



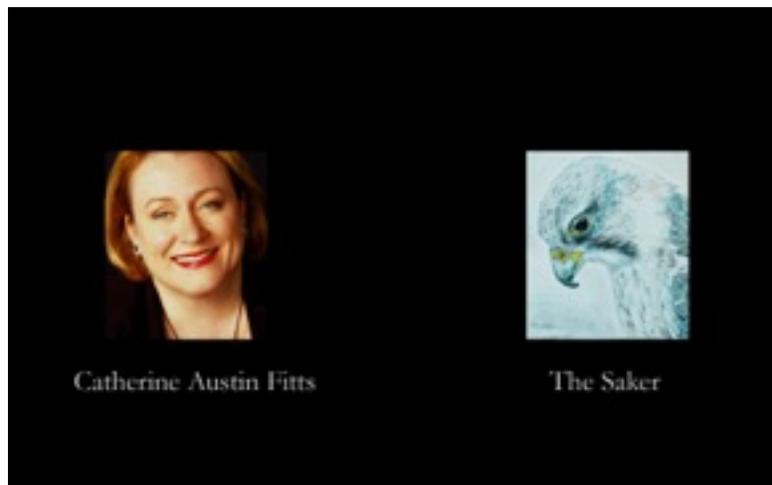
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# The Solari Report

June 15, 2017

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## **The Emerging Multipolar World – Seeking a US Foreign Policy With Saker**





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**C. Austin Fitts:** Ladies and gentlemen, it's always a pleasure to welcome the Saker back to The Solari Report. This is a man who needs no introduction. Needless to say, Saker, we have much to talk about today.

Let's dive into what is going on in the Middle East because that is where we ended the last time. Bring us up to date on what has been happening with Syria, and then let's move out from Syria.

President Trump was visiting the Middle East and I want to hear about that trip as well, but bring us up to date on Syria.

**The Saker:** I would characterize the situation as absolute chaos. Last night the US bombed again Syrian forces under the pretext that they were getting too close to US forces, which are there illegally to begin with.

It is absolute chaos. Then we had Donald Trump's trip to the Middle East where he went to the two spots where he could go where he had full support, which is Saudi Arabia and Israel. Both are very, very bad allies – I think – for the United States. Now all hell is breaking loose around Qatar, which I don't think is a coincidence.



So what we're seeing is the United States and the Saudis in a similar situation, which are both in a position of weakness. Their policies have largely failed. Their use of force has failed. Now they're trying to show that this is not the case, but throwing weight around in a generally ineffective way further serves to make them look weak. That makes them insecure and makes them throw even more weight around.

It's a downward spiral which is potentially very dangerous for everybody involved.

**C. Austin Fitts:** A couple of things happened when Trump was in Saudi Arabia. First of all, he made an agreement with the Saudis for a huge arms sale which, if you read the reports, puts an extraordinary profit in the hands of Boeing and Lockheed Martin, two of the largest US defense contractors. So that's a very big deal and that was number one.

Number two, if you look at what the Saudis have said to Qatar since; the Saudis have basically shut down relationships with Qatar as have others – Egypt included.

Qatar is actually a financial center in the Middle East. I think there is a ten-day period where everybody has to leave, but it means that the Saudi's borders shut down. I believe most of the food comes across by land – not by sea.

**The Saker:** If I recall correctly, the figure is 40%. And there is a naval blockade and an air blockade around them.



**C. Austin Fitts:** You're talking about potentially collapsing one of the most significant financial centers in the Middle East and intentionally.

**The Saker:** I don't think it's going to get that far because I don't think they will succeed. But are we talking about a possible very severe crisis? Yes.

First of all, it is an act of war. Only a security council has a right to impose any kind of sanctions. When you're talking about the shutting down of a country surrounded by all sides except for one, this is essentially an act of war. There is also a threat of war in the air.

I also noticed that President Putin spoke with the Qatari's Air Bagan, and he indicated that he opposes that policy. He offered his aid.

I don't know – they're writing the official statement now – but I'm sure that this is also going to be a condemning of the pressure on Qatar. What they have already said today is the latest terrorist attack inside Tehran: The Iranians have blamed the Saudis for it.

The Saudis fail at everything they have tried. Look at their absolutely failed policy in Yemen. They failed in Syria. I would almost say that whatever the Saudis undertake, you could very much be sure that they will fail. I think that they will fail in this case, also.

It is, first of all, a large financial center. Secondly, there are American installations there. The Saudis are entering a territory, which is vital in many strategic aspects, and you can't mess around with it. It's not Yemen. That is fundamentally what I'm trying to say.



**C. Austin Fitts:** Right, here is the issue. Would they have proceeded to do this without an agreement with the Americans to do it?

**The Saker:** Well, to be honest, I'm not sure that there is a unified American foreign policy at work now. I've been doubting that for a long while. I've doubted that at the end of the Obama Presidency, and I see that repeating now.

Clearly, I would not argue that this is in the interest of the United States at all, and yet Trump has made at least one tweet indicating that he somewhat supports it. I think the only countries that benefit from this are Israel, of course, which I suspect is the prime mover behind the scenes in that situation now, and the Saudis who were basically cornered and desperate, but they are acting in a very dangerous and reckless way.

I'm not at all convinced that there is a unitary, unified, American foreign policy at work anywhere in the Middle East at all.

**C. Austin Fitts:** Right.

**The Saker:** I would say that Trump has signaled to the Saudis that, "You're welcome to put pressure and try to get Qatar to walk the proper line and have Qatar realign themselves with Saudi." Yes, probably. But did the Saudis take it one step too far? Or did somebody encourage them by making ultimatums and threats and essentially taking actions, which fundamentally amount to an act of war?

If that is what Trump agreed upon, it makes him irresponsible. There is no rationale behind it, in my opinion.



**C. Austin Fitts:** The US central command is in Qatar for the Middle East, correct?

**The Saker:** Yes. I've already said that they are not moving out, because there have been some conversations about that. But they have also declared neutrality.

I don't know how you can be neutral if the country you are stationed in comes to military action or gets invaded or attacked. I don't know how you can have a position on neutrality. Imagine the image that that projects in the United States. If you are an ally of the US, and the US has a strategic installation on your territory and doesn't even pay you back by defending you, then what is the point of being an ally to the United States?

**C. Austin Fitts:** Right.

**The Saker:** The obvious comparison would be what the Russians did for the Syrians and what the United States apparently is not willing to do for the Qataris if it gets that far.

**C. Austin Fitts:** It certainly does look like the US agreed to go along in exchange for getting a big arms deal. I hate to say it but it looks like we were bought.

**The Saker:** Yes, probably, part of the US establishment, but I have a hard time believing that it would be that simple.



**C. Austin Fitts:** Right, I agree. If you consider our interests, it is not in our best interest to have Saudi Arabia move militarily against Qatar.

**The Saker:** Absolutely not.

**C. Austin Fitts:** The question is: How is Qatar going to get food?

**The Saker:** First of all, let's see how long it lasts. Secondly, they can get food. I can't imagine the Saudis seriously starting to intercept ships or aircraft with food. So far aircraft are flying through Iranian air space. Obviously Iran would have to play a role there, and Iran cannot remain neutral to begin with because they're sharing an oil field in the Persian Gulf with Qatar. So Iran will put them under pressure to act.

This brings me to my suspicion that the one party that truly benefits from this is Israel. There are a number of signs indicating this. First of all, one of the pretexts is that Qatar supports terrorist groups, and suddenly we have Hamas listed there. Since when is Hamas a problem for Saudi Arabia? That makes absolutely no sense to me.

Secondly, this is a way of forcing all the Arabs to follow the Saudi line, with Saudi Arabia being the objective key ally of the Israelis in almost everything and Qatar being the closest Arab country in the Gulf and the closest to Iran, yet again serves Israel's interests.

However bad the situation will get, it's not going bad for Israel. All of this is very good for Israel. That's why their *cui bono* points the finger straight at Israel.



**C. Austin Fitts:** Oversimplifying, what we have is the ‘We’ve got to make Israel great again’ plan.

**The Saker:** Yes. Making Israel great again is not incompatible with the existence of Saudi Arabia. Saudi Arabia is not a priority for Israel. It’s the others that must suffer.

Mainly, the territory obviously is the Golan Heights in Syria. In terms of the political enemy, it’s Iran. So there everything lines up very nicely.

**C. Austin Fitts:** Right. What this comes down to is Iran can be the hegemon in the Middle East or Israel. That’s the way it’s positioned. Israel basically wants to be a world power, let alone be the hegemon in the Middle East. Is that fair to say? Would you agree with that?

**The Saker:** Absolutely, yes. I think for all these years the real threat to Israel from Iran is not some imaginary, nonexistent nuclear missile raining down on Tel Aviv; the real threat is the civilizational model, the economic power, and the cultural and religious appeal that the Iranian republic has. They are a very powerful country, and Israel is much smaller. The natural local superpower should be Iran. But the two countries who are most threatened by Iran are Saudi Arabia and Israel.

**C. Austin Fitts:** Right. It’s the same as in North Korea. You almost get the feeling that we’re coming into World War I, and there are too many situations where somebody doing something stupid ends up in a World War.



**The Saker:** I don't see the situation in Qatar risking World War yet. I don't think the Americans can allow it to get completely out of control.

As long as the Russians and the Americans are not facing each other down like they do in Syria, I'm still more concerned about Syria and the consequences of that than the situation with Qatar. I don't know where this is going to end with Qatar, but I hope that there will be pressure gradually building – regionally and internationally – to make the Saudis cool down. If they decided to actually attack, I think they're headed for disaster again.

**C. Austin Fitts:** I hate to say this, but let me disagree with you for a moment. When the world looks at Syria, it's similar to the world looking at what is going on in the black neighborhoods and saying, "Oh, well. That's what happens in black neighborhoods."

If it happens in Qatar, it's equivalent to it happening to Darien, Connecticut. People say, "Uh-oh.

If it can happen to Darien, Connecticut, it can happen to me." If you examine the ownership, Qatar is arguably the wealthiest country in the world on a per capita basis. If you look at what their sovereign wealth fund owns, you're talking about moving in physically on a country that has a very significant role and responsibilities in the Middle East financial system, which could echo out into the world.

I think with regards of whether it represents the US commitment to allies or what can now happen, not just to poor people but also to rich people, it could be very significant in terms of impact.



**The Saker:** If you allow me, I will flip your argument against you. Precisely because Qatar is a rich neighborhood and precisely because Qatar has such a heavy financial footprint, there are major forces that are going to put a lot of pressure to try to prevent that from getting out of hand. It's similar to a fancy, white neighborhood: You don't want shoot-outs whereas nobody cares in the ghetto; right?

**C. Austin Fitts:** Right.

**The Saker:** The problem is that the Israelis have been regularly bombing in Syria and nobody cares. I don't think the Israelis are going to bomb anybody in Qatar or Saudi Arabia because that's not a place you can do it. Likewise, the Americans and the Russians are painting each other with radars in Syria and they are nose to nose.

There aren't any Russians around Qatar at all. So the risk of something rapidly escalating or becoming truly dangerous is not as high. So absolutely I think Qatar is protected to some degree by having that immense wealth.

There are people now as we speak on the phone making all sorts of telephone calls and saying, "Stop it, stop it, stop it. We can't afford that."

I don't think anybody cares very much about Syria. That makes it so dangerous for Syria exactly.

**C. Austin Fitts:** Right. Well, it's going to be a very interesting thing. Let's move onto the French elections. The last time we spoke, it was very much speculating what was going to happen in France. Tell us your read on the French elections.



**The Saker:** It's a total disaster. That's my read. You essentially have Macron elected in extremely complicated conditions. Importantly, it's amazing how little support he got in the first round of the elections considering that he had the absolute support of the entire plutocracy in France and the entire powers that be, etc. They were all behind him. Then the French press did something very similar to what the American press did. They truly showed their real face.

One of the major French magazines even had a full, front-page text saying, "Do whatever you want, but vote for Macron."

When you're at that level, the French did not have the wisdom. I wish to compliment the American people for not voting for Hillary even though the brainwashing was terrible.

Well, the French did get brainwashed in sufficient numbers, and it brought Macron to power. Now he doesn't have a real political party and some say he doesn't have a real political agenda. I'm not impressed by his level of competence at all. Things in France will just get worse. It's going to be Hollande 2.0. I'm extremely concerned about France in terms of violence, terrorism, social problems, economic problems, and more of the same.

I would say that this is a disaster for France and I feel very sorry for the French.

**C. Austin Fitts:** When I was in Europe I ran into so many people who were very excited about the gentleman who didn't make it to the final round. His name is Mélenchon and he had so much support.



**The Saker:** I don't have anything good to say about him either. I don't really like Marine Le Pen so I think that all the candidates were actually pretty bad.

**C. Austin Fitts:** Really?

**The Saker:** Yes. I think Mélenchon is a pretty bad one, also. He's a semi-Trotskyite, and has the same agenda as the globalist agenda with open borders and not taking action on immigration.

**C. Austin Fitts:** Is that right?

**The Saker:** Yes. None of them did. I think Marine Le Pen was a better alternative, but you have to understand how extreme that is. As you know her in the bigger community of people ranging from monarchists to communists – very much everything – I'm corresponding with all of them. I had communist friends in France who were telling me that they were going to vote Marine Le Pen because that was the only patriotic thing to do for them. Mélenchon was so bad that communists were actually willing to vote Le Pen.

If you know anything about France, that tells you how deep the crisis is.

I would say that there are many similarities between the US and France now, except in the US Trump won, and in France Macron won. Somewhere in terms of the elites fighting their own people, there is the same dynamic at work.



**C. Austin Fitts:** Right, and there is also an inability to recognize the need to address economic productivity at a root level bottom-up.

**The Saker:** Absolutely.

**C. Austin Fitts:** What I saw in Europe the last two times I've been there is that there is the same frustration. There is a myth that the people who elected Trump were working class. That's not true. Those who elected Trump were the people who are required to get up every day and go out and make the economy work. They are doctors and lawyers and engineers. They are people who are responsible for putting real meat on the bone in terms of the economy, and they are so frustrated with the idea of micromanaging everything by rules from Washington or the UN that they are ready to just tear their hair out. It has nothing to do with political philosophy; it has to do with practicality versus centralized rule making and harvesting.

**The Saker:** I absolutely agree with that.

**C. Austin Fitts:** It's interesting. The refusal of America to deal effectively with the productivity issues- their failure is different from the French- but the French have also failed at that. Part of it is what the procentralization team wants, something that harvests the productivity as opposed to optimizing the productivity. That is part of the root of the problem.



**The Saker:** About the French and the Americans, I agree with that. It's definitely the comparison of over-regulation from the Federal government and the EU, but I think there is something even deeper taking place. I think in America, the people who voted for Trump I would summarize in a sentence: "We want our country back."

I think we see the same thing in France. I wouldn't call them nationalists or patriots, but they are people who say that the model that is presented to us is so unacceptable that this is not about politics; this is about getting our country back.

I think in France, they are going to be denied that. Macron – from that point of view – is an absolute disaster. So it's going to be integration into Europe further and deeper and worse, and the United States – at least the anti-globalist candidates – won. The problem in the United States was that a coup happened against them.

So we have a situation in both countries where someone won by means of election and the second one won by means of a coup. I think that most people from all classes – ranging from the wealthy to the poor of various regions – basically want their country back, and they're realizing that being ruled by an elite was never going to give them any say.

I think that makes both countries potentially explosive because, if you think about it deeply, there is a failure of democracy in both cases. In the United States, democracy failed by means of a coup. In France, democracy failed by means of manipulation. But in both cases it is clear that the system that is present in the US and France does not result in the will of the people being expressed by their rulers.



**C. Austin Fitts:** Right. The thing that disturbs me the most is that the leadership is not listening. In other words, there are areas where there could be agreement, and the leadership is simply not hearing or listening or not taking advantage of the feedback. That is to say, it doesn't have to be this win-lose; there are areas where you could have more agreement.

It's almost as though the leadership has gotten stupid and greedy around the way that things have gone for the last 20 years.

**The Saker:** I'm not sure about stupid, but greedy definitely. They are still winning. The puppets that we have in power in both countries are very much listening and attuned to what the plutocracy tells them. So just as the loyalty are elsewhere, I don't think Hillary Clinton or Macron are people who are just plain stupid and not skillfully serving somebody's agenda.

I would compare it more to an occupation of a country – a foreign occupation that has its own interests – than speaking of stupidity. They did a very good job. In both countries they are prevailing right now; it's sad to say, but they are.

**C. Austin Fitts:** Right. I'll use Clinton as an example. I think that Clinton ran a terrible campaign and made some extremely horrendous mistakes that does come from stupidity. The 'deplorables' comment was an enormous mistake.

I recently finished reading this new book, *Shattered*, about the Clinton campaign. I think that the campaign reflected a real stupidity about what it was going to take to win the election in a very closed-minded culture.



In other words, they were so used to getting things rigged for them that they forgot to pay attention and listen to certain things.

**The Saker:** I would agree with you that Hillary was a much worse candidate than Macron. Macron is actually a good puppet, but his campaign was also weak. It was nothing inspiring, but at least he wasn't hated as much as Hillary.

I think that Hillary had a limitless amount of incompetence and arrogance. Particularly running against Trump, they could never conceive in their self-worshipping arrogance that the people would choose Trump over Hillary, and the people did. Hence their hysterical reaction against him. It was a slap in the face from the people to the elite.

So, yes, I would agree with you that Hillary really blew it. I think that if they had put Sanders up, he probably would have won.

**C. Austin Fitts:** Sanders would have won. I agree with you.

One thing that amazed me was that as soon as Macron won, he invited Putin to Paris and had no problem getting together with Putin. So the establishment is pushing Macron and Putin together while they're doing everything they can to keep Tillerson and Trump away from Putin. It's very interesting.

**The Saker:** What's happening here is: First of all, the Europeans are horrified by the Americans. They start to realize and it's starting to dawn upon them that it's high time and that the Americans will solve nothing in Europe for them, particularly the Ukrainian crisis.



Also, Macron desperately needed to get some sort of credibility. So meeting with a big guy like Putin put some hair on his chest and made him look more professional – at least superficially. I'm unimpressed by his entire attraction with the Russians, but it gives him visibility immediately. Remember, he has parliamentary elections that he has to win, and is looking at establishing political credibility.

As for the Russians, of course they would talk to him and see what he had to say. France is not the powerhouse of Europe; it's Germany. Secondly, Macron doesn't have a strong base in parliament or in the people, so, currently, he is a weak leader .

It's probably an attempt to explore. Maybe he could get something done with the Russians – precisely because there is a rift between the US and Europe now, which we saw clearly during Trump's trip to Europe, to NATO, and to the G7 where he treated Europeans with complete contempt; he wasn't even hiding it.

The Europeans felt that, and they are feeling lonely now because they realize they stuck their neck out for an ally who is absolutely not interested in them.

**C. Austin Fitts:** You had a fabulous article on Trump's trip to Europe and on how extraordinary his behavior was. You inspired me with that article to view some of the videos. I have say that you're just scratching your head at what in the world was going on.



Let's turn to Trump's trip to the G7 meeting and the meeting with the Vatican. I have a couple of theories, and I'll engage in a bit of speculation, but first describe your superb article because it was quite astonishing.

**The Saker:** It was absolutely astonishing. We had American diplomats like James Baker, who is a refined gentleman and the perfect diplomat. Then we had the level of Obama, who was a car salesman, but still a charming man who knew how to smile, etc. Suddenly Trump showed up, and he was obviously rude, and not even making an effort. He didn't fail at being polite; he didn't even try. I'm convinced that he did it deliberately, and I think it was his way.

First of all, he knew that all the Europeans were against him, so he wasn't exactly feeling warm in his heart for them. Secondly, I think that Trump views the Europeans with a great deal of contempt, and I can't blame him for it. You are not going to be respected if you have no respect for yourself, and the Europeans have behaved in such a disgraceful way over the past ten years or so that I think a guy like Trump just looks at them in that way.

I think that Trump has much more respect for the leader of North Korea than he has for Merkel. I understand him because, at least the leader of North Korea has some real power in his country, and he is struggling and in a difficult situation whereas the Europeans are simply all pathetic.

I think that the Europeans were horrified by that because they felt that it was a slap in their face, and that is exactly what it was.



Then we hear Merkel saying, “Oh, Macron said that there is no major problem that cannot be solved without Russia participating, and we have to act on their benefit.”

They didn’t openly admit the depth of the alienation, but they couldn’t help it. They still indicated, left and right, that somehow they need to almost unite against Americans, which is not going to happen of course. It’s an empty threat because America runs Europe. The Europeans can do nothing about it.

So Trump sent them that message that, “You’re just little servants to me.”

**C. Austin Fitts:** It was almost as though Trump was saying, “Look, you’re riding us on NATO, and while you’re riding us on NATO and not paying your share, our markets are open to you and you’re selling a great deal of cars. You’re playing us financially.”

To him, you’re seeing a partner who isn’t paying their share of the overhead but skimming the revenues. He approached the whole thing like a financial transaction.

**The Saker:** Yes, but look at the way he treated the Chinese. He had similar resentment of the Chinese, but he treated them with respect. He didn’t allow himself to act in such a brutish way like he did here.

**C. Austin Fitts:** Right.

**The Saker:** I think he has no contempt for the Chinese but I think he has contempt for the Europeans.



**C. Austin Fitts:** Yes, but what is the source of that contempt? Is it because they're not principal or is it that they're staff and not principal, or something else?

**The Saker:** Europe doesn't exist in terms of foreign policy. The dream of General de Gaulle having a Europe of strong countries being a bridge between East and West means Europe had a fantastic potential. I think there is a mix of things happening here, but basically the United States imposes a specific kind of political order – a vision of EU which was not the original European one – which turned the EU into an instrument of American foreign policy. The EU should have never moved NATO to the East. They should have never accepted the Central Eastern European countries. They did everything as they were told, including the disaster of the Ukraine, which the Europeans should have absolutely prevented, and they even didn't do that. They imposed sanctions that hurt them more than Russia.

I'm sorry to use this term, but they acted like prostitutes, and nobody respects prostitutes. At least Obama had the training to pretend to respect them but I don't think that he respected them very much.

Trump is a straightforward guy and he shows his contempt for prostitutes. I really think it's on that level because who in Europe would he possibly respect? I couldn't name a single person.

**C. Austin Fitts:** London: he would respect London.

**The Saker:** London for losing the Brexit referendum?



**C. Austin Fitts:** No, London because of the special relationship; London because of various ties, including the intelligence side.

**The Saker:** The British have accused Americans of leaking classified information about terrorism. Even with that there are cracks. Frankly, Britain is not in fact part of Europe anymore. It actually never has been. I'm talking about the core group who thought they were so important – the French and the Germans and they are the duo.

**C. Austin Fitts:** You've written this, and I think that it is absolutely true, that Trump has no interest in the Ukraine whatsoever. His attitude is, "It's your problem so fix it."

**The Saker:** Yes, absolutely. I think that it's a correct decision on his part because he politically can't backpedal. It would make him look very bad if he suddenly decided to side with the Russians. But practically speaking, what is coming at the world now is that somebody will have to pay for the Ukrainian mess, and it's going to be extraordinarily expensive.

The Russian's won't do it, they don't want to do it, and they cannot do it. The Americans are far away. It's going to be the Europeans, and Trump knows that. He knows that it's a mess.

What the Americans really wanted in the Ukraine they didn't get, which, first of all, is Crimea. Secondly, they wanted an anti-Russian Ukraine that would be viable. These were the two main objectives that the United States pursued in the Ukraine, and they failed at both.



They semi-succeeded in making the Russians pay for the intervention in Syria by creating a zone of instability and concern on the Russian border. So I would say, to the degree that punishing the Russians was part of the calculation, they succeeded, but now it's done. There is nothing left for the Americans to take. Crimea will never go back to anybody, and the Ukraine is not viable. So they know it's essentially a stillborn baby, and they don't need it.

They're just going to ignore it; they will do nothing about it. From the American point of view, this is a sound policy. I can't argue with that either.

**C. Austin Fitts:** One thing that I wanted to discuss with you was, when Comey went to the Five Eyes meeting in New Zealand and came back, within a short order suddenly was fired in a firing that was held very tightly where there were no leaks before. Even Comey was surprised.

Then Trump went to the G7 meeting and the Secret Service refused to allow him to convoy in by car, and they insisted on him not staying at the hotel but staying at an Air Force Base and helicoptering in.

So there are unbelievable concerns about security in Italy. Then we see Trump meet with the Vatican – either before G7 or after. If you look at the pictures, the Pope seems like he has steam coming out of his ears.

I look at all of this, and say, “Were they seriously concerned? Did they have a reason to be seriously concerned about security in Italy?”



**The Saker:** I would say that in Italy you always have serious reasons for concern. The kind of people who have been killed in Italy, indicates it is a dangerous place by definition.

I wasn't aware of the fact of the helicopter issue, but I certainly would be concerned with a leader as controversial as Trump and with all the forces aligned against him. I think he is in danger in the United States and abroad. I think that he is in danger everywhere.

**C. Austin Fitts:** Right. Then if you watched his behavior at the G7 meeting, it appeared to me this was a man who had deep reasons to be concerned about the forces aligned against him and thinking: "I'm smelling something, so I'm curious."

One thing that we know is he announced that he was not committed to the Paris Accord and he cancelled it when it got back.

One of the interesting things that happened – and Trump has done this on numerous occasions – is there are many writers writing about it. I never looked at the Paris Accord because honestly I didn't want to get upset and I knew I was going to go crazy.

One thing that became known afterwards is that many people were writing about it. You had a structure on the Paris Accord, and the US said they were going to keep negotiating.



You had a structure, as we've seen in many cases, where there is a nonbinding commitment to put in vast amounts of money that's going into a process where there is no clear definition of where the money is spent and no performance metric, which is the kind of thing that would drive an entrepreneur like Trump completely nuts. Everyone wants to know where every penny goes and what the performance metrics are.

While Trump was announcing, when he returned, the US was withdrawing from the Accord, you could see Gary Cohn – who two months ago was the President of Goldman Sachs – looking like he had ants in his pants. He kept turning around and looking at what other people were seeing. It was almost like he was waiting for the bullet to fly in.

Then shortly thereafter, Lloyd Blankfein – the chairman of Goldman Sachs, who has been on Twitter for many years but has never tweeted – wrote his first tweet dissing Trump for getting out of the Accord. Literally, you're seeing a global lead that was planning a vast amount of money going into this mechanism – whatever it was and wherever it went – and is suddenly having their plans thrown in the air like a deck of cards that is instantly being reshuffled.

From a financial standpoint, you're watching a major hiccup in people's plans on the cash flows, same as Qatar. From a financial standpoint, Qatar and the cancellation of the Paris Accord is sending shockwaves through the money.



**The Saker:** But keep in mind that Trump has changed his position on many things. Remember he was saying that NATO was obsolete, and now NATO is not obsolete. He said that he would negotiate the Paris Accord, and they are supposed to take another two years before they even started. So this might be, first of all, putting himself in a very good bargaining position to see if he can get a better deal.

**C. Austin Fitts:** Of course.

**The Saker:** Secondly, I am not at all sure that he will resist the pressure over the next couple of years.

**C. Austin Fitts:** As we have seen, he can bow to pressure. He can certainly bow to pressure from Israel and that we see very clearly. So it will be interesting to see what happens.

During the speech, the catch line that the press picked up on is, “I represent the people of Pittsburgh, not Paris.”

**The Saker:** Yes, that was a good one.

**C. Austin Fitts:** It’s a very good one because, if you examine how the money works, the taxpayers were putting the money in, but there was no performance metric as to what the return would be and how it would connect.

It’s amazing that Obama sent \$1 billion somewhere into that agreement without Senate approval. It’s not constitutional from my standpoint.



**The Saker:** Right. It's actually interesting to see that Trump, unlike Obama and Hillary who always had that arrogance about nothing being irreplaceable, is clearly trying to deliver on some of his campaign promises and 'Make America Great Again'. Partially it is 'stop wasting money abroad,' be it NATO or the Paris Accord. I think the sentence about, "I represent Pittsburgh," is a very good one.

**C. Austin Fitts:** Right.

**The Saker:** He is trying to tell the people, "My loyalty is to your incomes."

**C. Austin Fitts:** I'm looking at a process which has been run by lawyers who don't think about price, and in the world something that costs \$0.05 is productive, but not if it costs \$5.00. Most of these people – whether it's Obama or Clinton or George W. Bush – ran it as if the money wasn't real. Trump is running it as though money is real and the cost of capital is more than free.

That's a very deep shock to the globalist culture because they're used to their money coming at a zero percent cost of capital and taking as much as they want. That is part of what the productivity backlash is about. I think it's the thing that endears Trump to many of us.

Let's discuss North Korea. I want to talk a little about Russia and North Korea because we've seen Mattis talk very tough on North Korea. But the question is not what the United States wants. It seems to me that you don't change the North Korean policies without Russia and China putting sufficient pressure on North Korea.



**The Saker:** Russia, I'm not so sure. I don't think Russia has much traction with North Korea, but the Chinese definitely do. I think it's a difficult ally of theirs and a difficult neighbor, but they have clearly shown that the North Koreans are not alone. So you have to work through the Chinese to get something done in North Korea. The problem is: How do you do that while at the same time alienating the Chinese? There, we are in a situation where even the US foreign policy contradicts itself.

I mentioned to you that you cannot fight ISIS and alienate Iran. You cannot try to get something done on North Korea and alienate China. It just doesn't work that way.

**C. Austin Fitts:** Right.

**The Saker:** Even if the Russians had any traction there, which I don't think they do, the United States currently doesn't have many incentives for the Russians to help them with anything. It's actually pretty ridiculous to think that the Russians would help. Why would they?

I think that is the problem: Being overextended and finding everyone else at the same time. I don't see a systematic, thought-through foreign policy. I know it sounds bazaar thinking like that of a superpower, but I honestly am not discerning a goal-oriented, rational foreign policy.

**C. Austin Fitts:** So if you were the President of the United States, what would you do with respect to North Korea? Would you allow it to continue to develop its nuclear arsenal?



**The Saker:** Yes, absolutely, or if I didn't do that, I would try to entice it by offering economic advantages to agree to a regime of monitoring. But the first thing would be to provide real guarantees and reassurances to the North Koreans. Bullying them only makes them more determined to fight to the last nuke, and I don't think that is going to work because behind them are the Chinese.

I would use incentives or accept the fact that certain countries will develop a nuclear technology. By the way, I don't think there is much of a threat here. What people don't understand is, that once you have a nuclear device – which is totally different from a nuclear weapon – you need to build a nuclear weapon. Once you have the nuclear weapon, you need to be able to use it intelligently.

If the North Koreans only wanted to nuke Seoul, they could do that with conventional artillery and get the same results. So it is true that further down the road – many years down the road – there is the possibility of a North Korean ICBM flying towards Hawaii or the United States, but that could happen anyway. India has it, the Pakistanis have it, and everyone forgets about that. But there already is an Islamic nuclear weapon out there. The Israelis have it, and I wouldn't trust them one bit.

**The Saker:** Politics is the sense of the possible, and I would generally recommend that the US withdraw from most areas in which it has no business solving local problems. Let the Chinese and the Russians deal with the North Korean issue. I can assure you that neither the Chinese nor the Russians have any need or use for a nuclear-armed DPRK so let them settle this.



**C. Austin Fitts:** I'm assuming the reason the US doesn't is the US wants to be perceived as the hegemon globally – both in Asia and in Europe. I think they feel that if they withdraw and don't make this their business, you're going to see all their allies in Asia look to China as the Asian hegemon, and that is a currency issue.

**The Saker:** I agree with you completely, but the problem is that the United States does not have the means of such a policy. So when you try to play hegemon but you can't deliver, you look even weaker.

**C. Austin Fitts:** Right.

**The Saker:** I think the inevitability is that the US has to accept that it cannot be a world hegemon, and that a multipolar world is going to happen whether they like it or not.

The real question is: How do you negotiate a planetary draw-down and a withdrawal from their role as a global hegemon, and what is the best deal they can get while they still have some kind of leverage? That is what my big hope with Trump was – that he would do that. I was hoping that by 'Making America Great Again' he would draw down the AngloZionist Empire and concentrate on making the United States of America – and I'm talking about the states themselves, who are in need of much help and much reform – his focus. But wasting resources and money on completely empty threats as those three aircraft carrier battle groups that he sent off the coast of North Korea; and then what? Nothing happened. It's an empty threat; it's a hollow threat.

**The Saker:** That makes him even weaker. That is a big problem.



**C. Austin Fitts:** And that is expensive posturing; it's very expensive posturing.

**The Saker:** It is extremely expensive, and very dangerous posturing on top of that.

**C. Austin Fitts:** Here is the thing: There is as conflict between the 'Make America Great Again' plan and the 'Make Israel Great Again' plan. That is what we are watching.

**The Saker:** Yes, but I'm not sure that it is that simple. It's a guess more than a certitude, but I don't think that the Israelis are really running the show either. I think the transnational gang of people based in the United States and Israel who are using both countries for their own power and advantage are running the show. But frankly, look over the past years. Is the US policy really helping the Israeli people?

**C. Austin Fitts:** No.

**The Saker:** If we say that it is the Israelis who are in control of it, it makes it sound like Israeli patriots are using the States for the benefit of the people, but that is not happening either; they are not doing well at all. It's a pretext.

**C. Austin Fitts:** I see two things happening and if you go back to what the neocons are up to, you are looking at two things: You have an economic model which is vested in making sure you have superior enforcement capability in many places.



It makes no sense to send significant troops back into Afghanistan, but you have \$1 trillion of mining interests, including lithium and all sorts of corporate interests, screaming about wanting to make sure that is available and secure to them.

So you have global economic interests who are all screaming for enforcement capacity to protect their access to those – whether it's access to natural resources or markets or whatever. And the reality is that the corporate balance sheets are ballooning while the Federal government balance sheet is a mess. The Federal balance sheet can't afford to keep the game going, but those corporate interests want the game going.

So whether you have the transnational gang or the corporate interests, the pressures are enormous to continue to do what they're doing. That is why I was focused on the Paris Accord. You have all these different activities that cost the taxpayers money and make money for private investment or corporate interests, and have fundamentally run down the Federal balance sheet, ballooning these other interests, and they want the game to continue. The problem is that you are starting to run into real implosion on the Federal – whether it's the military capacity or the financial capacity.

Trump is in the middle, saying, "Wait a minute," and that's not what the corporate interests want to hear. That's what it appears to me.

The Israeli game is in the middle of that, and the neocon game is in the middle of that.



Part of my saying that the elites aren't listening is not that they're not listening to the people; it's that they are not listening to the operational concerns of the line management that is saying, "Wait a minute. We can't deliver what you want and need. We are spread too thin, and this is not working."

In other words, it's an operational and engineering problem coming out of a deep financial systemic flaw. It's not ideology. It's not, "Oh, you're being cruel to the people."

There is a real disconnect between the leadership at the top and the line management who has to deliver.

**The Saker:** But do you think that the line management actually speaks back and raises the alarm the way that you describe it?

**C. Austin Fitts:** No. I don't think that they speak back clearly and openly, but I think that if you look at the pushback that is coming – what I call the 'productivity backlash' – it very much represents their screams.

If you research and look deeply at the DOD financials, you can estimate what is happening. In fiscal 2015, \$6.5 trillion went missing at the Department of Defense. I assure you that money did not nourish and enrich the operational items that the US Navy and the US military wants to provide – whether the corporations need or the neocons want, whatever the group is.



In the meantime, the defense contractors are happy to make sales. But the reality is that they are dancing on a platform which is overextended and in real trouble. That is what Trump sees.

If you look at his budget proposal, it didn't make sense. He's not talking about how you reinvent the military presence globally for a new vision of America in the world that we're going into.

**The Saker:** That is absolutely true.

**C. Austin Fitts:** They stalled and said, "We're going to solve the problem of being spread thin by throwing more money at the military, and won't worry about re-engineering anything or modernizing it or streamlining it. We'll worry about that later."

In the meantime, you can hope that Mattis and the group at the Department of Defense are figuring out how to reinvent the entire thing because you can't solve this problem by throwing more money at it, but essentially that is what Trump is doing now.

**The Saker:** Sadly, I completely agree with you.

**C. Austin Fitts:** There is this huge conundrum that emerges when you look at the budget because the total thing does not make economic sense, whether you're looking at an integrated economy or just the official reality. And it has to make sense one way or another.



**The Saker:** And it makes absolutely no military sense either, I can tell you that. The US military is getting weaker and weaker because it's getting very little concerning what it actually needs. What it most certainly lacks is some kind of vision because if you accept the fact that it is overstretched and that being the world hegemon is not sustainable, then the next logical step from a force planning point of view is to design some kind of a strategy, which commences with your actual means. So you draw down essentially, but you make your priorities and decide on a new strategic course, which then influences force planning strategy and politics.

That debate is totally not happening. When I listen to Mattis, I don't know if I want to laugh or cry. It's pathetic. This man is completely pathetic and he has no vision whatsoever. And this goes for all of them, in reality. If you listen to what is coming out of the Pentagon now, it's completely delusional. They don't realize that what is needed is a profound fundamental shift and the rethinking of American national strategies. It's not there unfortunately; it's all about money.

**C. Austin Fitts:** It was very interesting. One of the books that we recommended in our Annual Wrap Up was a book called *The New Grand Strategy* written by three gentlemen. The history of it is that one or two of them worked for Mike Mullen when he was the Chief of Staff. He said, "We need a new vision for the military. The world is changing and we need a new vision, but our vision has to serve the greater civilian political vision."

He went to the White House to try to find out what it was, and there was nothing.



So essentially to get one for the military, they had to try to intuit one for the whole country. These people worked on it, and when they left the military, they teamed up with an academic and went into universities and think tanks and kept working on the vision. Actually, it's a pretty decent effort at trying to reinvent everything.

I'm a great admirer of studying the Chinese plans. The Chinese have a plan for everything. By reading this book, you realize that they go through a very serious planning process that is remarkably open and engages a wide number of participants. This is a very serious subject.

My personal experience with the leadership in America is that they have a 100-year plan, a 50-year plan, but it's all secret and in secret societies. It's available at the Bohemian Grove.

In the meantime, if you look at the American budget, it is being destroyed by the absence of a plan.

**The Saker:** Yes.

**C. Austin Fitts:** It seems to me that if the Chinese can create an overt plan, then so can we. But if we are going to re-engineer the budget, we have to re-engineer the military role. If we are going to do that, we have to have a grand national strategy.

As rudimentary and crude as Trump is, it appears that he was trying to create a domestic one, and now he is trying to figure out how to create a global one.



He is being forced to understand the budget because, returning to the budget, if you look at what is going on in Washington, the Congress said, “Tax reform, no money. Infrastructure, no money. Healthcare, no money. Okay. Let’s do witch hunting. That doesn’t require any money, and the people find it entertaining. So let’s switch to witch hunting and not do tax reform, healthcare reform, or infrastructure.”

**The Saker:** Let say this: Speaking of strategy and how there is a way of thinking about it differently, let me ask you this question. What would happen if overnight you wave a little magic wand and the entire US military disappears? Gone. The infrastructure and everything just vanishes into thin air. What happens to the rest of the planet? Is there some very bad consequence happening?

**C. Austin Fitts:** Yes.

**The Saker:** Personally I don’t think that it would be that bad for the rest of mankind. Honestly, I don’t even think that it would be that bad for the United States. It’s a bit of a caricature, and I’m simplifying things. There are things that could be wrong, etc. But I really think that the way to look for a new strategy is starting from that extreme of a position.

Do we need a military? What is its purpose? What kind of foreign policy do we want? Do we want to have alliances, or just want to have good relations with everybody but no alliances with anybody? These fundamental, core questions need to be asked before you start allocating the resources to build the means to get it done.



As long as they don't do that, they are going to do what they've been doing all these years, which is more of the same only worse. Doubling down is the worst possible strategy.

**C. Austin Fitts:** I said, "No," because now you have most aspects of institutional America absolutely committed to the military because they want to remain the reserve currency and not looking at a very abrupt coming off the dollar. In other words, there is no replacement currency. If you don't have the dollar as reserve currency, what are you going to use?

**The Saker:** Agreed.

**C. Austin Fitts:** In the meantime, you have many interests in the financial system who don't want an abrupt coming off; they would rather phase off.

If you look at what is happening with the dollar, you are basically slowly phasing it out. But think of it as what the economists call 'dangerous and dominant'.

The world wants to slowly phase it out as they build up other alternatives and build up a multipolar transactional infrastructure, which is going to take years to do. So I think that is one of the pressures.

The other thing is that you've created a military-industrial complex, which is deeply economically dependent on pretending to have enemies. They have the bit in their teeth. I think the question is: How can you find a way to evolve the economic model? The total stock market at this point needs war, and there are no enemies.



**The Saker:** I completely agree with you. You mentioned three aspects: The entire country is basically working for the military. That is an economic aspect. You mentioned the dollar, which I agree with you. Everybody wants to phase it out very gradually. Then you also mentioned the economic reform inside the country.

All these things are the questions that pop up in somebody's mind if you put the extreme question out. So you begin by saying, "What if the military disappeared overnight?" That immediately triggers those kinds of questions, and these questions are where it is actually happening and where it should be observed. It's only a thought experiment.

My suggestion is that if I was the President, I would not shut down the entire military overnight, but I would say, "Here are our priorities. How do we make that transition as painless as possible for our country and our people?"

If you manage the transition, you can get a fairly soft landing. I would argue that many countries out there would be willing to assist the United States because nobody benefits from a cataclysmic breakdown.

**C. Austin Fitts:** Right.

**The Saker:** But what they're doing now is the polar opposite; they are doubling down, and are being completely delusional, and are essentially creating the worst possible outcome for the United States by not asking these fundamental questions.



**C. Austin Fitts:** Right, although I will say this. I think that since Trump has been elected, no one in the United States has ever inspired more consciousness about the importance of getting as quickly as possible to a multipolar world as the Americans have in the past couple of months. It's quite remarkable.

Regarding creating multipolar payment and transactional mechanisms, it's very hard and complicated to do that, but I would dare to say that the Americans have inspired an incredible effort over the last six months. And that is going to happen very quietly.

**The Saker:** If you want to be credible in that kind of field, the first thing is to respect the rule of law.

**C. Austin Fitts:** Right.

**The Saker:** That makes you predictable. That makes outcomes predictable and manageable. You cannot try to go to a multinational system and at the same time brazenly violate an international law the way that Trump has done over and over and over again. He did it in Syria, he is doing it now indirectly to the Saudis and the Qatari situation. He did it by threatening war, and what he did with North Korea is another violation of international law.

Basically, if the United States wants to move to a process discussing a multipolar world, the very first axiomatic statement – like a statement of intention – would be, “From now on, we will abide by international law and treaties.” Just that one statement would bring so much predictability back into the system, and it would make it possible for people to work with the United States again.



**C. Austin Fitts:** Right, but the US hasn't respected the rules of law for decades.

**The Saker:** Yes, but it has become particularly bad since 1991. In the past, there was a real perceptible immediate danger of not respecting it. It all began with Yugoslavia. I think that is where it began to go south badly, and we're still paying the consequences of that terrible mistake.

**C. Austin Fitts:** Right. I don't see Trump as being less respectful of international law than Obama or Bush.

**The Saker:** No, I think he is worse than Bush. He's somewhat on par with Obama, and I would say that he is worse than Bush.

**C. Austin Fitts:** Really?

**The Saker:** Yes, but it's not even Trump. What frightens me is the deafening silence around him.

**C. Austin Fitts:** Bush declared war on Afghanistan when Afghanistan hadn't done a thing. Then he declared war on Iraq, and they hadn't done a thing.

**The Saker:** True, but the pretext for a war was 9/11, which – as you know – I don't think was done by the Saudis. I think that it was an inside job and a controlled demolition by the deep state, but the pretext was there. You could say that to the rest of the world and elicit a great deal of sympathy. You bought yourself a 'Get out of jail free card' as in the Monopoly game by saying, "What was done to us was so grievous that we will skirt international law, going a little around it."



But where it was truly brazen was with the attack on Yugoslavia, which had no justification whatsoever for it other than wanting to beat up somebody, preferably Orthodox allied to Russia. Then there were all the color revolutions that happened. Now there is the constant striking in Syria, and nobody objects to it. It's amazing.

I look at the press – either the official one or the so-called 'blogosphere alternative' media – and very few people say that everything that we're doing there is a violation of international law which should land us in jail. I believe Trump is already a war criminal.

**C. Austin Fitts:** Everything we're doing in Syria is in violation of international law, but everything we're doing in Yemen is in violation of the international law. In my opinion, everything we're doing in Afghanistan is in violation of international law. It goes on and on and on.

Let me turn to Duterte in the Philippines – speaking of international law – because I find what is happening in the Philippines to be both very interesting and very relevant. You have essentially a former mayor who is very experienced running the country and he has very high popular support. He has basically created a bounty hunter system to get rid of the drugs, and it's working. It's undoubtedly cleaning up the drug problem, and he's done a very eloquent job of explaining why drugs are so horrible to the people. It's mainly, "I'm a couple. My one asset is I have kids. If those kids get caught up in drugs and destroyed by the drug business, it destroys the family wealth, so to speak."



**The Saker:** They've always been present – or proto-ISIS; they were not called ISIS yet. They have always been present in the region, be it in Indonesia or in the Philippines. There has been a presence of what they call Islamic extremists in the region for a very long while.

The way that they usually do it is inject themselves into some kind of grievance . Any kind of conflict is something that they can inject themselves into.

**C. Austin Fitts:** Right.

**The Saker:** So I'm not surprised that they would get involved in that at all.

**C. Austin Fitts:** Are they defending the market share? In other words, if you watch the cash flows coming off the drugs and those cash flows diminish, are they basically working for the people who are angry that their cash flows are diminishing? Is there a connection?

**The Saker:** I don't know that for a fact. I would say it isn't impossible. There have been other strange alliances – for example in Peru and other places, and certainly in Afghanistan and in Pakistan. There have been moments when so-called Islamic fundamentalists (which is a misnomer, I think) were working together with drug dealers, but I don't know that for a fact in the case of the Philippines, so I don't have an opinion on that.

**C. Austin Fitts:** We see Duterte talk with Trump, and the entire transcript verbatim leaked to the media.



We've now substantially had six months of everything Trump says to foreign leaders leaked to the media, which, in my opinion, has to be a felony. It has to be a nonstop felony. The President of the United States can't talk to a foreign leader without it being leaked to the press.

**The Saker:** Right.

**C. Austin Fitts:** It's interesting. A group of Republicans have recently announced that they're considering not reauthorizing some of the surveillance powers, primarily saying that the intelligence agencies can't be trusted with this information.

**The Saker:** Look, Trump has been constantly betrayed. Felony after felony after crime has been committed against him by the deep state. Clearly the fight has not slowed down one bit. They're still out there to get him. I still think they want to impeach him, and they're going to stop at nothing.

They will leak and they will make up parts of the transcripts. I think they even accused Lavrov of bringing in some bug on a present – some listening device and it's totally insane. It would be laughable if it weren't so scary.

**C. Austin Fitts:** I don't know if you saw Putin's interview with Megyn Kelly. That is the scariest thing in my mind. If you look at anyone globally trying to deal with the United States, you have the fluidity of the policies, the inability to commit and keep the international law, and now you can't even talk to them without information being leaked or made up.



The way we're going to move to a multipolar world is going to be like a herd of cows moves away from the sick one. The cows will steadily move away from the sick one.

All these different dynamics are forcing everybody to move away from the crazy one.

**The Saker:** Yes. I didn't see the entire interview, but I saw excerpts of it. The people in the room were laughing at her stupidity and the ridiculousness of it. She went back over it and over it again with the stupid accusations, and it does give a terrible image of the United States abroad. I absolutely agree with you. It makes the United States look like a sewer run by idiots, and that is extremely damaging.

I think that I mentioned that in a previous conversation with you. It's scary when a system promotes the most mediocre and incompetent people and actually keeps down the most brilliant and competent people. You'll never make me believe that Megyn Kelly is the best that the United States can do with regards to journalists. Never!

**C. Austin Fitts:** No, but here is what I realized when watching it, and I've never watched Megyn Kelly; I don't even own a TV. I only see her occasionally on the YouTube interviews.

Here is what I perceived: Joseph Farrell's comment about how Bach wrote on a 26-track, but Americans listen to the drumbeat, which is one or two tracks. The multipolar world functions on 26 and it's a brilliant analysis



He says that the world functions on 26 tracks, but Americans are trying to function on two tracks and understand the world on two tracks and interact with the world on two tracks. The reality is that it's not a two-track world; it's a 26-track world.

It was very interesting watching Megyn Kelly during that interview. What you realized is that if Megyn Kelly had been operating in a 26-track culture – starting ten years ago – she would have been able to do a good interview. But she has functioned in a two-track world where the propaganda is trying to market a two-track story and keep everything in an official two-track vision of the world.

When she lands in St. Petersburg and has to operate on 26 tracks, she unquestionably cannot do it. What you realize is that she has absolutely no understanding of what is really happening.

**The Saker:** I agree completely and she does not. I don't think that Nikki Haley has any understanding and the State Department spokespeople have no understanding.

All the people who are visible and upfront who represent the United States are the worst that this country can produce.

**C. Austin Fitts:** Oh, I have to disagree with you. Rex Tillerson is on 26 tracks. He may talk two tracks when he gets on CBS because he's dealing in a two-track model, but Rex Tillerson operates on 26 tracks.

**The Saker:** That is possible and I won't argue with that.



**C. Austin Fitts:** I don't know if you saw his press conference. One of our top picks for the 2<sup>nd</sup> Quarter is the press conference that he did with Lavrov, which was one of the greatest. It was very short, but Andrea Mitchell asked them a question about Comey, and Lavrov and Tillerson respect each other, but were very eager to get in the room and talk about serious matters.

Andrea Mitchell asks Lavrov, "Did you hear that Comey was fired? What do you think?"

Lavrov looked at her as if to say, "We are adults. We are here doing serious business. You children need to go play with your toys elsewhere," and they rolled their eyes and treated her with a disdain.

**The Saker:** I had the same impression.

**C. Austin Fitts:** I have never seen a foreign minister of that status – let alone a Secretary of State – treat a senior member of the US press corps with that disdain. They laughed at her openly in front of everybody and rolled their eyes and walked away.

I can't think of any behavior that could show more disrespect. And, of course, it was 150% deserved.

I don't know if you realize this, but Andrea Mitchell is Alan Greenspan's wife. If there is any human being on this planet who got us into this mess, it's Alan Greenspan. The fact that Lavrov and Tillerson did that, which I had a very high opinion of both of them before, but they skyrocketed to hero status as a result of that.



**The Saker:** I agree with you about Tillerson. I would say that this is the only ray of hope and the only positive development recently. I was extremely happy with his trip to Moscow, and then he invited Lavrov to the White House. Essentially I agree with you. Tillerson is the one guy who we can still hold hope and God willing he will be able to make a difference.

He is not at all a mediocre personality and he comes across as credible. Lavrov clearly enjoyed working with him, as apparently did Putin. He spent a lot of time with them.

**C. Austin Fitts:** Right.

**The Saker:** I see something finally taking place between the two countries.

**C. Austin Fitts:** And there are other people in the cabinet who I think are capable. I think Trump is capable of learning. The problem is that he swings back and forth between giving the unipolar vision what it wants and doing something sensible domestically. We'll have to see how it seesaws out, but I certainly do think that the crazy-making result to allies is forcing everybody to evolve into that multipolar world.

**The Saker:** Tillerson is still an outsider, though. He doesn't have the connections and the career to tackle the Pentagon, the CIA, and the deep state. That is my concern. Was Tillerson consulted before the latest air strike in Syria? There is the danger.

Tillerson might try to run a mentally sane state department, but the Pentagon will basically ignore and run a parallel foreign policy, as does the CIA.



**C. Austin Fitts:** The danger here is that we are not going to have one United States; we are going to have multiple personality disorders.

There was one point during Obama's term when I was convinced that we had the Pentagon supporting one group in Syria and the CIA supporting a different group in Syria.

**The Saker:** Yes, it happened and I'm absolutely convinced.

**C. Austin Fitts:** I think that is the problem here. We're going to have such a fractionalization of the US government, and going to have multiple power centers, and there is not going to be any coordination.

One of the reasons I think Flynn was moved out was because they were hoping they could move somebody who could truly coordinate, but McMaster can't do it. That is going to be the danger, and that is why I keep coming back to the budget. All of these policies are ultimately going to be driven by who gets what money.

**The Saker:** Absolutely.

**C. Austin Fitts:** We have one question, and I won't read the entire thing but I sent it to you. Essentially what they said was a global version of the question that I asked during the election: If America has a negative return on investment, do we really want to make America great again? Won't the world be better off if America doesn't become great again?



I have many thoughts about that, but I wanted to start by asking you because they specifically said, “Would you ask the Saker what he thinks of this?”

So why don't you take the first attempt at that?

**The Saker:** It all depends on what you mean by ‘America’ and by ‘Great’. Usually it's in the words that are the key thing here.

I think that America is not great when it is the host for an AngloZionist empire. I think it's enslaved and I think it's occupied.

My understanding of what I would wish to see if we speak about America becoming great again is America owned by its people. We will have a government that represents the interests of its people.

As one person recently wrote to me, “We want our country back.”

I think that if America became sovereign again – truly sovereign – that would be a form of greatness that would be welcome by many of people. Secondly, I think that making America great also means taking care of the American people – actually putting the priorities here in maximizing the welfare of the people living here.

If we're talking about America as more of the same, and greatness is expressed by violence, subversion, and corruption, then God forbid that America should be as weak and minute as possible. In its current condition, unfortunately, it's a threat for all of mankind.



But I think that the good news from all of that is that the American people have the same interests as the people elsewhere. There is only one enemy, and that enemy is the same one for Trump as it is for Putin as it is for all of us, and that enemy we need to tackle. If America can do that, that would be another sign of greatness.

**C. Austin Fitts:** I agree.

One way to look at it is – because frankly the stock market is captured by the military-industrial complex’ needs – America has 24% of the global GNP but 50% of the stock market cap. So basically what you’re seeing and the thing that translates that 24% into 50% is the military role. It wouldn’t happen without the military, and I think that is part of the pressure on Trump and Trump is a real estate guy, but also financially oriented.

One thing that you said is ‘the rule of law’. You cannot operate a healthy culture let alone a healthy economy without the rule of law.

**The Saker:** Absolutely.

**C. Austin Fitts:** The United States – both internally and externally – has become increasingly lawless. My question in the 1<sup>st</sup> Quarter Wrap Up is: Can a new Administration maintain a prosperous economy without more debt, crime, and a war?

I would say that the globe is at a point where we are at a tipping point. We can’t take more crime and war, and yet that seems to be where it’s going. It’s been astonishing to see Putin become as powerful as he has become.



Truly the thing that has actually driven him to power from what I observe, is he is so astute at using international law and using law to maintain and build his power.

As he's done that, we appear increasingly lawless. That is a box that we are going to have to get out of because our entire claim to fame is our ability to protect and defend a financial market and financial trade. All of that depends on the rule of law. So there is a multiple personality disorder happening in the American presence in the world, and it can't maintain the liquidity unless it maintains the rule of law.

The crime issue is going to have to back down or we are going to set the world into a place of real serious trouble – not that it isn't there already, but it could get much worse.

It seems that we are approaching a tipping point.

**The Saker:** I would say that the rule of law is also important, not only because you cannot run a healthy market and economy without rule of law, but all the other values that aren't what America as a country stood for, but at least proclaimed.

The First Amendment and all the other amendments – civil rights and all these ideals – and even the question: Does the country need a standing army? If you examine the Founding Fathers and the ideas that were proclaimed at the foundation of this nation, I think they inspired many people worldwide sincerely. I think that is something worthy of respect and people would support.



Right now the United States acts in a way that is completely contrary to its own philosophy. Yet again, it reminds me of communism in the Soviet Union where foolishly communism was proclaimed, and everyone knew that it was a farce and a joke. All of these values are not upheld anymore, and that is one thing that would make America great again if they returned to those values – not necessarily the policies because many of them were very bad – but to the values proclaimed that made this country unique and deserve to be reproclaimed and recentered.

Policies should be informed by values and they should be value-centered. That is not what is happening now, it's all corruption and quick gain and money.

**C. Austin Fitts:** I think that we are at a crossroads; we are either going to stay a human civilization or become inhuman. There are too many forces in America that are promoting inhuman civilization, and the world is watching to see which one wins.

It appears completely unresolved. That's why I think that what is happening with the current Administration is so very important. One day it's human, and the next day it's inhuman. The question is: Which one is going to win?

I absolutely believe that we should be working on 'Make America Great Again' because this is going to come down to people doing whatever they can to ensure that we have a human society. I think every time you see a country destroyed or fail in a bad way, it's very unhealthy.



The neocons believe that we can get to a good place by destroying things; I don't believe that. Whatever it is, I'm always for the 'Make it Great Again' plan as opposed to 'Let's let it fail or be destroyed' on the theory that things are to be better as a result.

**The Saker:** I agree with you. Destruction is the worst possible scenario or cataclysmic revolution. But keep in mind that the rest of the world is not only passively watching what is going on here. I am absolutely convinced that Russia and China are at war with the empire. In that sense, the neocons are not wrong; they are sensing .

Recently McCain said that Russia is more dangerous than ISIS, and in a way he's right. Russia as a civilizational model is at war with the Zionist empire, and it's a war that is 80% informational, but it is a type of war. Only one of the two will walk away from this.

It's either going to be a multipolar world or a world hegemony, and I don't see any possibility for the empire to prevail. I think it's absolutely clear that it does not have the means to prevail. This only leaves two scenarios: A cataclysmic fall of the empire, possibly including an international nuclear war, or a more or less managed one. That is what I hope and pray for – a more or less managed landing. A soft landing is the best for the planet and for the American people. A cataclysmic would be the worst.

These are the two options, and I don't believe it's viable. It's much weaker than people think it is.



**C. Austin Fitts:** Here is the issue: If you examine the people who argue that success as a global empire is possible, clearly you have factions that it absolutely is, but it will take many, many decades to realize this. It's a long-term plan, and part of it is working against Russian, letting demographics basically take Russia down.

Russia has two big weaknesses: one is the demographic decline, but the other is a dependence on fossil fuel and certain commodities for its economy. If the energy price continues to come down as a result of all sorts of a very wide number of technological developments, what they argue is that time will take Russia down on its own; they don't have to do it.

**The Saker:** I think that is a big delusion. It would take a lengthy reply but, first of all, Russians know that the energy prices are continuing to drop. They are calculating for very low ones. They have other resources – water, non-GMO foods, high tech, aerospace. Always remember that they are joined at the hip with China. Those two are big enough to essentially grow completely in autonomy because they're exchanging. They're a perfect match for each other. They're exchanging things that they need very much.

There are also laws of nature at play. I would almost say in a dialectical way that the United States has overstretched and over-alienated the entire planet. So just like the US did not necessarily bring the Soviet Union down, it collapsed by itself, and I see that also happening here. I don't think it's a 'Russia versus US' alone, but Russia having to ride a wave which is much bigger than Russia. That wave will bring down the US.



It's a combination of factors.

**C. Austin Fitts:** I don't look at it on a national basis as much. If you examine two recent meetings, the Asian Infrastructure Investment Bank meeting, and the St. Petersburg meeting, you see, when you investigate both meetings, a number of people saying, "Let's build the new world. Let's go build the Silk Road. Let's go build the Maritime Silk Road. Let's build high speed trains."

Ultimately what you find about people is that they want to get something positive done. If you look at everyone who is saying, "Let's get something positive done," increasingly it's not the Americans. Americans are doing witch hunting.

**The Saker:** Correct.

**C. Austin Fitts:** I think that the problem is that once upon a time America was the, "Let's go do this, let's go do that," country. We were the 'let's go do' guys. We've lost that, and so every productive person on the planet consciously is moving away from the American leadership. I'm sure that they're doing, "Let's do something," but many of the cool things are secret – with some exception.

**The Saker:** Precisely. That is what I am trying to say. Every time somebody comes up with a Silk Road or something like – a 'let's do something' – the empire says, "Unless we control it, we're going to try to sabotage it."

That attitude unites the entire planet against the empire.



**C. Austin Fitts:** What recently happened on the Asian Infrastructure Investment Bank over the last two to three years is that plan not only failed, but it failed spectacularly, publicly, visibly, and it's one of the biggest diplomatic black eyes we have. We're the spoiler, not the builder.

What was so interesting was that when Trump first met with Abe, you could tell that the two of them were, "Let's build this, and let's build that."

I actually expected to see the next headline saying that they're ready to do these space elevators because the Japanese are the ones putting in space elevators.

Trump is a builder. You could see Trump and the Japanese saying, "Let's go build everything." It was going in a very positive direction until we hit April 1<sup>st</sup> and back to the Middle East and the squabble.

Part of what we need to figure out how to do is-you now have too many people making money from debt crime and war. How do we get them addicted to building things instead of blocking and destroying things? I don't have the answer, but that is the obstacle in moving to.

Maybe they're making too much money destroying things instead of building them. That's why I look at what is going on in Qatar and I worry. If it's this hard to build things and it's easy to destroy things, you have too many people making money from destroying things.



**The Saker:** Let's see if they manage to destroy Qatar. We can cross that on the next interview that we do. I predict that Qatar will resist. They might compromise, but I don't think that they will destroy Qatar.

**C. Austin Fitts:** In the next three months, what should we look for? What do you think is important to watch for the next three months?

**The Saker:** Internal processes in the United States; now, in my opinion, this is the single-most important issue. Will they succeed in thoroughly destroying everything Trump wants to do? If you want, we can call it the Tillerson line. Or, will Trump succeed in gradually regaining control of the country and making a difference? I think that this is truly crucial right now for what's happening inside. Outside the United States, everything is almost paralyzed. There is nothing left.

I would be hard-pressed to name a foreign policy issue that the United States is actually constructually involved in now. It's paralyzed by the inner struggle, and I think that is where things could happen.

Of course, there is an announced meeting between Putin and Trump somewhere down the line. We'll see what happens there. If something positive can happen, that's about it. It's Qatar obviously, and more of the same, only worse in the Ukraine. There is nothing good happening there and the country is falling apart.

I don't think there is going to be anything happening with the DPRK. I think it was all hot air, and I don't think that the US has the means with its policy in Syria either. There was an attempt to retake Raqqa and pushing south towards Deir Az Zor, but that's not working either.



I would say that what is happening inside the country in terms of the people around Trump and whether the deep state will succeed in completely overthrowing him or he will succeed in gradually building a basis for him to start getting change and reform in this country. That is what I would be looking for.

**C. Austin Fitts:** It's very unlikely that they have the votes to impeach him before the 2018 election. If the Democrats can win the Senate, maybe they get the votes to impeach him, but I think before then it is not possible.

**The Saker:** You don't think that Republicans will vote for impeaching him?

**C. Austin Fitts:** I don't think they're going to get enough and I don't see how they do that before 2018. I think the Democrats have to make significant headway in the elections in 2018, so I believe they're looking at 2019.

That doesn't mean they can't tie his hands up in the bureaucracy every which way, but here is where this is going to play out. If you look at what is making policy in the United States, it's the budget. It's coming down to money. So the reason they can't get anything resolved on tax reform, for example, is budget.

Trump has put out his first budget, and the budget process is going to move through the appropriation committees between now and the recess in late June or July. They will then adjourn, and the Bohemian group will meet and make all kinds of decisions.



The House and the Senate will convene after Labor Day, and they have decisions to make by October 1. So between now and October 1 they're going to have a policy discussion through the budget. That's what makes it real and they're willing to fund it.

You are going to see it emerge in the interaction, and the big one, in my opinion, is tax reform – not healthcare. You can't achieve an economic solution in Washington, but you can on tax reform. It's a budget issue.

So watch the budget process to see how this policy discussion evolves. Ultimately what we do is what we fund. All these questions are going to break open.

Part of the problem is that what we need is to have an honest conversation about the budget issues. The problem is that so much money is on the covert side and going down the covert side that you can't have an honest conversation. That is why transparency is essential if we are going to get to a healthy place.

We will have to watch and see what happens, but it will be very interesting. One thing that Trump and his team have done – one of their greatest strengths – is brought transparency to subjects that had no honest conversation before, whether it was Common Core, vaccines, or anything. So let's see if they open up the conversation. I don't know what is going to happen.



**The Saker:** Let's hope that they open up the conversation and don't spend the rest of the time ducking accusations of being Russian spies and Manchurian Candidates or other charges of God knows what – corruption and whatever is coming next. I personally think that the mud will continue to fly, so I'm very pessimistic.

**C. Austin Fitts:** But here is the problem: If you are the Democrats, how do you please the oligarchs without spending money? You do it by witch hunting. Witch hunting is the only thing they can do.

**The Saker:** You put Pence in power.

**C. Austin Fitts:** How are you going to do that without an impeachment?

**The Saker:** I'm afraid of an impeachment; I absolutely am. I think that is what they are gunning for, and I don't trust the Republicans one bit. If the choice is between an expendable Trump and Pence, whom everybody in the deep state will love, there's going to be a tremendous amount of pressure building, including with the media.

The problem is that the bad guys control both Congress and the media, which is all of the political pressure. We both agree that the law is not what is essential here. Politics and money take over; they are the prime law. So they can do whatever they want and lawlessness will continue.



**C. Austin Fitts:** I don't know. I would give the odds of pushing a successful impeachment before getting more Democrats in is less than 25%. You would say that it is much higher?

**The Saker:** I hope that you're right. I wouldn't put a figure on it, but I'm afraid of it.

**C. Austin Fitts:** Saker, it is always a pleasure. Thank you so much for joining us on The Solari Report. This has been very rich.

**The Saker:** Thank you.

**C. Austin Fitts:** Would you take a few minutes and remind people where your website is and how to find your fantastic book?

**The Saker:** You can go to the website [www.TheSaker.is](http://www.TheSaker.is) (which stands for Iceland, where I run our servers). You can get the book through the website or at Amazon. It's called *The Essential Saker*.

**C. Austin Fitts:** Let me tell you something: Not only will you learn a great deal about the world, but you will laugh your head off.

**The Saker:** You're polite.

**C. Austin Fitts:** It's so rich with insights, but it makes one laugh. It's a wonderful book, and you have to write another one. That is all I can tell you and I can't wait for you to write another one.

**The Saker:** I'm working on it now.



**C. Austin Fitts:** Perfect! Have a great quarter, and looking forward to talking with you in three months.

**The Saker:** Thank you so much. It was wonderful and take care.

## MODIFICATION

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

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