States to build their



manufacturing. That's how they keep everybody employed.

Dr. Joseph Farrell: Don't forget that China also allowed Chinese bonds to be exchanged and traded on the Frankfurt bourse in Remede. They're pressing very hard. I think what you're going to see – and you're seeing this with Obama's response to the Chinese initiatives in Latin America – is a continuing urgent presence in not only Latin America but in Africa.

What has been our response in Africa? We set up Satcom in Africa. Our response is military; the Chinese response is, "Well, let's build roads and hospitals."

C. Austin Fitts: It's interesting, because I rarely say a lot of nice things about the President, but I have to tell you that what Obama was expressing in the Atlantic interview was that we do not have any more time or money to get mired down in the Middle East. We have to just get out and get moving into partnerships in the parts of the world that are growing and getting things done.

Dr. Joseph Farrell: Yes. Exactly.

C. Austin Fitts: He was basically arguing for, "Let's go productive," instead of going around in circles and losing money and so on.

Dr. Joseph Farrell: Well, he's right.

C. Austin Fitts: Yes, he is right, and I think that is why they did the Iran deal. They said, "It's time to leave. Enough is enough."

So, speaking of unproductive things, I want to turn to the US Presidential campaign.

Dr. Joseph Farrell: Do we have to?

C. Austin Fitts: That is my exact feeling. I will say this: If you study soft revolution and what the US administration and intelligence agencies have been doing around the world, they've been encouraging using soft revolution – the break-up of other countries.



We now have, presumably, two nominees who have almost a 60% disapproval rating on either side. As you know, I think entrainment contributed mightily to getting them both elected. Are we looking at a break-up of the United States after the inauguration?

Dr. Joseph Farrell: Oh, boy!

C. Austin Fitts: Are we under attack by the soft revolution, too?

Dr. Joseph Farrell: Yes, I think so. Let's be honest here. Washington DC, for most Americans, is perceived as being so corrupt that nothing is going to change. The two political parties – and the elites particularly in both political parties – have shown themselves to be so out of touch with the American people that you cannot explain the phenomenon of a Bernie Sanders or a Donald Trump in any other way.

Trump is articulating what Americans sense. They sense something is wrong; they're angry at the multiculturalism. They've had enough of it.

Sanders is articulating the other cynicism in that we're paying all this money, and what are we getting for it? Nothing. Our roads are falling apart, our bridges are falling apart, and the empire is going strong with this war and that war. So what are we getting out of it?

I'm not a Sanders supporter and I'm not a Trump supporter, but at least they are articulating some cynicism. What is interesting to me is when you pose the question of a break-up of the United States and I really do think that is a possibility in the cards. I don't mean in terms of actual secession of states, but I do think in terms of states being much more assertive in terms of their sovereignty and simple refusal to go on with Federal mandates. I think it's coming to the point where the states are just going to have to say no to Washington DC, and some already have.

C. Austin Fitts: If the US loses reserve currency status, if I'm right that Brexit turns out to be the beginning of the end, this plays out within the next administration. So by four to eight years, you've lost your status. Then it's clear that you are significantly on your way. Then you've lost the one thing you had



to buy the states back into the program. You've lost your hook.

Dr. Joseph Farrell: You're going to see states – particularly the more powerful ones in the short term like Texas etc. – begin to assert themselves and make deals directly. There are other stories that people need to be aware of that are going on in the United States, particularly if you're overseas and you don't understand American politics or Constitutional law.

I haven't blogged much about it, but I've been watching state movements of one form of revolt or another for the last few years. This began – of course – with Arizona trying to close down the borders and protect the borders as far as they were was concerned. Then it spread to states passing resolutions in their state legislatures that the only constitutional money is coin.

These little movements have been popping up here and there in very weird places – states like Montana and others passing these laws. You find pushback from the states with regard to abortion. We just had a major case decided by the Supreme Court that was brought against the state of Texas. The really interesting thing to me was the state of Texas in the last year has approved a creation of a Texas bullion deposit bank, and the State also served notice – kind of like Germany – to the Federal Reserve that they want their gold back.

Catherine, this has all the hallmarks of preparation for a de facto secession.

C. Austin Fitts: You think so?

Dr. Joseph Farrell: I really do, and these types of things are going to expand and continue forward.

I think the other thing that is putting states in a bind is Obamacare. States that can't afford it are going under. I think the pushback is going to come, and it's

There are other stories that people need to be aware of that are going on in the United States, particularly if you're overseas and you don't understand American politics or Constitutional law.



going to come from the states.

The thing that I'm very worried about is this idea that you hear in some circles of calling a Constitutional Convention. I think that would be the absolute worst thing to happen.

C. Austin Fitts: I'll tell you that my number one fear in this whole 2016 Presidential campaign is that they're working their way up to a Constitutional Convention.

Dr. Joseph Farrell: Me too.

C. Austin Fitts: That's why I think it is unbelievably important what happens in terms of House and Senate control.

Dr. Joseph Farrell: I agree. To put it bluntly, a Constitutional Convention would be a disaster for two reasons: First, the current political class is far too stupid, and too progressive and centrist and the like to come up with a constitution that would be at all an improvement in terms of recognition of fundamental, divinely-granted human rights.

C. Austin Fitts: Right.

Dr. Joseph Farrell: We're not granted rights by the Constitution; we're granted rights by God. The Constitution merely recognizes it.

These people in the American political class – as far as I can tell – are fundamentally Godless. They may pimp God on the political stump, but in terms of their actual personal philosophy, it doesn't really have any play in their personal life or thinking. I think it would be a disaster from that point alone.

Secondly, we need to go back to the actual Constitutional Convention in 1787 where you had people who were mandated to come up with 'fixes' to the Articles of Confederation. What they gave us was a whole new Constitution that they worked out in secret. As far as I'm concerned and looking at it from my arch libertarian point of view, you had a bunch of oligarchs getting together and creating an instrument that served their own interest and then



imposed it on the rest of the country.

I urge Americans, once again, to not just read the federalist papers, but read the anti-federalist papers and look at how much they're talking about money in those because that's what it was all about.

I think a Constitutional Convention would be disastrous because you would have a political class that is centrist already, and unfortunately largely progressivist in its philosophies.

C. Austin Fitts: We need the states to have financial conventions and figure out how we can use gold and silver as a currency and how we can create local currencies. That's what we need.

Dr. Joseph Farrell: Yes. That's what we need, and I think that is what Texas is all about. I think this is what is behind some of these other state resolutions affirming the current Constitutional requirement that Congress alone has the power to make and coin money. In other words, it's a bullion-based system.

I think there is thinking – at least in some of the states – along these lines. I think that if we look at the election and do a bit of prophecy here or attempt to predict, if things play out well, you're going to see states asserting their sovereignty under the current Constitutional system and telling Washington to take a hike in terms of these Federal mandates.

There were Supreme Court cases about 20 years ago. I remember a case of New York versus the Federal government where the Federal government wanted to store a bunch of nuclear waste and was requiring New York to do it, but New York said no and they won. They won because they argued their case under the 10th Amendment.

I think if we look to the current Constitution and look at what may fall out as the dollar loses its grip on reserve status, it's that the states could conceivably reassert a much greater degree of sovereignty in the face of the Federal government than they currently do.

The other thing that we can expect if that happens is, as I said, you're going to



see states working to create regional economic financial agreements. You're going to see them working directly with foreign governments and countries. I'm thinking of the Canadian Prime Minister of British Columbia who worked out agreements with China for a bourse in Vancouver.

I think this sort of thing is going to take place.

C. Austin Fitts: That's why I really want people to pay attention to the local elections this time around because it's going to matter who your governor is, who your state senators are, who your house of representatives are and who your mayor is. Your mayor could be very important.

Dr. Joseph Farrell: The other thing that people need to be aware of locally is corporate commissioners, country clerks, and positions of this nature. That is going to be greatly important in the next eight years.

We see the same thing in Germany. The lenders in Germany, as I mentioned before, and the politicians are saying, "Forget you, Ms. Merkel. Forget you, Berlin. We're going to go and negotiate directly with Mr. Putin ourselves."

I think this movement spreads to the United States. It's inevitable. But, for crying out loud, people, don't fall for this idea that in order to fix the system we have to go back in and tinker with the system itself. We need to start obeying the Constitution and understanding what it is really all about.

C. Austin Fitts: Right. Let's enforce the Constitution. We don't need to change it; let's enforce it.

Dr. Joseph Farrell: Exactly.

C. Austin Fitts: I wanted to read my favorite quote on the campaign so far. It's from Peggy Noonan in the *Wall Street Journal*. "Because my country is in trouble. Because I felt anguish at all the estrangements. Because some things that shouldn't have changed have changed. Because too much is being lost. Because the great choice in a nation of 320 million people may come down to Crazy Man versus Criminal."



Here's my concern. We've got two nominees with almost 60% disapproval rate each, and the message of the election – no matter who wins, particularly if Clinton wins – is that crime pays.

Dr. Joseph Farrell: Exactly.

C. Austin Fitts: How are you going to have a Western civilization, let alone financial markets, if crime pays?

Dr. Joseph Farrell: You can't. This, I think, is where the backlash is going to hit from the states. We're already seeing the backlash in terms of states being forced to accept x number of refugees. I read a story about my home state of South Dakota, being forced to accept refugees. It's a small state; it's not powerful or anything like that, so it can hardly buck the trend.

If they had had their wits about them, the State Attorney General should have brought suit under the 10th Amendment against the Federal government. But how do you rely on the current Supreme Court? We're dealing with a court that has a track record of epic failure, almost as old as the republic itself.

I think you've got to see the importance of the states now. More importantly, this is something that foreigners need to understand. If you look at the American election demographics of the last 20 years, and at it county-by-county rather than state-by-state, the blue areas and the so-called 'liberal' or 'progressive' Democratic areas of the country are clustered around the major metropolitan centers. If you look at the red counties, the so-called 'Republican' or 'conservative' areas, they occupy most of the land mass of the current United States.

In other words, American politics is now being driven by a large demographic change clustered around the cities, in part representative of the influx of illegal immigration and the inevitable gravitation of people who do obtain citizenship to the Democratic Party. You're also looking at a country that is now badly divided between a few cities determining the course of the nation politically and the vast hinterland in the country.

I think that polarization is only going to continue, and the only way out of that



polarization is for the states to reassert themselves. How they do so is very important, and I couldn't agree with you more that the governors of states are so important.

C. Austin Fitts: I think it's going to happen because if you look at anything that resolves the negative return on investment to taxpayers and the budget game, you're going to have to get a lot more for a lot less. The Federal government is going to have to cut the money back, which means you're going to need to re-optimize by place.

There is tremendous opportunity if you do, but what you do in Brooklyn is going to be a lot different than what you do in Fargo.

Dr. Joseph Farrell: Exactly. The other thing that people need to remember, too, is as states begin to reassert themselves, they have to reassert their sovereignty over healthcare issues. The idea that we have a healthcare system that is for health insurance companies rather than people and was passed in the middle of night behind closed doors in an executive session by the Speaker of the House who hasn't even read the bill. She then tells us, "We have to vote on it to find out what's in it." This is the measure of what is wrong with the system.

No law should be a law unless the legislators themselves have read it. And no law should be a law unless it is originating from the legislature, not a group of lobbyists or a committee of corporations or things similar. It has to originate somehow.

This is the problem. States can reassert control over these issues if they would 'grow a pair', if I could put it so bluntly, and take back their school systems and other things from all of these Federal mandates that are choking our educational system and our culture.

C. Austin Fitts: Let me move to our next topic, which gets to the heart of why some states don't, and that is assassination and covert operations. If you look at the Supreme Court decisions over the second quarter, you can start to understand why somebody might want Scalia dead.



Dr. Joseph Farrell: Absolutely.

C. Austin Fitts: We continue to watch false flags occur all quarter long. If anything, I would say the dirty tricks are rising, not falling.

What is interesting, if you look at the speed at which that is being noticed and understood, the more we get these false flags that supposedly promote gun control, the more people go buy guns, get trained, and get adamant against gun control.

Dr. Joseph Farrell: The other thing that is happening as a result of all of these assassinations and all of these mysterious deaths is that people are waking up to the fact that this can't be right. You can't have this many people dying before crucial Supreme Court decisions.

What this tells me is that the deep state in this country is in a serious snit of panic. They realize it's slipping away from them and they're losing the people – and high time, too. It's high time they lost the people.

I'll give you an example of assassinations and covert operations. I was in Oklahoma when the Oklahoma City bombing occurred. It was very interesting to watch the reaction in the state itself on local news versus the national news coverage of the bombing. What happened in the state of Oklahoma was that it had huge pressure not to buy the public story that was being put out.

There was a state grand jury- state legislative investigation of the whole thing- and the people leading these were highly suspicious of the narrative. Basically they were shut up. One of the major critics of the Federal story was a gentleman who had lost his young grandchildren in the daycare center. Of course, he ultimately dies – guess what of? - Cancer.

The residual effect of that has been that people simply do not trust the deep state in this country. This is where the states need to step up and 'grow a pair' and realize that any time something like this happens on their territory, they have a duty and an obligation under their state constitutions to investigate these crimes to the full extent that they are able and to publish their story.



C. Austin Fitts: Well, they need the support of the population to do that.

Dr. Joseph Farrell: Yes. That is the other thing. People have to wake up and realize that you're not going to solve the problem in DC; you're going to solve it in Pierre or Austin or Boise or wherever. That's where it gets solved.

C. Austin Fitts: Let me bring up the soft revolution thing. We just did a great interview with Wayne Madsen about soft revolutions. I would say that probably the most offensive aspect of soft revolutions and soft weapons globally was the Fed's guidelines on transgender access to school bathrooms.

Dr. Joseph Farrell: Oh, yes.

C. Austin Fitts: It's been unbelievable.

Dr. Joseph Farrell: It's nuts. I know people who have stopped going to certain department stores that support all of this nonsense.

C. Austin Fitts: Me too.

Dr. Joseph Farrell: I even know homosexual and transgender people who are against it. This is the Federal government being so out of touch that it's out of touch even with the constituencies that they assume are going to go along with all of this. Also, I think, to a certain extent, that this issue is so preposterous.

Catherine, it's another assault on our humanity. It's another assault on the innocence of our children to try to sexualize them and get them to identify: "How do you feel today? Do you feel like a little boy, or do you feel like a little girl, or somewhere in between?"

C. Austin Fitts: The other thing is, if you look at the amount of shadow work for the educational system and the state attorney generals, you're talking

This is the Federal government being so out of touch that it's out of touch even with the constituencies that they assume are going to go along with all of this.



about hundreds of thousands of hours wasted on a topic and there are many important topics; this is not one of them.

Dr. Joseph Farrell: Yes. This is a place where the people and the states just have to stand up and say, “No.”

C. Austin Fitts: Right.

Dr. Joseph Farrell: This is nuts. I think another part of this, Catherine, is that this is an issue that is created to be a distraction, too. It’s a distraction from the fact that we’re facing some really tough economic and geopolitical choices in this nation. To be arguing about whether or not a little boy can go into a little girl’s bathroom in school is ludicrous.

C. Austin Fitts: Let me skip to the next one. I’ve had several friends and colleagues come back from Asia recently and I’ve asked them, “What is on the people’s minds?”

The number one topic in the news is South China Sea.

Dr. Joseph Farrell: Yes. If you look at the South China Sea issue, what concerns me if you’ve been following the Chinese and Russian militaries and the things that they are deploying – new weapons systems etc. – I have to question the wisdom of continuing to build these multi-billion dollar aircraft carriers when both Russia and China have cruise missiles that have a range of over 1,000 miles that are capable of sinking one of those things.

Either we’ve got weapons systems that are pretty good, or we’re investing a heck of a lot of money in great big sitting ducks. I suspect it’s the latter.

We need to be concerned about the South China Sea because what is happening as a result of these claims about China and America trying to ward this off by stationing more and more carrier groups in that region: Talk about a country that is managing to alienate some pretty powerful allies like Great Britain and the European powers, and now Japan wants to rearm.

I’ve been saying all along that the reason that Mr. Abe’s government is



rearming is not simply to kowtow to Washington's demands that Japan take up a greater burden of the defense of the Pacific Basin; I think the real long-term objective here, as far as the Japanese are concerned, is they are looking at America and its politics and America's military and its inability to stabilize any of the regions it has claimed to go in to stabilize in the last 30 years. They're rearming because they are no longer confident in the ability of the United States to maintain their security, and I think they're rearming as a counterfoil, not just to China and the United States, but also as a means of opening the doorway to some negotiation with Russia. We've seen this going on, incidentally, to get Japanese involvement in the development of Siberia and all of those vast energy resources there because that is a much more secure energy supply line for Japan than anything coming through the South China Sea reliant on America's ability to interdict it.

We're watching a huge political shake-up happening. I want to emphasize this for all of our listeners in Australia or the Philippines or Indonesia. It's because American unipolarism has utterly failed in its geopolitical objectives. The only thing it's accomplished is to drive away our friends and allies.

C. Austin Fitts: I did a review of two books on the South China Sea during the second quarter, and one of the most interesting tidbits was they pointed out that the US began to build the dollar as the reserve currency when they got control of the sea lanes in the Caribbean.

Dr. Joseph Farrell: Yes.

C. Austin Fitts: If China is going to build up its currency, the question is: Who is going to control the sea lanes in the South China Sea because that is the most important trade point on the planet, and of course it's right to the south.

I think the US pivot and the US desire to keep control of those sea lanes is going to be at the heart of the currency battle right now.

Dr. Joseph Farrell: It's not only going to be at the heart of the currency battle, Catherine, but it's going to be at the heart of the American effort to maintain the current alliance system over the next decade or two. Ultimately, I



think it is going to fail.

C. Austin Fitts: If the commonwealth has walked, it's failed. This is the bell, and the bell just rung.

Dr. Joseph Farrell: Not just the commonwealth. The problem is if you lose reserve currency status, you can't afford multi-billion dollar aircraft carriers that may or may not be a good investment to begin with. You can't afford a \$2 trillion mutual defense fighter that every country we're allied with has had a finger in and it doesn't work. It doesn't fly as well as fighters that are older and are produced much cheaper by our potential enemies.

C. Austin Fitts: Let's turn to the last and possibly biggest political hot potato in the category of geopolitics, and that is immigration. Immigration is not just a huge hot potato in Europe; it's a big hot potato in the United States. It will probably be the number one issue in the election after the economy, and it's all caught up with the economy.

Immigration is a big question more and more around the world.

Dr. Joseph Farrell: Yes. I've got to be frank. I think we need to start calling it the multicultural issue rather than the immigration issue because it's one thing to have immigrants that share or come from a culture that has similar values that are part of the Western tradition. Everybody gets up in arms about Hispanics. I'm not up in arms about Hispanics because they're coming from the same common culture. They're hard workers and they have family values and they're not on board with all the kookiness that we see coming out of the progressives – although they tend to vote for the party representing it, but I think that's only a knee-jerk reaction.

The real issue isn't immigration; it's multiculturalism. Are you going to come to this country regardless of where you're coming from and live under its laws and insist that everybody else lives under its laws, or are you going to end up in a ghetto advocating? I heard one woman today on the news, a Muslim woman dressed in her canvas burlap sack with her little slits for eyes saying how good of a thing it was for Mateen to go in and shoot up a gay bar in Orlando because, "This isn't good."



I'm sorry. If that's your attitude, give the lady a parachute and let her jump out over Saudi Arabia, and she can live in her paradise.

That's the issue, I think.

C. Austin Fitts: Are you sure she wasn't an actor paid by the US government?

Dr. Joseph Farrell: She may have been an actor for sure. This is the point. We cannot have a culture where we are literally committing suicide by inviting and protecting people who don't assimilate into that culture. This is my big problem. It's not an immigration issue; it's this whole cultural Marxism problem that is the issue. It's using cultures so antithetical to what it is you want to break down so that you can install yet more centralized regulatory bureaucracy.

C. Austin Fitts: Part of the problem is you're debasing your home culture at the same time.

Dr. Joseph Farrell: Exactly.

C. Austin Fitts: You're debasing your culture instead of building it up, and then you're adding in these complexities, some of which are third world cultures.

Dr. Joseph Farrell: Exactly. It's not just third world cultures, but medieval, barbaric, unreconstructed and unreformed cultures. That is the problem. It's not going to work. You can't have a culture that way, and when you can't have a culture, culture is the basis. Culture comes from 'cultus' in the Latin. 'Culture' means: What is your basic, unwritten, taken for granted religio-philosophical view of the world? That's what it means.

You cannot have a functioning judiciary; you cannot have a functioning system of laws; you cannot have a functioning economy; you cannot have trust when you have no cultural agreement, and that is the bottom line.

C. Austin Fitts: Trust depends on covenant, and the covenant is first and



foremost. Cultural is not legal, and that is the next layer.

Dr. Joseph Farrell: You cannot have bureaucrats trying to lay down rules and regulations for how everybody is to get along. That won't work. It didn't work in the Soviet Union; it's not working in Venezuela, and on and on we could go.

This is what I find so scary about people like Bernie Sanders who openly calls himself a socialist. Well, if that's what you want, move to Havana or China.

C. Austin Fitts: I'm a capitalist; I believe in markets, but I've never seen them tried in the United States.

Dr. Joseph Farrell: Well that is the other problem. Capitalism, the way you and I are thinking about it, is close to the people. Capitalism, the way the Republican Party thinks about it, is Wall Street and JP Morgan and trading securities and the like.

C. Austin Fitts: And assassinating anybody who disagrees with that.

I would just like to close the geopolitical section by noting that for my whole life up until about 1996 every time you turned around, somebody was using the expression, "It's a free country."

2016 has been the first year that, not only have I not heard the expression, but I've never heard anybody reminisce about the fact that you don't hear it anymore.

Dr. Joseph Farrell: You can tell the change in our culture by the shift in the language of political discourse. That's the problem. The language is the key that something is very profoundly wrong with the political system. No one is talking about the Bill of Rights. No one is talking about freedom.

C. Austin Fitts: I don't think that's true because I know you are, and I know

Capitalism, the way the Republican Party thinks about it, is Wall Street and JP Morgan and trading securities and the like.



I am.

Dr. Joseph Farrell: I'm talking about in the political class. That is the problem.

C. Austin Fitts: Right.

Dr. Joseph Farrell: What little I've heard from the Republican Presidential debates, there was no talk about freedom. There was no talk about preservation of the culture and what gave birth to this country, which was a long process going back centuries. There was none of this.

When you do hear talk like that from people, it's usually of a very plastic, jingoistic kind that our country, right or wrong, we're going to rush out and defend America against all of our enemies that we've managed to create. In other words, there is no critical thinking among that crowd.

C. Austin Fitts: Right. I have to tell you that to celebrate July 4th I'm getting on a plane on Thursday and I'm flying to New York. I'm going to see *Hamilton* on Friday. Then on Saturday I'm going to the Met to see *Sleeping Beauty*. So I'm going to celebrate the writing of the Constitution. I don't know if you realize it, but my company, Hamilton Securities, was named after Alexander Hamilton.

Dr. Joseph Farrell: I do realize that.

C. Austin Fitts: That was the last time I ever name a company after a politician who gets shot by a New York politician because my company also got shot by a New York politician. It's a corrupt country, but as long as you're around, Joseph, and we can talk to you, it's still a sane country.

I love the expression from scripture, "Where two or more are gathered in my name, there am I."

Dr. Joseph Farrell: Right. "There am I in the midst of them."

This is the other thing: I think you've hit your nail on something very important here. You have to seek out people of a common mind and engage



with them because there is so much disengagement now that I think that is part of the problem. Everybody is in their own little cave and they're afraid to speak out.

C. Austin Fitts: Just to close off the geopolitical section, let's not look back at the second quarter; let's look ahead at the third quarter. What do you think is going to be the most important thing happening in the third quarter in geopolitics?

Dr. Joseph Farrell: In geopolitics I would say look to three principal areas. I think you're going to have to look very closely at countries clustered around the South China Sea, in particular Indonesia and how they are responding to China, and what overtures might exist between them and commonwealth countries like Australia. That is one area that I would look very heavily at.

Obviously look at Europe and particularly watch very carefully at what the population and movements in France, Germany and Italy are, in addition to the smaller countries of Austria and the Netherlands and what they are going to be doing in terms of the EU. I think there is a real possibility that you can see countries like Italy, Spain, Greece or France bolt. If that is the case, Germany is going to pick up the pieces of what remains. So watch Europe very, very carefully.

As always, continue to watch the BRICSA block and the Chinese Silk Road developments. I think you're going to see – maybe not in the next quarter, but at least beginning next quarter and continuing on perhaps for a year or two – some very interesting commercial and diplomatic developments coming out of Russia and Japan. I'm almost convinced of that.

C. Austin Fitts: I agree. I absolutely agree.

Well, Joseph, thank you very much. This has been excellent. We certainly have interesting times geopolitically.

Dr. Joseph Farrell: Absolutely. Thank you for having me back.



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