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# The Solari Report

January 3, 2019

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## Annual Wrap Up News Trends & Stories Part I with Dr. Joseph Farrell



Catherine Austin Fitts



Dr Joseph P Farrell



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**C. Austin Fitts:** Ladies and gentlemen, welcome to The Solari Report and this is the 2018 Annual Wrap Up. I am with Joseph Farrell, and we are hidden away in the Heartland of America. We've been having great conversations.

I confess that there are only three days before the end of the year; today, tomorrow, and Monday. So something still could happen.

**Dr. Joseph Farrell:** Something still could happen – the way things have been going.

**Fitts:** This is the time of the year when we chew through what has happened over the last year and pull out the really important events that very much inform what the year ahead is going to look like.

I come to these sessions with great intellectual excitement because I always learn from Joseph, and it is always amazing what happens. We have these 'aha's' in the middle of the discussion. It's like, "What? Why did I not understand that before?"

So, Joseph, I cannot thank you enough for taking the time and the effort you put into following the world, understanding the world, and then sharing it with us. Thank you so much.



**Farrell:** Thank you for having me back.

**Fitts:** We will talk about it later, but I have to say that I saw the organ, and it is absolutely magnificent.

**Farrell:** You heard it, too.

**Fitts:** It is beautiful. I didn't believe that a digital pipe organ could sound that great. I really didn't. As you know, I forgot that it could also be a harpsichord. The sound is incredible; it's amazing.

**Farrell:** It really is.

**Fitts:** That electromagnetic healing does happens and it can do that. Anyway, we will talk a little more about it when we get to inspiration.

Before we dive into the Economy and Financial Markets, how was your year?

**Farrell:** It's been a good year. Shiloh was the first little gift, and then the organ came, and that was exciting.

**Fitts:** I have to say that we are still both in recovery over the delivery process.

**Farrell:** That was something to behold!

**Fitts:** We will let time heal the delivery process.



## Economy & Financial Markets.

### Story #1: Secret Books: Harvard, HUD, DOD, & Treasury Go Dark – The Pricing Mechanism Goes Dark Too.

I made this number one because I think this is absolutely the most important story of the year. We were going to do a different theme on ESG screening – which we will do in the 1<sup>st</sup> Quarter Wrap Up. In early December, I decided the theme of this Wrap Up is going to be on this exact issue because we literally see the Federal government announce that it is converting to a fascist model through accounting policy. I didn't know you could do that.

I didn't know that you could change all the laws by policy dictate and basically convert everything. It's like having a Constitutional Convention except that you have the accountants do it.

Where do we begin? Let's start with Harvard. People always talk about the deep state, and they say, "Who is the deep state?" I think that the deep state are pools of intergenerational capital that then work through many different mechanisms, and it is highly complex. It has been building and developing for centuries, so this is nothing new.

If you look at the very top of the flotilla of pulls of capital that have strategic leadership responsibility within the deep state, I would say Harvard is at the core. And, of course, the Rockefeller Foundation and a couple of other pools are part of it, too, but Harvard has a very interesting model. It's one that you understand a lot because you know the Vatican model.



Essentially, if you look at how much taxes they would have to pay just because we are talking about Harvard Corporation's capital, it's a corporation. So you have a private corporation, it has a self-perpetuating board of governors, but yet all of its investment profits are tax-exempt. The reason they are tax-exempt is because they take an amount – which is significantly less than what they would have to pay in taxes – and use it to fund a university that supplies them with enormous amounts of intellectual capital, including justification for all the policies that they want government to do, and then they cycle their people in. It's very much the Vatican model.

**Farrell:** Yes. In fact, let's go back to something I mentioned a couple of Solari Reports previously. During what I call the 'committee era' in the 1950's when you had Kefauver, McClellan, McCarthy, HUAC, and all these committees investigating aspects of some sort of penetration of the Federal government, there was one committee that I think is ultimately the most important, and that is the committee that was investigating the foundations. The legal counsel for that committee was the Reece Committee. The legal counsel for that committee was a man by the name of Rene Wormser. If your subscribers are not aware of his book, it was called *Foundations: Their Power and Influence*. He basically tried to summarize the results of the committee hearings.

He said very much the same thing. In fact, he deliberately pointed out the fact that foundations like the Harvard Endowment and the Carnegie Endowment for World Peace and so on were using the Templar model. He deliberately made reference to this idea of tax-free intergenerational capital then driving and promoting certain policies through their foundations, and that is exactly it.



**Fitts:** And the power that the Vatican had. I think that after the Revolutionary War when the courts affirmed the charters for the universities, that was mistake number one. That was like putting the CIA in charge of Area 51 security.

What they did was the Vatican had diplomatic immunity because they had tax exemption plus diplomatic immunity. I think that the issue on the deep state is: How do you create national security law sufficient to give you the equivalent of diplomatic immunity so you can kill with impunity – including the President of the United States?

**Farrell:** This is what we said earlier when we were discussing this. This is basically the hidden system of finance taking over everything and driving a new model, which I am assuming you are going to get into later. That is exactly what is going on.

**Fitts:** The reason why I am bringing up Harvard – and I have to confess that this happened in 2017, but it is continuing to be implemented in 2018, and it is critical to the story – is in 2017 Harvard announced that they were going to essentially ‘go dark’. They were taking their in-house staff, which is significant, for the endowment. This is Harvard management within the corporation. Remember: You have a governing board at Harvard and then a governing board for the endowment.

They were taking all their internal staff and basically firing them or laying them off, which meant that the institutional knowledge of what they had done during the financial coup was going to be dispersed. That is number one. So the financial coup is over, and now we can get rid of the people who helped – whether they know it or not.



I think that a lot of them didn't realize exactly what they are a part of.

You are getting them ready, and you are outsourcing everything to a variety of different managers. The reason you are outsourcing it is that if you are going to be part of serious disaster capitalism and a re-engineering of the Federal government, you don't want those people to see what you are doing; you don't want 200 or more smart people sitting around realizing what you are doing.

Part of this is to disaggregate the knowledge and put it with people who you can trust to play games of the kind that they are going to do.

Let me just point out that a lot of these games under national security you are going to set up to look like they are technically legal, but those 200 people are going to know that it's not right.

Then they said that they were going to provide a lot less disclosure on how their endowment holdings were doing and what the performers were. The implication for all of this was that they were underperforming the market.

Yale, which had moved more to this model, was performing better. The Skull and Bones people were doing better than the Porcelain men. So I took one look at that, and said, "You know something? They are protecting themselves from financial coup liabilities, and now they are moving forward with something far meaner and far more aggressive."

This is a very bad sign because Harvard Corporation just went dark. So now while Harvard was busy doing that, we see enormous amounts of disclosure regarding the missing money.



Last September Dr. Skidmore published his report. The next week or two the New York Fed had a fire. It's always interesting when those fires happen.

Lockheed had already spun off their IT group, so a lot of liability cleaning up is happening. DOD makes a big deal about doing an audit, but it doesn't mention that they are not going back to find the \$21 trillion. The DOD moves forward with an audit and comes out with ultimately a disclosure saying that they can't produce an audit. We see the Federal Accounting Standards Advisory Board publish a proposed policy in the summer saying, "We need the ability to do secret books. If we can't do secret books and we need to do secret books, then we are going to have to redact the entire Department of Defense financials."

Then we see the SEC comment on this and say, "No comment."

**Farrell:** This is a perfect way to launder money, too. This is a wonderful way to take all that missing money, put it into a foundation, and then let the foundation act as the cutout to launder more money. This whole thing is of a piece as far as I am concerned.

**Fitts:** I absolutely believe that for decades they have been using HUD to launder drug money coming from the neighborhoods. They are using HUD in a variety of different ways to cycle the money back to the players in the neighborhoods who have played ball. I absolutely believe that if you look at the \$21 trillion, some of that are revenues. I think that they have been laundering the money they have been making in Iraq and Afghanistan and all that.



You are right, and I will tell you a very interesting story. Right when the money started flying out of HUD, it was just as they attacked Hamilton and tried to get us all out and get the honest people on the defensive – whether it was the career bureaucrats or the political appointees or the contractors. So they attack all the honest people, money starts flying out the door, and suddenly Carlyle, which is almost a brand new firm, starts raising billions of dollars to invest in Asia. Everybody was asking, “Where is all this money coming from?”

That is the same time that the Clinton Foundation got capitalized. Where is all this money coming from? Then there was Epstein’s operation. Where is all this money coming from? I think it came from HUD.

**Farrell:** This whole thing of secret books goes back to what I said earlier. The hidden system of finance has finally become so big. I mentioned this in the 2014 Secret Space Conference. Everything is going hidden.

**Fitts:** It’s the takeover of the hidden.

So they come out with this policy, and the DOD IG goes ‘nuts’ and says, “This is terrible.”

Basically, it negates his existence.

**Farrell:** It negates any oversight whatsoever. That’s the whole problem.



**Fitts:** This was the proposed policy. They have taken all these comments, and interestingly enough, HUD comes in and says, “This is very important and necessary.”

Why does the housing agency have to have a hidden system of books?

Then in October they brought out the final policy. In it, it basically says that, not only can the government agencies, but also affiliate entities can have a secret set of books. So this was in October.

We know in 2006 that George W. Bush as President delegated to the National Director of Intelligence the ability to waive SEC requirements for people doing business through the national security state. So now we have the biggest issuer in the world of Treasury securities and mortgage-backed securities who is free to run secret books and the biggest insurer of bank deposits in the world free to run secret books. So if you look at any brokered bank deposit using FDIC insurance, if you look at any Treasury bond or bill, if you look at any Ginnie Mae (they specifically carved Fannie and Freddie out from the ability to run secret books, and you almost wonder if that is just because the Democrats have always controlled those), now you are looking at essentially all US Treasuries, most of US mortgage markets, and most US brokerage deposits now representing an entity: 1) With secret books, and 2) Where the percentage of the money that goes into that entity goes out the back door to private corporations and ‘God-knows’ who.

So, you buy a Treasury security for \$1,000. The \$1,000 goes into Treasury, and then it disappears out the back door to private corporations.



Somebody said to me, “I don’t think they have really stolen \$50 trillion between the bailouts and everything else.”

I said, “Wait a minute. I can prove to you that they have stolen much more.” If you look at the technology that they now own, we financed that technology, but those private entities – whether it’s an endowment, a foundation, or a corporation – own that technology, and that technology is the most valuable asset outside of land on the planet.

**Farrell:** What does all this do to the pricing mechanism if you’re an investor?

**Fitts:** It goes dark.

**Farrell:** It’s gone.

**Fitts:** Next week we are publishing an article. I’ve asked one of our law firms who has been writing this series on financial law related to these issues to look into the SEC rule 1085, which says no material omissions. It’s something that you have talked a lot about and I’ve talked about.

Do all the primary dealers and banks and brokerage firms have an obligation to tell people that these securities are issued by entities with secret books and that there is no disclosure?

**Farrell:** Exactly. Technically, one would assume that the way that they are putting these together would be that the answer is “No”, they are not under obligation. So really what this does is takes away the requirement to disclose everything and makes material omissions legal.



**Fitts:** The last time that S&P downgraded the USA from AAA to AA, do you know what happened? The Department of Justice went after them on mortgage securities.

**Farrell:** That says it all right there.

**Fitts:** So now the rating agencies are scared to death because they will destroy them.

**Farrell:** It is totally unreal.

**Fitts:** One of the things that I really want to discuss in the theme, which will be the last week of the Wrap Up, is: What does this mean to all of us? What can we do?

What you are basically saying is that the information coming to us through the market is irrelevant. So the pricing mechanism going dark is almost more significant than the government running secret books because the way that humans communicate with each other is through the massive price. I buy an apple, and through the pricing mechanism, I can understand the value of that apple to the people who grew it or to the people who want to eat it net to me. It's a very fantastic communication device when it works.

We are replacing this with technocracy and software that is miscommunicating; it's all a part of mind control.

No one has done more this year to flush this issue out than you and Truthstream Media. You both had grand slams on mind control this year. Maybe you could talk a little about the pricing mechanism.



**Farrell:** As far as I am concerned, the problem with the secret books thing with the way that I'm thinking of my hidden finance model that I was using to try to explain what they were doing with setting up secret space programs and black projects and research projects and all this, what this is doing is adding this system – and we have discussed this before in these quarterly reports – and adding this to a system where markets themselves are driven largely by computer algorithm trading; AI. That means that the markets even in an open form, are not genuinely reflective of human market activity; they are reflective of something entirely different.

I had a friend ask me what was going on with the stock market. I told him, “You have to remember that the market isn't what we grew up with, with traders hollering at each other on the trading floor at the National Stock Exchange in New York. What you have are a bunch of computer centers. That's not reflective of genuine human trading activity.”

So now you are adding that system to a system where you have secret books, this is all legal, and they are destroying the pricing mechanism with that and they are destroying the pricing mechanism with the computer trading algorithms, and literally nothing is reflective of any human market activity. So the pricing mechanism is totally gone. You can't rely on it.

Am I going to go out and buy a Treasury bill if I had \$1,000? No way. That's like putting money on a roulette table as far as I am concerned.



**Fitts:** I think that is part of the challenge of 2019. The smart money has been moving its money. Essentially, what you've seen is the real assets moving into the 'Breakaway Civilization' and IOUs being moved back into a pension fund.

If I put \$1,000 into a pension fund that buys Treasury and that money disappears out the back door, then what I have is an IOU from myself as a taxpayer. So I have transferred an asset and converted it into a liability.

**Farrell:** Let's just look at the whole bearer bond scheme and those scandals for a moment. As I pointed out in the Secret Space Program Conference in 2014, governments were assuring us that these things were counterfeit. Well, the problem is that counterfeiters don't counterfeit \$7 bills; they counterfeit things that genuinely exist.

I always interpreted that to mean that there was some sort of hidden bond market out there. Now with this secret books idea, what have you just done? Well, you have transformed all the bond markets into a secret system. How is this supposed to work?

**Fitts:** The thing is that it can't work and the smart money knows that.

I keep bringing up the fact that in the land report the top 100 landowners in America have doubled their holdings. It's either America or the world, but it's the top 100 landowners, and they have doubled their holdings since 2008. Of course, Harvard Endowment is all over the news now because everyone has figured out that they are up and down California buying up farmland and water.



Every time we have these disasters, the big boys are in there buying land and water. It makes you wonder. It's another one of those weather warfare suspicions.

**Farrell:** We will discuss that.

**Fitts:** I think that disaster capitalism has been having quite a party for the last 20 years. I don't want to say that this is a new thing, but I expect that 2019 is going to take disaster capitalism to a whole new level.

**Farrell:** Right. Now you've created the system for it.

**Fitts:** As one of my relatives used to say, "Get out of the way."

Obviously, I am going to spend a lot more time on this one when we do the theme, but I believe that it is extremely important that everyone thinks about what this means to us. The securities involved – the Treasuries and the stocks – thread throughout everybody's world: your insurance company, your bank, your pension fund, your IRA, your brokerage firm. All of the top financial institutions in the US make major markets and have major positions in all of these securities. So the whole system is highly economically dependent on these securities and their values.

**Farrell:** It's a handy thing.

**Fitts:** Our quote from the commentary from this Part One is from Edward Tiller. He says, "Secrecy, once accepted, becomes an addiction."



I think that this is the single worst addiction in America, and it has caused us to be addicted to an official reality that gets us further and further away from real solutions.

Secret books, secret financial markets, and pricing mechanism go dark. Is there anything else in this story?

**Farrell:** No, I think we completely covered it. I look at it as somewhat of a vindication of my hypothesis that there was a hidden system of finance and now it's just showing its hand and taking over.

**Fitts:** For the missing money section we have a special movie section only for the missing money issue, and we have your two presentations from the Secret Space Program 2014, and your two from 2015. To this day, they are the best series on this issue.

**Farrell:** Thank you.

**Fitts:** It's very important to understand the history of it to see it finally come into blossom because that is what we are watching. We are watching something that has been building. It's like a fire that has been building under the grass for many decades, and suddenly it comes up and it's taking over.

It's in full blossom, and it doesn't make sense unless you can see that history.

**Farrell:** And the history is very important because this was something that was deliberately established in the national security establishment by President Truman and with the express purpose – in my opinion –



– of supporting technological development, black projects research, and so on. We are back to square one. These companies own the technology. That is a major asset, and that technology is one that we helped to fund.

**Fitts:** We didn't help; we funded it.

**Farrell:** We funded a lot of access loot, too, which is another murky part of the story.

**Fitts:** I'll give you another factoid – a little trivia before we end this one story. Guess who created the Federal Accounting Standards Advisory Board?

**Farrell:** Oh, I shudder to think.

**Fitts:** It was three officials working under George H.W. Bush, but the lead was Treasury Secretary Nicholas F. Brady, my old partner. It was Dick Darman who died mysteriously at a young age and one other, but I bet– and I don't know if you are going to take the bet – that when this blew up and the Fed had the fire and all that, they turned to Nick. They always turned to Nick for commissions.

He did the 87<sup>th</sup> Stock Market Crash stock market commission. They said, “Okay. You were Secretary of the Treasury. We want you to talk to Rubin and talk to Summers and talk to all the guys who have been at Treasury, and figure out how we kill this once and for all. We need a plan. Go get our plan.”



I will bet you ‘dimes to donuts’ that it was Brady who led the process that came up with this. Of course, it was created under him, so I assume he remembered.

But it is very clever, don’t you think?

**Farrell:** Totally.

**Fitts:** It’s very clever. Good work, Nick.

## **Story #2: Interest Rates Rise – National Security State Squeezes the Civilian Economy & the Outsiders – Debtors, Housing, Emerging Markets, & Small Business.**

Since 1980 we have lived in a world where interest rates have fallen, fallen, fallen. So if you were born before 1960, you remember a world where interest rates might have been high, but if you were born after 1960, you came of age in 1980 and interest rates started falling ever since. So, you’ve had this giant tailwind lifting and pushing you with financial liquidity, and that is the only road you’ve ever known. You don’t understand that’s a phase as opposed to the way the world works. You have no idea what’s coming.

I’m not a great believer that interest rates are going to go to where they were in 1980, but we are now in a world – and I will oversimplify to make a point – where the deep state steals \$50+ trillion. It has all the technology. It has the ability to print as much money as it wants. Now that it has all the money, it’s going to raise interest rates so that it makes more money on its money. How clever is that!



All the people who helped engineer the financial coup, like the Fed member banks, are going to make more money. So the insiders are going to make more money. One of the reasons they want to do this is because the low interest rates have basically pumped a lot of money into sovereign governments and absolutely creamed the pension funds and the insurance companies. That is part of it. Savers have ‘gotten creamed’.

This is so deep and so big that I struggle with a way to explain to people what a momentous thing this is. It raises everybody’s cost of capital – everybody. It’s the ultimate ‘squeeze play’ on the outsiders.

If I’m an insider, I’m protected because I can print more money or give myself more government contracts. If I’m an outsider, it’s real money and I’m getting squeezed.

It is going to change the economics of all activities. If you are an outsider, the squeeze between revenues and expenses – and inflation is now operating across the country at at least 10%.

**Farrell:** The way that you described it is also very interesting, and it is worth mentioning in conjunction with the first story about secret books and pricing mechanism going dark. They are putting the squeeze on the civilian economy. What you said is very apropos. You said that, basically, they have decided that they don’t need the civilian economy and they don’t want it.

This hidden system has now taken over.



**Fitts:** You have printed and pumped out so much money. It's curious because Rob Kirby, who has really understood the missing money issue, is a derivatives expert and a gold expert. He is one of the few people in the financial markets with serious experience and training who has really unpacked this.

Everybody says, "The \$21 trillion can't be real because we would have hyperinflation." They have no idea the extent to which we have created an infrastructure that is masterful at keeping inflation down, but it means constantly ratcheting and squeezing the civilian economy.

Now you are watching with both fiscal and monetary policy – because interest rates are just a leg on the stool of monetary policy – is that they are bringing all this capital back to North America and all these operations and all these high IQ immigrants. As they do that, if they are going to manage inflation, they are going to have to make sure that anything that is not part of their operations is not competing with them for resources.

If you squeeze and slam down on the civilian economy, you protect. They are thinking, "Okay, coming back to North America I have to buy resources and I have to buy labor. What can I do to keep those prices as low as possible while I'm buying? It's fine if they skyrocket after I finish, but before I finish, I don't want any competition."

**Farrell:** The other way to look at this, which I think is worth mentioning, is that if we go back to Dolan's idea of a 'Breakaway Civilization', which I think this hidden finance system is coupled to, what this essentially means is that this breakaway group is becoming much more visible.



It's coming out into the public field and taking it over. That should give everybody a bit of pause because we've discussed this before. Where is all this money going?

I've used the illustration of an electrical circuit: You have so much juice or power or money going into the circuit, and it's being bled off somewhere. It's that 'somewhere' is the crucial point here. This is real money; this is not an accounting gimmick. So where is it going? It's this hidden system. It's the secret books. It's this breakaway group that you are seeing coming out into the open. That is crucial for people to understand. This means that something big is about to change in terms of technology, narrative, culture, or you name it. Everything.

**Fitts:** Let's go back and say it again. The Federal government just announced that it is going to operate as a fascist government.

**Farrell:** It's out in the open. There is no denying it.

**Fitts:** But that did not get any attention.

**Farrell:** Look at it this way. How many people would understand that this is what has happened unless you've been following and tracking certain themes and memes in the alternative media? You wouldn't.

**Fitts:** I will tell you who understands this: We just published a big article that made it very easy for people to find the links. I want to give credit where credit is due. The American Federation of Scientists has done an absolutely fabulous job at following this. They were one of our 2018 donations.



Steve Aftergood and that group have done an amazing job of tracking secrecy in the government. I want to thank them for that.

We just published an article with all of the links to make it easy. I will tell you who will pay attention, and that is global investors. There is not a sovereign wealth fund in the world or a central bank in the world that is not tracking this.

**Farrell:** They have to. They know.

Let me add one thing to this fascist thing. Let's remember Sergey Glazyev and what he said in his op-ed piece during the middle of the emerging crisis in the Ukraine in 2015. He came out and said that our problem isn't with the Nazis in Kiev; our problem is with the Nazis in Washington. And he meant it.

The other thing that we have to remember is Tatiana Koriagana published a piece in *Pragda* before 9/11 saying that the United States would be attacked on its own soil, but that it would be attacked by a group of people with assets in excess of \$300 trillion. So the Russians are very well aware of what is going on here. It's fascist.

**Fitts:** I keep going back to the great line from Leonard Cohen – and I'm assuming that it was about Nazi International – “First we take Manhattan, and then we take Berlin.”

On December 13<sup>th</sup> I issued an economic storm warning, and said, “I think after tax time we are going to see a serious effort to squeeze down on the civilian economy.



I think they will wait until they get their tax take, but then you are going to see a real squeeze come, and it is going to be engineered; it is being engineered now.

*Time* or *Newsweek* came out with a big survey of all the big CEOs: Recession. You could see that somebody hit the switch and said, “Okay, here’s the plan,” because the word gets out.

I used to walk into the board meetings at Dillon Read and Brady would come in and say, “Let me tell you what is going to happen this year. I can tell you what is going to happen; I just can’t tell you exactly when.” So you couldn’t short-term trade it, but you could kind of ‘bet the ranch’ that it was going to go to the right and not the left.

So the word has gone out. There is going to be a recession starting next year. That is ‘sort-of’ official.

**Farrell:** Let’s make sure that we clarify something here that we discussed. We are not talking about collapse.

**Fitts:** No, people with \$300 trillion don’t collapse. No, we are talking about a recession that is engineered.

When you pull all the capital back and you engineer that kind of recession, you are triggering a reverse globalization and are throwing emerging markets into a bear trap because you have lent them tremendous amounts of dollars, and now they need dollars, and you are raising interest rates at the same time.



That is going to put them in a dollar squeeze – especially if you’re saying, “We’re not going to trade with you.”

So you are putting the emerging markets into a bear trap, and you are announcing that the United States is now moving to a fascist model on an open basis. So, the notions of the rule of law of liquidity are getting very scary.

**Farrell:** The other thing that is very important for people to remember is that when we are talking about storm and not talking about collapse, we are not just talking about the United States; we are talking about everywhere.

**Fitts:** Right, and it’s not going to be even. You have the deep state bringing the blood back to center and making sure that the ‘Fortress America’ plan is solid so that no matter what happens, they are great.

Let me tell you what will not be in a recession in terms of activity: Food, water, land, and energy. They want to be energy self-sufficient, food self-sufficient, and on and on, but they don’t want competition from a civilian economy.

That means that you are going to have a gathering storm in the Treasury market, and you are going to have a gathering storm in the currency market. The problem is that if you are a sovereign wealth fund, if you are a central bank, where else do you go? Where is the safe haven?



I get back to this issue of the dollar still being dangerous and dominant. However, we know that across the world we have everybody building out alternatives and a real movement to build an alternative to SWIFT. One of the big resignations is the CEO of SWIFT just stepped down.

When I say ‘economic storm warning’ I am talking about recession, I am talking about a bear trap in the emerging markets, and a real struggle locally to create the liquidity people need for real transactions and real trade and not to be ‘put over a barrel’ by the United States.

**Farrell:** The other important thing to mention here, although we will get back to it later, is that with these buildouts of alternatives to SWIFT, those countries doing it are going to have to base a major part of their systems in space. This is exactly what we see happening. We see Russia, we see Europe, we see China and Japan and India, and all these nations racing into space at breakneck speed, and I think that it is because they are trying to build out this alternative system of clearing absolutely.

**Fitts:** The US Navy controls the sea lanes. So they are trying to get up in the satellite lanes where the Navy can’t control them, or they are trying to build train tracks across Eurasia – between Europe and Asia – where the US cannot control them. As they are trying to build the financial train tracks to get around the US and the empire, they are also building the physical train tracks – whether it’s in space or not; it’s war.

As you know, I rather blew up at one subscriber who implied that my economic storm warning said anything about collapse. My point on collapse is: We should be so lucky.



We are not looking at collapse; we are looking at a move to centralize control, which is being resisted. That makes for economic warfare, and it makes for real liquidity problems.

**Farrell:** It is important for people to understand this. This is an economic warfare model, and I am including financial warfare under the umbrella of the term ‘economic’. But it is important for people to understand that this whole secrecy move is necessary if you are going to fight that kind of war because you can’t allow your opponents to know where your assets are, how much they are worth, and so on. So you have to destroy the civilian economy. You have to squeeze it so that you can create the secrecy that makes your operations financially and economically feasible if you are going to economic war with China and Russia and the Asian powers and Europe. That is exactly what is going on here. It’s very important for people to get that in their heads.

**Fitts:** We should mention in that vein there are legitimate reasons somebody would want to have secrecy. The reality, though, is that the greatest power we have had financially is that we are the creator, the purveyor, and the maintainer of liquidity. When we lost that, I don’t think there are enough weapons in the entire world to make up for it. You are talking about being able to take a dollar and financially leverage it into \$200. That is some major power.

Story #3 brings us right into the full blossoming of the hidden system of finance:



### **Story #3: Piratization Prep: Deep State Utilities Build Out Their Platform.**

We get to say it here: We were right about Q.

**Farrell:** I didn't expect that one, but yes!

**Fitts:** I don't mean to whine, but it is so hard. I feel like a mama bear, and my job is to protect baby bears. I feel very protective towards people's time and money and map. When I see them tricked by hope porn or fear porn, it drives me crazy. I'm trying to improve my character so I don't get so worked up about it, but everywhere I turned in 2018, all that I saw is the deep state consolidating the financial coup, building the train tracks forward, and getting more and more powerful, more and more powerful, and more and more powerful.

In the meantime, over here I have all these people saying, "We're draining the swamp."

**Farrell:** "And we are trusting the plan." The plan has never been revealed, "But we're trusting it."

**Fitts:** When I became Assistant Secretary of Housing I did a bottom-up analysis of legally what our workload was and what our resources were and what our capacity was to calculate out how I could make sure that the organization could perform according to the law. I discovered that I had 7,000 employees, and if I could re-engineer the products to a better state, I could do everything with 250 people.



That would have required re-engineering the transactional train tracks. So over the last 50 years, digital technology has allowed corporations to dramatically do that – to move from 7,000 employees to 250 by re-engineering the transactional train tracks.

We are watching throughout 2018 one of the most unprecedented moves to reinvent the Federal government transaction mechanism. It is so clear, it is so obvious, it is so frightening, and it is so ‘in-your-face’. They really do ‘trust their plan’.

Let me go through and connect the dots. Two years ago Amazon created a cloud for the 17 intelligence agencies so that they could be happy together and share intelligence. When they did the deal, those were the only profits at that point that Amazon had because they were running at such low margins.

They’re trying to consolidate the retail business; they’re not trying to make a profit. They bought the *Washington Post*, which I am assuming was a trade that they did as part of the deal with the CIA – to take Buffett out of the post.

Now we have the 17 US intelligence agencies happy together in the Amazon cloud, and DOD put out a contract that would be let in 2019 called ‘The Jedi Contract’. Note the name ‘Jedi’. The Jedi Contract (back to the Templar theme) is going to one company. It’s a \$10 billion contract to do the DOD cloud.

During 2018 they had a series of legal battles with Oracle, IBM, and several other companies who were objecting to one winner. They finally won and said, “It’s only going to be one.”



I am concerned that it is going to be Amazon, but we don't know that yet. We will have to see what happens. If Bill Gates apologizes for Common Core, Microsoft may be arguing to be on the team. Google is also playing to be on the team. But we know that we are going to have a highly centralized controlled program. All the Federal databases in the hidden system of finance – Bam! – into the Amazon cloud.

The next thing that occurred was Amazon announcing that they were creating two new headquarters – one next to Langley and the Treasury, and the other next to the New York Fed. Now we are really talking about Federal train tracks here.

Then, who is the number one contractor by more than 50% in the US government?

**Farrell:** Lockheed Martin.

**Fitts:** And who was the lead contractor at FAA when 9/11 happened?

**Farrell:** Lockheed Martin again.

**Fitts:** And who ran the information systems for many years at HUD and payment systems, too?

**Farrell:** Lockheed.



**Fitts:** And who was the contractor at HUD when I was Assistant Secretary or when I was Lead Financial Advisor, and who refused to give me the core data I needed for the basic functioning of the operation? That was Lockheed as well.

So who is the lead in related government satellites? Lockheed Martin. What does Amazon do? Amazon Web Services and Lockheed Martin teamed up to make downlinking satellite data easier and less expensive. So Amazon did a satellite deal with Lockheed Martin.

Now we have Amazon next to Langley and the Treasury and the New York Fed, and they have a deal with Lockheed Martin who, if it weren't for spinning out their IT division in 2015, would have the lead liabilities on all the missing money.

**Farrell:** Just call it IG Farben version 2.0.

**Fitts:** There you go! However, it gets better. If you are in the Federal agency and you need a contractor fast, instead of putting out your own contractor, you go to GSA, which maintains schedules. It makes it very easy to access someone through their mechanisms. GSA announced in the fourth quarter that they are going to consolidate 24 multiple award schedules into one. ONE!

So you are taking all these contractors (and all these affirmative action contractors) and you are going to 'slam' them. So this is as if Washington is in a state of shock.

I will keep going. We are in the shutdown, and in a shutdown – as you know – Congress is very busy with their politicking, ———



— but they had the time to do a whole new bill on the Chief Information Office and the information system of the Federal government. And are you ready for this? The head of the CIO for the Federal government announced his resignation. So we know that we are bringing in a real ‘plum’ here. For all we know, Bullwinkle could be the new CIO at the Federal government. We don’t know what is going to happen.

What we are watching – and it’s right in our face – is the complete re-engineering of the whole digital infrastructure of the Federal government.

**Farrell:** Going back to what you said before, the model is the Templars. It is the Vatican model.

**Fitts:** Between Amazon and Walmart, you have a store for everyone. When Amazon picked up Whole Foods, they picked up a store next to almost everybody above a certain income level. You take Walmart, and you have everybody else. Between Walmart, Amazon, Lockheed, the New York Fed member banks, and the San Francisco Fed member banks, that’s it!

You can cut out 90% of the players, and you have a highly efficient system. Talk about squeezing down on the economy!

**Farrell:** It’s a cartel-they are creating an information cartel.

**Fitts:** These are the deep state utilities.



**Farrell:** These are the deep state utilities, this is the information cartel, and this is the Secret Space Program going corporate and going public but keeping all the books secret. It's the Templar system.

**Fitts:** I like to think there are good Templars, too.

Let me add something that we will get to in Story #5. Integrated into all this is AT&T and a series of telecoms doing 5G.

**Farrell:** I'll tell you what is going to happen, and it's already happening in Australia. In Australia, the 5G rollout was brought to a halt because of health concerns – building all the towers. Now the talk in Australia is they are trying to figure out a way to do 5G and make it space-based, which is why I think Australia has announced a big beef-up in their space program.

In other words, I think that you are going to see 5G go into space rather than towers, and that is another reason for this big space race.

**Fitts:** Ever since, you have gotten all these sudden announcements on all these satellites.

**Farrell:** Exactly.

**Fitts:** Back to my sense of inadequacy: How do I help people see that there is no draining of the swamp? The swamp is in full blossom.

**Farrell:** I think it goes to what we are going to discuss later, which is: If you were Mr. Global, whom would you put in charge?



Let's put it this way: They will make a show of draining some of the swamp creatures.

**Fitts:** Remember that with Mr. Global, you have this whole world of financial coup people who you don't need anymore. Not only are they very wealthy, but also they are very dangerous and superfluous. So how do you get rid of them?

I always believed that the 'Q thing' was being organized to help you get rid of the people you wanted to get rid of, some of whom were swamp and some of whom were clean.

Remember, the full targeting of Catherine Austin Fitts was portrayed as 'cleaning the swamp'.

**Farrell:** That is exactly what they are going to do, and we will talk about that later. I think that they have to do it for reasons that we will get into later.

**Fitts: Story #4: Cash is King: Stocks, Bonds, & Commodities Drop Together.**

We see stocks down, bonds down, commodities down, and everything is down together. Normally when stocks are down, you go to the bonds. Who wants to go to bonds?

**Farrell:** If the pricing mechanism and the books are all secret, who wants to go to bonds?



**Fitts:** In the meantime, the cash is coming from the place where everything is secret. Part of the problem is that you see such bazaar behavior in the markets. Mnuchin calls all the bank and screams and the next thing you know, you have what is clearly a massive intervention by the Exchange Stabilization Fund.

One of the great lines from Rob Kirby, which is attributed to Chris Powell because he made it famous is, “There are no markets; just interventions.”

The Exchange Stabilization Fund has clearly been busy. I think that is driving people into cash, and the big question for many people is: “Where do I go?” I’ll talk about that later in the Wrap Up.

I posted in the 3<sup>rd</sup> Quarter Equity Overview a link to a Swiss money manager who I used to work with, and he basically said that family savings is precious. I agree with him that in a world where there is no pricing mechanism, you need to decide what is real, and you need to invest in what you know and believe to be real, and you need to live with the consequences of your decisions. But you are going to have to decide personally, what is real and what has value, and you had better make wise decisions.

I think that is the key for most people. When you are looking at how you deploy your time and how you deploy your money or other resources, you have to put everything into things that are real. So where can you find integrity?



This is one of the reasons I stopped being an investment advisor and started to do screening. I wanted to spend all my time on companies that are doing something that is real.

When I talk with you about the corruption, you start to feel like everything is corrupt, but it's not. There are thousands of good companies running around doing very mundane, basic things that everybody needs, and they are not corrupt.

**Farrell:** In a sense, what we are talking about is that everybody is going to have to become a venture capitalist and look for real things to invest in and bypass all the big institutions that are part of this fascist system that is being built up. Find hard assets or good investments at a local level and, on your own.

**Fitts:** Or a good company. I still think that there are good companies out there. The Chuck Lorre concept that I always use is that most people get up in the real economy, and they are going to starve unless they do something productive. That is a mighty force, which is seven billion people. The deep state is harvesting them, but you and I are only going to make our daily bread if we do something productive. Thank God, because look at the books that have come out!

I was in the Netherlands reading your latest book on mind control, and it is genius. I said, "I know that if Dr. Farrell won the lottery and ended up with \$100 million, he probably wouldn't have written this book."



**Farrell:** Probably not.

**Fitts:** Good things happen.

### **Story #5: The Internet of Things, Profits, and the 5G Launch.**

I've covered the 5G launch a lot, and I'm going to cover it much more in 2019, so I don't feel as though I need to describe it in detail. I see from a market point of view that so many of the things the deep state is planning on depend on an internet of things. If you look at their operational dependency and their need to control the population and their economics and everything, they are 100% entirely dependent on the internet of things working.

If they have to kill half the population with EMF radiation, it doesn't matter; they are going to do it. It's an economic tsunami. I hate to say this, but I think that this is one of the reasons they prefer robots – because humans can't adjust.

**Farrell:** I think you are right.

**Fitts:** On that 'cheery note', I want to mention one thing. We had a team member in one of the cities where the early 5G rollout hit, and in the first month it really had a dramatic impact on their productivity.

If you are having a dramatic impact on your productivity, rather than just going to the doctor, you need to check and start to take action.



We had a wonderful subscriber this year hire a firm to do an EMF radiation review of her living space. What she found and was able to remediate was incredible. It made a huge difference.

Because these things are physically invisible, we don't realize how 'real' it is. I strongly suggest that you look at your living and workspace and the EMF radiation, and start to take this very seriously. This is going to be something that we are all going to have to learn about.

Those are the top five stories in Economy & Financial Markets:

Story #1: Secret Books

Story #2: Interest Rates Rise

Story #3: Piratization Prep

Story #4: Cash is King

Story #5: The Internet of Things, Profits, & the 5G Launch

All these auger a 2019 radically re-engineering to a much more centralized system.

**Farrell:** I agree, and it's going to be so fast that it is going to make people's 'heads spin'. This year is going to be a storm.

**Fitts:** It reminds me of the scene in the Batman movie. Do you remember it?

**Farrell:** Which Batman movie?



**Fitts:** It was the one where Batman is dancing as a civilian (not in disguise) with a woman. She tells him that a storm is coming because people like him have not left enough.

Do we have anything else on Economy & Financial Markets? Or can we go to Geopolitics?

**Farrell:** Let's go to Geopolitics.

**Fitts:** Geopolitics.

### **Story #6: Deep State Secrecy – Censorship, Coup by FASAB, Climate Confusion, & Cultural Wars.**

What I mean by this is: In a world where everything authentic, real, and important are just about a secret, what you get outside of that is madness and confusion. You have bad maps and people are trying to navigate with them.

Talk to us about a world where everybody is being sold bad maps and are being mind-controlled. What has resulted?

**Farrell:** I think that what you are looking at, quite frankly, is the emergence of, what I call, the gnostic culture. You get the idea that things and reality can be defined by mere manipulations of language. You have pointed out that this move to transgenderism and so on is really a move to make robots taxable, which I think is true, but I think that there is an even deeper agenda with this linguistic manipulation of things.



We recently watched the European Union come out with new rules for using gender-neutral language. I think that what is really happening here is an attempt to divorce people from the traditional roots of this culture. If you manipulate the language in such a way that the language is no longer based in that tradition, and you are creating a new tradition, then you are cutting people off from those texts and cultural monuments which preexisted. By manipulating the language, you are teaching them—very subtly—a form of mind manipulation. You are teaching them to look at those monuments and look at those texts not from the standpoint of trying to understand them, but from the standpoint of, “See? This is all representative of a patriarchal society or a homophobic society or what have you.”

In other words, you are teaching people to react to a text rather than interact with it. So you are cutting the entire culture off from its own historical roots, and that is a very, very insidious agenda. It means that you are replacing old maps with new ones, and the new ones aren’t going to work because you are trying to manipulate reality again.

**Fitts:** They are not going to work for the people using them, but they are going to work for the people who are trying to harvest them.

**Farrell:** Exactly and that is what is at stake.

**Fitts:** I think that part of it is that you want to slip the robots into the human labor system. Part of ‘gender X’ is doing that.

The other thing is that you want to look at the individual human being the way that you look at an oil deposit: it’s a resource. You want to be able to play with it, access it, and use it in very dynamic ways.



**Farrell:** And you have mentioned something very important. Let's go back to what happened in the business world where this agenda was first rolled out. What happened is you had 'departments of personnel' in corporations change to 'departments of human resources'. That little change of language – that little change of terminology – determines what their agenda is. You are getting rid of the idea of humans as persons, and substituting the idea that we are nothing but chattel of resources to be harvested.

**Fitts:** A corporation is a 'person', but people are 'resources'.

I was recently discussing with you about Sofia Smallstorm's latest newsletter, which is fantastic. I really recommend it to everyone. One of the things that she really points out is the lawsuit related to the woman who donated cells that have been used for the cancer tissue culture- it is a very famous legal case-and how the courts basically ruled that once she had given the testers the sample, they owned the material. It wasn't her cells; it was their cells, and she transferred ownership of the physical material.

She describes that legal precedent and then looks at the DNA testing and says, "As a matter of law, if you look at what this legal precedent says, you are transferring ownership of your DNA to whoever got the sample."

If you look at what can be done with those materials, and the idea of a human as a resource as opposed to a person, and you integrate humans with digital technology that you can access through the internet of things plus mind control and all this, \_\_\_\_\_



— now you are really talking about massive physical, mental, and emotional electromagnetic manipulation of people and their materials in ways that maximize your agenda.

**Farrell:** That is exactly what is happening.

**Fitts:** That is at the heart of transgenderism.

**Farrell:** I think that you are watching the emergence of a deliberately engineered ‘gnostic culture’. These manipulations of language as a technique of revolution and as a technique of cultural subversion and institutional subversion, this is very, very old. In other words, it’s not something that you think of Gnosticism in terms of religious terms, vis-à-vis the church. What I am saying is that they have taken that entire model, and they have secularized it. This has become their template of action so that their manipulations of language are now being done to manipulate people away from any grounding in the traditional culture and plug them into this harvesting mechanism.

**Fitts:** I want to turn to the environment for a bit. One of the things that I did during 2018 is getting so frustrated with somebody who wants to talk to me about climate change. When I was in Scotland and France I had screaming matches. I made two points: The first thing is that if you try to bully me on this, it won’t work. I do not respond to bullying; I respond to intellectual engagement. So if you want to engage me with facts or intellectual arguments, I am happy to do so. I am happy to get clear about how we disagree, but if you try to bully me or pull my emotional heartstrings, “People are dying,” it won’t work.



The second thing is that I am going to sit down and write a list. If you want to engage with me about climate change, you should be able to address these 20 items: Weather warfare, ionization of the atmosphere, global spraying, and on and on.

Finally I said, “I’ve written it up once before, but I am going to write it up again. So if you want to have a discussion of climate change or the environment, I am happy to do it, but I want you to address all these issues, which are all outside the line of what is the official consensus of reality.” From now on, I am just sending it to everybody. If you want to talk to me, fine, but read this and then we will talk.

What I am seeing around the world is a real effort by the deep state to get the young people to adopt a false map about the environment and climate, and then as a result embrace central control and socialism.

**Farrell:** I have gone around and around with an individual on my website about climate change. He cites the official narrative that these things are really happening and species are dying and so on. This means that the planet is dying, and this is the apocalypse and mankind is to blame, so we need a centralized government. It’s the full narrative.

My response has always been that the narrative never takes into account that there are technologies that have been developed. You have mentioned the spraying of the atmosphere and the ionization of the atmosphere. These are man-made things, yes, but they are not part of the narrative because once they become part of the narrative, then the deep state is clearly front and center as having created most of these problems with their technologies that they are using to fight their wars. So this is the problem.



I am wholeheartedly in agreement with you. Until we get people to understand that there is a true aspect of the narrative – that a lot of this is man-made, but it's not man-made in the sense of industrialization and so on, but that it is man-made in the sense of chemtrails, nuclear testing, and weather warfare, ionospheric heaters, and on and on- it is really superfluous to talk about climate change.

**Fitts:** Right, and yet we are going to see more and more people who have been completely mind-controlled on this subject. It is beginning to feel like 'World War Z'.

**Farrell:** You can illustrate this fact by going to a university or college where they are teaching this to kids. Ask the professor or ask the students taking these courses, "Have you talked about the ionospheric heaters? Have you talked about magnetic field resonance effects of CERN? Have you talked about any of this?" The answer is, "No. What is all that about?"

That is the problem right there.

**Fitts:** I think that what we can do is keep pouring out good questions like that.

Let's turn to the cultural wars. Climate confusion is one big issue. With the cultural wars, I am now going to talk like an elitist because I was raised as an elitist. Somebody once called me 'an illuminati's gopher'.



**Farrell:** Because I went to Oxford, some lady wrote Georgeann Hughes years ago that I was a card-carrying illuminati. On my website I cut out a membership card of the illuminati and posted it on my Facebook page, “Yup! Here is the card!”

**Fitts:** I was raised to believe that all culture wars were just a trick. It’s as though you throw out a dog bone and two dogs fight with each other for the bone while you steal their puppies. Cultural wars were something that patsies did, so I tend to completely ignore them.

I saw a video of Tucker Carlson giving a speech at the Independent Institute about the cultural wars. It was very good and very funny. It was on his book tour for *Ship of Fools*. I said, “I don’t agree with his fundamental premise that this is all happening because the people who run things are idiots.”

My experience with the people at the top of the deep state is that they are all pretty competent, and they tend to try to hire and buy up the best talent. They have all the money on the planet, so they can get a lot of good talent.

I got Tucker’s book, and I was going to put it in my stack of 300 books that must be read. I started reading it, and it was very entertaining, and it’s a short, quick book, so I sped through it.

He has a couple of people working for him and, because of what he does, he gets the best stories of the crazy, insane things happening in the cultural wars. So, I put a book review on the website.



But one thing that I realized is that if you are stealing people's money and destroying their human rights and turning them from a person into a resource, on projective identification you cannot attack them for exactly what they are doing because that is not going to be entertaining enough. You have to come up with an attack on them that is just wildly engaging and entertaining.

The cultural wars are basically a brilliant tactic to keep attacking the person you are stealing from and destroying. If you look at the intensity, the 'shriek-o-meter' has to raise the volume. If you look at the absurdity of where they have come to in 2018, I tend to ignore it. "Only fools pay attention to that stuff." But then I thought, "Whoa! It's unbelievable".

**Farrell:** I know it is, but as far as I am concerned, the intensity of the attack is because they realize the biggest obstacle they have in their plans is any sort of continuation of traditional Western European culture. That is the biggest obstacle they have.

The problem is that it cannot be solved with robotics; it cannot be solved by turning humans into cyborgs. Ultimately, there is going to be some sort of cultural resistance. This is really a war on the civilization of roots in this culture, and this is why it is all-important for people to understand that.

I go back to what I have said endlessly in these quarterly Wrap Ups: "People have to own the culture."



**Fitts:** If there is one line that you defend, that is it.

When I was going through the litigation somebody made me play a game where you take a piece of paper or an index card, and write all your possessions on it. Then you go through a house, and in every room you have to give up one. When you come to the last room, you have to choose between the last two. I had to choose between freedom and my life – which was more important? I chose freedom.

These people are slavers. Slavery is going to a whole new level of depravity here with transhumanism. I said, “I would rather be dead than be a slave.” It’s not just that, but it’s so depraved.

We are in that kind of situation, and I think the last card is that you have to own the culture. That is what we are saying. My decision was a choice between two cultures.

**Farrell:** We are quite literally in a situation where we are returning to somewhat of a Dark Age. I’ve never liked the occultation of Dark Ages for the Middle Ages. They were anything but that. To a certain extent, it’s true. When you consider all those monks and their scriptoria writing and copying their manuscripts and trying to preserve things, that is what we are being reduced to. It’s all-important right now to maintain the culture to a degree and a level that you are capable of.

**Fitts:** When they fail, we need something to return to.



**Farrell:** When they fail, there has to be something left to fall back on. I view this as not something that is for us, but for children, grandchildren, and great-grandchildren.

**Fitts:** It's the human version of seed banking.

I think that climate confusion and cultural wars are going to be very pronounced during the year, and the reality is that you can't get beyond them. I can't get beyond them.

**Farrell:** This is what is going on. This is the perfect time to talk about Monsieur Macron.

**Fitts:** Macron is the poster child of cultural loss.

**Farrell:** He is the poster child of technocracy and a complete idiot when it comes to culture. This is the President of France and he says, "There is no such thing as French culture."

**Fitts:** Apparently he hasn't been to France recently!

**Farrell:** Apparently he's not stepping outside the Elysee Palace very much!

Just in the last couple of weeks he came out with this absurd announcement about all these protesters, and asking them to return to the time-honored French tradition of peaceful protesting.



I was thinking, “Hello? Did we forget about Robespierre and Danton and people like that?”

**Fitts:** First of all, there absolutely is a French culture.

**Farrell:** Of course there is!

**Fitts:** One of the reasons we know that there is a French culture is because, if you look at the French stocks and the French G&P, French culture is making France a fortune – from the fashion, to the design, to the consumer goods, to the wine, to the food, and on and on.

The notion that an investment banker wouldn't know that and would try to destroy a brand that is a major part of their G&P – you can't fathom it! It's like the American President standing up and saying that there is no national security state.

**Farrell:** The common irony is that you have all these protests going on in Europe – from Italy to Hungary, Austria, Germany, France, the Netherlands, and Spain – and they all have one thing in common. I don't view these as political movements. This is the problem that I think the Eurocrats have. They have no culture other than their precious European Union. What they are confronted with is a group of people in all these countries who say, “We like our French culture. We like our Italian culture.”



**Fitts:** They are trying to implement technocracy and create a transhumanist world where there is no culture. But here is what is interesting: I was in Chartres, and then in Normandy at Mont-Saint-Michel. Then I went down to Southern France, and to the Pyrenees and then to Toulouse. I drove through Cathar country. Everywhere I went French culture was in full blossom. The French adore their French culture and are enjoying it and promoting it and nurturing it and like it.

The French culture is so powerful and thriving. Everywhere I turned I saw French culture.

They are feeling the squeeze like everybody else. So, I'm not saying that they're not being enervated by the squeeze because they are, but the French culture is in full blossom.

**Farrell:** This is my point. These movements in Europe are not about politics; they are about culture. This is what the technocrats don't understand.

I think that the Europeans are waking up to the fact that they have to preserve that culture or they are going to lose it all.

**Fitts:** Right, and that is easy for them to do because they love it. They love it!

I was in Sofia for the opera, and I went to the Viennese opera. I went to the concerts, and there were concerts everywhere. They love their culture, and it is in full blossom.



I hate to say this, but the transhumanists are absolutely losing the war everywhere I go in Europe.

**Farrell:** The problem is that you get people like Merkel. Angela Merkel recently gave a speech saying that nations are going to just have to give up their national sovereignty. You translate what she has said from a political context into a cultural context, which is what she is actually talking about in the guise of politics, and what she is really saying is, “You are going to have to give up your cultural identity.”

That is the rub because no one wants to do that, and you can’t blame them. That is exactly what she is talking about. It’s going to hit this country, and it’s going to hit the deep state technocrats in this country.

I think that if people wake up and realize that when they are talking about their global plan and their global technocracy and so on, you need to translate what they are saying from the political context into the cultural context. Once you do that, then you understand what is at stake.

**Fitts:** This is one of the reasons I think your book was so valuable. You describe the effort to really corrupt culture and engineer and get people mind-controlled into thinking that they like what they hate.

I had a very interesting experience visiting the Salvador Dali Museum in Figueres. I was in the French Pyrenees, and came upon it. He was an unbelievably gifted artist. I had never seen his early work, and it is absolutely breathtakingly beautiful.



**Farrell:** Let's look at another famous artist and use that as an example of this cultural transition and delivered correction, and that is Picasso. Picasso's early work is fantastic. He was very talented.

**Fitts:** And then you watch him go into this ugliness. I had lunch with someone who grew up and knew him and his family. What you realize is that there was enormous political pressure and financial pressure for him to paint 'crap'.

**Farrell:** He was an extremely talented artist.

**Fitts:** There was an enormous political intelligence agency agenda to identify, cultivate the best artists, and convert them to things that make people incoherent.

**Farrell:** I use the illustration of *The Emperor's New Clothes*, the children's tale, as an illustration of this pressure. If people can start thinking of *The Emperor's New Clothes* as being this cultural agenda to get people to say they like things that they really don't – which is what the story is all about – it's all about peer pressure. The Emperor is parading naked down the street, and everybody is saying, "Oh, what fine work and detail on the clothes," until a child says, "He's naked!"

That is precisely what is going on; it's a type of mind manipulation through peer pressure. You encounter this all the time in the modern 'quack-ademy'. It's time for people to stand up and say 'no'.



**Fitts:** One thing that I want to bring up is Congress is trying to engineer a bill to criminalize boycotts of Israel. We have seen that go around the states. If you took disaster capitalism money, the different states like Texas and I think Maryland have done it. There have been many of them.

The Israelis, between dual citizenship and these kinds of laws, are absolutely on the move to control the minds of men. I just think that they need to get outed.

**Farrell:** They need to get outed in a major way. This dual citizenship scheme has to stop. Talk about foreign collusion!

**Fitts:** There is a serious foreign collusion in our political process. One thing that concerns me is that I've been told they are really in the lead on pornography and using pornography to create control files and online systems. I've never researched this, but I think that game of organized crime and the creating of control files – whether it's the US intelligence agencies or the Israelis – just needs 'a lot of sunshine'.

There was one FBI agent in the 1990's who stood up and said that Israel was the number one threat to American national security.

**Farrell:** I tend to agree. Don't get me wrong; I think that Israel has every right to exist as a nation state, but that is not what we are seeing happen. We are seeing special status being granted to dual citizenship here.



**Fitts:** And basically someone blew a whistle and said, “You can now go finish killing all the Palestinians.” It’s genocide.

**Farrell:** It’s not going to change until that is addressed. If we can talk about Russian collusion and interference with the American process, then we can talk about that, too.

**Fitts:** Story #7, which along with the Secret Books, in my opinion, is the most important story of the year:

### **Story #7: 9-11 West: Are Thermal Warfare & Disaster Capitalism Spreading Across the US & EU?**

Thermal warfare on American citizens is happening, and it is happening with a concurrence and approval of the American government.

**Farrell:** I would agree.

**Fitts:** In 2017 we had the Santa Rosa fires. There were many fires, but the Santa Rosa fires were the most obvious ones. Because I have so many subscribers out there, I was getting plenty of individual reports. If you look at the individual reports that I was getting, it was thermal warfare.

I came to the conclusion after reading hundreds of reports and looking at all the pictures that essentially, you had all part of ‘Make America Great Again’.



They were bringing many operations back fast, and they couldn't tell people what they needed to do. I think that the Administration made a deal with the tech industry in the summer of 2017, and the tech industry said, "If we have to bring in more companies, we need a few hundred thousand acres to create a Silicon Valley North."

It's clear that they are going to need high-speed trains because the housing prices in the cities are such that they need to extend bedroom communities. They are watching what China is doing, and China has had success with high-speed rail. We have to get serious about this.

They are stacking functions, so there are many things going on, but they are on their way to building major infrastructure north of San Francisco and north of L.A. to bring back what they need to bring back, and they are bringing in many engineers and experts.

That was one thing. You certainly saw people killed, but it didn't look like full-scale genocide. In 2018 we saw the Paradise fires where they basically encircled something, and obliterated it.

These things can't happen unless the US military stands down or facilitates. If you look at what we have seen from the Army Corps of Engineers or FEMA going in afterwards, this is a government-managed process. We know that there is a lot happening with disaster capitalism, including disaster recovery funds, which we will talk about shortly.

The US government knows what is going on.



**Farrell:** It has to. As far as I am concerned, you have the signature of some sort of technology being used to generate these fires. You can't tell me that houses burning down next to shrubbery that doesn't burn, or buildings burning down but plastic playground equipment isn't burning, or the metal rims on vehicles have just melted into the pavement, and there isn't some type of technology at play here – be it smart meters or whatever.

I had somebody send me an article of a lady who toured around Paradise after the fires. She showed pictures of some of the partially burned houses where the fires had started at the electric meters. There is that theory.

There is another theory of the exotic energy weaponry, which I pay a lot of attention to in this regard, because it is clear that the damage out there is anomalous; this is not a forest fire.

The government is playing into the narrative now because Trump wants to bring back logging and all that to prevent forest fires. Well, these are not typical forest fires.

I think that you are looking at disaster capitalism. While we are at it, we were talking about your idea that this is also a way to get rid of mortgage fraud. We have seen the state of Washington adopt the military stance on eminent domain to make it much easier. I think that this is going to spread through the whole West Coast, and we are talking about California. I think that they are aiming to create some sort of a special national security status for California or regions of California similar to the District of Columbia. So, they are going to have their little National Security conclaves out there.



**Fitts:** It makes a lot of sense. If you look at how much they built in Asia and how much they have to bring back from Asia and the fact that Asia is growing, the national security infrastructure interest in all the different operations in California are such that it makes sense to say, “Okay, we are going to do a DC thing. That will give us what we need to do the high-speed rail.”

I believe, just from watching what has happened so far, that they have a design. They have architectural specs on what they want California to look like in ten years, and they are just moving. You will hear people say, “This is Agenda 21,” but I think that this is much bigger than Agenda 21.

**Farrell:** Absolutely. For one thing, you have too many national security breakaway civilization installations in California to begin with anyway. You have Lockheed Martin, you have all the Skunkworks, and Helendale in Southern California. I think that they are going to transform the whole state and use that as their beta test model for doing other regions like that around the country.

Let’s remember the other thing that they have to do: They have to disperse their manufacturing base. They have to do that because they don’t want centralized targets, to put it bluntly.

**Fitts:** Which tells me that the thermal warfare is going to spread across the country. We have seen it in Europe, we have seen it in Greece, and we have seen it in Scandinavia and Canada. I haven’t looked closely at the fires that happened in Tennessee several years ago, but it wouldn’t surprise me if they fit the pattern.



I think that it happened in Spain and Portugal. It is essentially happening throughout the G7. That is what we are seeing.

The thing that is so important about this story is to understand that there is no push for a Constitutional Convention. They have decided, “We are not going to bother with any of that.” This is a ‘Nike thing’, “We’re just going to do it. We have our plan, and we are just going to do it. Nobody can stop us.”

That means that we have the money and the wherewithal to act above the law.

**Farrell:** To a certain extent, they are acting above the law, but the crucial thing – and I blogged about this when it came out – was this eminent domain thing in Washington State. That was the signal that there were big things coming, and it is important for people to remember that came out prior to the Santa Rosa fires.

In other words, they created their template or their model, and they are accomplishing several objectives. I agree with you that one thing that they are doing is writing off many bad mortgage paper in the process, and they are able to pick up land on the cheap; pennies on the dollar.

**Fitts:** Let me bring this up: There was one week as the Paradise fires were finishing, and it reminded me of when I was Assistant Secretary of Housing and had a huge war with my regional administrators. There were all these things that I wanted to do to clean up the fund, and they told me that I couldn’t do them. It was a long list of items.



Then there was a disaster, and suddenly, they started doing all those things. They just happened to be in Washington at the time.

I had a huge screaming match, and I said, “I waited around here, and you told me that I can’t do any of these things. But now, you are all racing and doing them. What am I missing?”

It turns out that during a disaster all bets are off, and the ability to spend money without accountability is frightening.

I remember telling you that there was major mortgage fraud in San Bernardino and I was really worried about fires and other things, and what happened? There were fires in San Bernardino. There was always a pattern. Wherever you had these high clusters of mortgage fraud you would get disasters. Over many years there was such a coordination or coincidence that it couldn’t be a coincidence. You would see the mortgage fraud get written down in these disasters.

So, as the Paradise fires are ending, suddenly Buffett starts buying JP Morgan Chase stock and Bank of America stock. Buffett is the lead investor in Wells Fargo with all the fraud. I said, “Wow!”

So the Fed has been buying these bonds that are worthless. That is what I think was going on. I think that Wells Fargo was creating these packages that were phony and putting them to the Fed. They were getting massive subsidies for who knows what reason. We don’t know what it might have been. Now they can write it down into the FHA.



I had a deputy who would say that the FHA is where mortgages went to die because they can put them in for \$0.99 on the dollar even when they are worthless. In the middle of a disaster, the tearing up of rules and standards is just frightening to watch.

That same week, you have the FHA commissioner go to Congress and say, “We are going to take a \$14 billion write-down because of appraisal problems.” That is total ‘ya-ya’. They were killing two birds with one stone because now they come out with a system that says, “We don’t need a local appraisal. We are going to do it all online and digital,” which means that you can control the complete appraisal system centrally. When I was in France, they were doing the same thing there. They were trying to cut out all the local people and all the local appraisers.

**Farrell:** Aren’t secret books wonderful?

**Fitts:** Now we are going to have secret real estate.

**Farrell:** And secret appraisals.

**Fitts:** One little known factor is that the mortgage funds in the government – VA, FHA – generate premium income, and it builds up surplus.

It used to be that surplus was supposed to go back to the insurance holders; it was mutual. But if you skim it out the back door, this was a way to skim it out the back door.



I said, “You know something? The Fed and the banks are having a party burning up mortgage fraud paper.”

As soon as I said that, the amount of money that I had to spend for hacking went skyrocketing. I will tell you that if you look at the pushback that I’m getting, I will bet that Harvard and their pals are having a party, and the New York Fed member banks and the San Francisco Fed member banks are having a party on this. I haven’t figured out how, but if you look at their fear about it, it’s there.

What Buffett knows when he started buying those stocks is that their balance sheet is much cleaner than everybody else thinks. The question is: Why? What does Buffett know?

**Farrell:** We will get back to him.

**Fitts:** One theory, of course, is that California was angry about the money that they were losing on sanctuary cities, and disaster recovery was a way to get it back.

**Farrell:** That could be.

**Fitts:** That is why Trump went out there screaming about disaster recovery money. He saw his Treasury getting raided.

Let’s talk about Trump for a moment. We will get to the report card later, but I want to talk about Trump right now.



What we are saying is that in the Trump Administration, books have been entirely secret, and California is experiencing the genocide of US citizens by something that has to involve the knowledge or operations of the US government or their contractors.

**Farrell:** I think that you are looking, not so much at the government per se, but let's just say there are certain factions in it that have their hands on that technology, and they are willing to use it.

**Fitts:** Right, but the government has to know. The US military controls the US air space. We do get something for \$800 billion a year.

Let's think about this again. The deep state utility train tracks are being built out. Those are all government contracts being led by the executive agencies – the Jedi contract and the GSA rescheduling. So, you have the executive branch aggressively moving under Trump to build out the deep utility transactional train tracks. You have the secret books. The DOD under the Trump Administration is building those out. You have the California fires. Where do you see signs that the Trump Administration is draining the swamp?

**Farrell:** I don't.

**Fitts:** I don't either.

**Farrell:** What I see the Trump Administration doing – and I go back to the model that I adopted prior to the election – is that there is a segment of the deep state behind him opposing another segment of the deep state that was behind Hillary. That is what I see. —



This has come home with a vengeance with all the Bushies that he has been appointing lately. I think that you are seeing the divorce of that whole Bush/Clinton nexus. I think that is what is happening.

**Fitts:** There is clearly a divorce. To what extent is it possible that some of the Democrats who are pushing back are pushing back against what they perceive to be fascism?

**Farrell:** The problem with the Democrats is that they are every bit as fascist as what they are complaining about. This has been the problem all along.

I don't think that the incoming freshmen have any real appreciation of these nuances that we have been discussing. I certainly think that people like Chuck Schumer, Nancy Pelosi, Diane Feinstein, and the other senior Democrats know good and well what all this is about because they have been a part of it for so long.

**Fitts:** One of the reasons I think the fires are the most important story is because I have gone back and studied the Phoenix Program in Vietnam where they were essentially rounding up the population and moving them someplace or killing them. Basically, they are saying, "Get on board or die."

It's almost as though we are watching a variation of the Phoenix Program go down in California. So whether it's eminent domain happening – which was actually either Washington or the fires – they have a plan for how they are going to rebuild the country and redesign the country.



Essentially, what they are saying is that the civilian population and economy is irrelevant to us, and we reserve the right to redo everything in the way we want, and we have no problem killing or stealing; this is war against the domestic population.

We want to keep it secret, which is hard because we are doing it right out front.

There was an article in *Time Magazine* about the Paradise fires. I think I sent you the picture, which speaks volumes. They are saying, “Look, we are using directed energy weapons to eradicate you, and we feel free to do it and pretend that it’s a fire.”

**Farrell:** That is the plan. The Q-Anon thing constantly talks about trusting the plan, although on Q-Anon they never tell you what the plan is. What we are trying to do is lay out what we think the plan really is. It’s about reinventing the country and moving it into this undisguised fascist economic and social system.

**Fitts:** So I think we have to ask the question: Is the wall to keep people out or to keep people in?

**Farrell:** It could be a bit of both. You can’t have their national security state bringing in a bunch of illegals, many of whom are criminals, and expect to have your state prosper. That is number one. Number two, you can’t have your national security state and have people leaving the country who may be valuable to their resources by the same token. So it could be a bit of both.



**Fitts:** One of the things that I think we are watching is-just as we saw the in Spain with the Catalonians-a war over the drug business. Most of the intelligence enforcement and other experts I know say that the wall is not cost effective for controlling the border. However, if you want to control the trafficking, the faction who controls the wall will control the trafficking. So, if you want to engineer financial control of the trafficking and ownership of the trafficking, a wall is crucial.

This is why the Democrats are screaming. They are so dependent on both flows.

**Farrell:** It's the divorce between the Clintons and the Bushes. We will get back to why we think that later.

**Fitts:** I have to tell you that if you look at what is going on, it appears as though the wall can throw everything out of California and into Texas. So, it will be a Bushie coup.

**Story #8: Mid-Terms: GOP Wins Senate. Dems Win House. Trust in Voting Systems Continues to Deteriorate.** And as part of this we are going to do the Trump Report Card.

Regarding the elections, what happened?

**Farrell:** You put it this way and I totally agree with you: I think that there was massive fraud, but there has always been fraud in the election system. What really happened – and your insight set it off – is that elections are being reduced to surveys. That is what they really are.



The other part of this is that they have used the midterm elections to return us to the status quo of ‘bipartisanship’, which means that nothing is going to get done that needs to get done. I don’t see the GOP as being a viable opposition party.

**Fitts:** What it means is that the only ‘person’ who could get something done is the deep state. The CIO legislation goes flying through – no problem. So ‘bipartisanship’ means greater deep state control.

**Farrell:** That is exactly what I am saying. I think that what you are going to see as possible backlash from this is Spiro Agnew’s old silent majority, or the Trump coalition, or the Reagan coalition, or whatever you want to call it going into the ‘woodwork’. It is going to gradually take itself out of the process altogether.

**Fitts:** It is being eroded and beaten down.

**Farrell:** It is being beaten down, and it’s going to disappear from the election process. That is going to distort the elections and the election results, and it is going to embolden that faction of the deep state in a way that could be very hazardous because simply removing it from the election process doesn’t mean it’s gone away; it just means that they have given up on that.

I mentioned something earlier in this respect that I think is important to remember. New Jersey passed a law where magazines holding over a certain amount of bullets had to be turned in, and over one million people did not comply.



**Fitts:** Tony Soprano did not turn back his magazine.

**Farrell:** Precisely, Tony Soprano did not turn in the magazine. That was a huge signal right there that, not only is that segment of the population giving up on the election process, but it's not giving up its arms either – which is a bad sign, but it is a telltale sign.

**Fitts:** One of the stories that I put up was the 'Democratic blue wave was real'. I don't think that the Democratic blue wave was real; what I do think was real was an effort by the CIA and the intelligence agencies to field many young people who will support socialism and transhumanism.

I hate to say this, but it's the 'nimnuts'. They used the freshman congresswoman from New York to kill the \$21 trillion. It was very clever the way that they did it. You could tell that the A Team was on the case. It was very interesting because all the time you were hearing that we were draining the swamp, and all 60 freshman congressmen go to Harvard for a week-long briefing. Why is the deep state in charge of briefings?

**Farrell:** It's a fake blue wave.

**Fitts:** They are not being briefed by Congress or government people; they are being briefed by the deep state.

**Farrell:** Precisely, and that is why I think, like you, that the blue wave was engineered.



**Fitts:** It's too bad because I think that there were a lot of truly great people working for Bernie Sanders who were disappointed.

**Farrell:** It was because of this Harvard briefing that I think there was a massive amount of election fraud. They had to get the socialists back in. They had to get their faction back in to do some sort of battle with the people backing Trump. It's more deep state infighting as far as I am concerned.

**Fitts:** One of the most depressing things that I have seen during the last year is continually seeing somebody say, "I want you to work for the Administration. I want you to run for President," and I realize that you haven't heard a word that I've said.

In other words, if we want real change, what we need to do is to take the actions that will produce the change. There is no better understanding of what those actions are. They keep thinking that one 'trick pony' is going to come along and save us all, but it doesn't work like that.

I think that the most important thing is that people do not see the corruption in their lives. They think of it as something in Washington and Wall Street, and that it is something being done by the elites. They don't see it in their daily life. They don't see it in their pocketbooks. They don't see it in their bank, or their insurance company, or their pension fund. They don't see it in their stock portfolio or their neighbor.

All of this fraud is being done at the local level. The Federal credit and the corruption are being done one county at a time. ———



That is why I have always said, “While you are ignoring local elections and letting the deep state take over, you are being entertained by what is going on in the Presidential election. If you just control the local, you couldn’t.”

So it’s very frustrating, but there is much that we can do. A Presidential candidate is not going to come along and save us from cleaning out our county. So do me a favor and clean up your county.

**Farrell:** Where I am at, that is going to take some doing.

**Fitts:** I know! It’s tough. I am in a good mood because my sheriff just won reelection. So I have a good mayor and a good sheriff.

Are you ready for the Trump Report Card? This one is going to be tough. I think that if you look at the train tracks and the fires, Trump is responsible. If the US government announces that it is going to run secret books, he is the President and he is responsible.

I have given him straight F’s, and I think that you have too, for the **‘Financial Management’**. We can’t lower his grade on that.

**Farrell:** It’s a pity we can’t because I would want to the secret books and all. I have to go again with an F here. This kind of system cannot work. If we are going to go the fascist route, then the first thing that we have to do is get rid of monetized debt as money. If we are going to take a page from the Adolf Hitler playbook here, that is what you have to do. This system won’t work. Just ask Mussolini.

**Fitts:** Let me start at the top: **‘Vision’**.



**Farrell:** At this stage I can't figure out what his vision is.

**Fitts:** I think that his vision is that we compete based on economic warfare instead of physical warfare. In other words, he is saying that we are going to have to compete in a multipolar world. We can't be the cops.

**Farrell:** That realization is good, but if you are banking on this kind of economic warfare model that we have been talking about, that model is not going to work anymore.

**Fitts:** They are still trying to sort out what that model looks like. So I gave him a B- last time, and I think you were at a B. I'm going to say C+.

**Farrell:** I'm going to go B- and lower him a bit.

**Fitts:** 'Recruiting a Team'.

**Farrell:** I am going to give him either a C- or a D+. I'll say a C- for the President. I'm very disturbed about the Bushies that he has brought in.

**Fitts:** I was a D+ last time, and I am going to stay at a D+.

**'Building a Team'**. I am going to give him an F.



**Farrell:** The team business I will give him a D-. Bringing in a bunch of Bushies and letting the circus of the Mueller investigation go on as long as it was allowed to go on, this is not leadership.

**Fitts:** I think that he made a deal with the Bushies because he had no choice. The Mueller investigation pushed him into it, which may have been one of the goals in the Mueller investigation. I like to judge Trump according to the moves that he makes within the options that he has.

In other words, I don't penalize him for not taking the option that he didn't have. Do you know what I mean? I think that he had to make a deal with the Bushies.

**Farrell:** Maybe. We will get back to that when we talk about that aspect of things.

**Fitts:** **'Accomplishments to Date'**. In the 3<sup>rd</sup> Quarter I bumped him from a B+ to an A-, and I will say that I have never seen a politician who tried harder to keep his word.

**Farrell:** I will grant him that and will keep him there, too.

**Fitts:** Here is my problem with keeping him there. When he is doing the secret books and all these other things, he is keeping his word, but he is also destroying freedom. He is tearing up the US Constitution.

I don't know. He got us out of the Paris Agreement and he killed the TPP. Those are great accomplishments.



**Farrell:** They are, and he has brought China back to the table. I'm going to say a C+.

**Fitts:** This one is hard because he has done great things and terrible things. I'm going to make mine a B-.

**'Effort'**.

**Farrell:** That is another hard one. I'm inclined to give him a B+.

**Fitts:** I am with you.

**'Communication'**.

**Farrell:** Not so good, a C-.

**Fitts:** I'm going to argue. The thing that I love about Trump – and Tucker Carlson said this – is that he means it. He has done more for transparency than any President since Kennedy.

**Farrell:** He has, but again, my problem there is the secret books thing.

**Fitts:** Pricing is the ultimate communication.

**Farrell:** So, again, his record is ambiguous as far as communication goes.

**Fitts:** We do have a serious ambiguity going on there.



## **‘War Games (Mapping the Swamp)’.**

**Farrell:** That is another difficult one because I do think that he knows where the players are and what the lay of the land is now. To throw in with the Bushies, if it’s just mapping the swamp rather than draining it, I would give him a B.

## **Fitts: ‘Building Bottom-Up Support’.**

**Farrell:** The difficulty there is that he did build up a bottom-up support in his campaign, but he has let that all fall apart.

**Fitts:** I think that he did a good job on the midterms.

**Farrell:** You do?

**Fitts:** Yes, I do. I think that he did a good job.

**Farrell:** Why do you think that?

**Fitts:** If you look at how many people have resigned, Obama was down 60 in the House in the midterms. Considering the average down – until the election fraud after the election – he was less than the average. Under the circumstances, with Ryan and all those people not helping, you had the Republicans not even helping him. If you look at his performance, it was fairly good.

**Farrell:** Yes, but does that translate into building bottom-up support? I don’t see that it does. I am going back to my model that you are going to see a big walk-away.



**Fitts:** He is not building a permanent base for the Republican Party.

**Farrell:** He is not translating his base into establishing that group in leadership positions within the Republican Party. So, I think that you are going to see a big walk-away.

I go back to something that I've said before when King George I (George W. H. Bush) became President. That is the year that I quit voting. At that point I just thought, "This is a survey and it doesn't amount to anything."

I am toying with that idea again because the system is too corrupt. Unless he translates that into action in the actual party base-this is Theresa May's problem in Great Britain. To a certain extent, it is the legacy of Margaret Thatcher. Her wing of the Tory Party was literally erratic, and this is what I see happening with the Republicans.

I don't know what to give him except a C. I'll play it safe.

**Fitts:** I will give him a C also.

### **'Introducing Important Change'.**

**Farrell:** Well, he has done a number of things that are good. That executive order for the pedophilia networks and so on was a real bombshell. That tells me that there is something afoot with the deep state. I am going to give him a B.

**Fitts:** I'm going to give him a B and I gave him a B last time.



One thing that is a real head-scratcher is that we do see rising indictments under seal. We do see an executive order to do military tribunal. The question is: What is up?

**Farrell:** I think that we are going to cover that later when we get to your ‘Unanswered Questions’ with ‘Who is Mr. Global?’ and our little scenario about who is going to be put in charge for Mr. Global and that entire thing.

**Fitts:** If you look at the speed at which the deep state utilities are building out the train tracks, you would expect that whatever that is would go down or at least start in 2019.

**Farrell:** I absolutely think that there is going to be some perp walk, but I think that goes to our scenario that they are going to have to do this. It is going to be touted as ‘draining the swamp’, but there are factors that would indicate that they are not. You mentioned that they have gotten rid of the people they don’t need anymore. Those are the people who are going to perp walk.

**Fitts:** They will perp walk the expendables that protect them.

### **Building Bridges Internationally’.**

**Farrell:** That is very tough because he has done some ‘meaty’ things internationally. I’m going to play it safe and give him a C.

**Fitts:** I will do the same, but I was a C+ the last time.



## **‘Building Bridges Domestically’.**

**Farrell:** How do you build bridges with one radicalized political party and another political party that doesn’t do anything? This is my problem.

**Fitts:** I am going to drop him down to a D. You don’t send out tweets dumping on Rex Tillerson; you just don’t do that.

**Farrell:** I’m going to give him a C- because the tweet thing is detrimental.

**Fitts:** I don’t mind the tweet thing, but Tillerson came into the Administration intending to be helpful. Both he and Trump were treating the Presidency and the Secretary of State as entry-level positions – which is never a good thing. Tillerson came from a world of big bureaucracy, and Trump came from a small family office of three to five. In the meantime, Clinton’s group was working state to sabotage Tillerson. The neocons want to control that position anyway, and Tillerson is far too Russian for everybody in Washington.

So there were many factors at work, but mature adults can part ways without behaving in immature ways. If you wanted to announce, “I’m not really the President; I’m just a child,” that is how you do it.

## **‘Managing the Executive Branch Bureaucracy’.**

**Farrell:** I’m going to have to go with a D because this secret books issue is not managing the bureaucracy.



**Fitts:** Exactly. I think that the secret books thing is basically getting his grades lowered across the board.

### **‘Grand Strategy for America and Our Role in the World’.**

**Farrell:** That is another difficult one. I am going to have to go with a C and play it safe.

**Fitts:** I’m going to give him a B-. At least he is grappling with the move to the multipolar world in a way that no one else would do.

**‘Managing the Federal Budget and Contracting Budget’.** We have already given him two Fs, but he has gotten an F every quarter from the beginning.

**Farrell:** I’m going to stick with it.

**Fitts:** **‘Staying Physically and Emotionally Healthy’.**

**Farrell:** I’ll give him a B+ there.

**Fitts:** I was a B- last time, but I am going to give him a B+ too. I think he has done an amazing job of staying sane. If he does a stupid, ridiculous tweet, considering the treatment, I have never seen anyone treated worse by the shriek-o-meter in my life.

**Farrell:** I haven’t either. What they are doing to him makes what they did to Richard Nixon pale by comparison and it’s unbelievable.



**Fitts:** The Department of Justice, the FBI, and British intelligence got together and tried to sabotage his campaign and then falsely frame him. His own government tried to falsely frame him. Not only that, but as they were doing it, they have poured out lie after lie after lie after lie. Investigations that are causing him personally and professionally huge amounts of money, and he just can't imagine this. I think it's hard for him to compute.

If you come from a business world, you are used to nasty wars, but everybody has to make money, so it veers back towards the productive. He has never been in a machinery that can make money by destroying productivity on an infinite, endless basis. I think that is a shock to him.

He gets an A+ on shriek-o-meter immunity.

**'Growing in the Job'**. Last time I gave him an A-.

**Farrell:** I will give him a B+.

**Fitts:** Living with that shriek-o-meter is tough.

I want to talk a little about Marsha Blackburn. Marsha Blackburn is my Congresswoman, and she has basically been a poodle giving the telecommunication companies free rein.

My telecommunications bill every year in Hickory Valley, Tennessee – only for two of us in Hickory Valley – is about \$15,500. But the reason is that the system is so compromised and so unreliable that I need multiple systems.



We have three satellite systems, we have phone systems from a variety of different sources for both of us, and we are spending a fortune because when we have six access points, at any time we could be in a situation where only one works. It's because the surveillance, the sabotage, the lack of integrity, and the games of overbilling and all this is just 'crap'. It could only happen if you had people like Blackburn letting it happen. Don't even get me started on net neutrality.

I've written something about why Marsha Blackburn will lose her race for Senate (because she was running to take Corker's seat). She won, and when she did the debate, five or six times in the debate she brought up Chuck Schumer. Her speech was, "If the Republicans lose the senate, Chuck Schumer will be senate leader."

I went to dinner with a group of very wonderful women – leading citizens of my area. We discovered that all three of us had voted for Marsha Blackburn – not because we like Marsha Blackburn or we respected her – but the fear of Chuck Schumer running the senate was so terrifying that we would vote for Marsha Blackburn.

So, basically, Chuck Schumer won Marsha Blackburn a senate seat. It's a bit like saying, "I want to pretend that the CIA isn't running the US senate."

I think that was one of the reasons the Republicans held the senate. It was a resounding national vote against Chuck Schumer.



**Farrell:** I would definitely agree with that. To take a long view of things, it's his role on the Waco rulings coming home to roost.

**Fitts:** He is a 'piece of work'. I put it up last year on the web, and I'm putting it up again this year. He did this country a great service when he said on national TV, "President Trump will have to learn that he has to do what the CIA tells him, and they have 50 ways of getting you if you don't. He will learn."

He was saying that the CIA runs the country; not the President. The President is going to have to come to grips with that.

Let's talk a little about why I believe that Trump made a deal with the Bushies. I think that Trump made a deal with the Bushies and why do you think that Trump made a deal with the Bushies?

**Farrell:** Number one, the appointments that he made. In my opinion you are looking at the divorce of the Clinton-Bush nexus. I think that speaking from the deep state point of view, they are going to have to perp walk somebody. The Clintons and their whole criminal setup is the easiest thing for them to do.

They are going to have to manage it in such a way that when that whole thing starts coming out publicly – which most people in the alternative media know already anyway; it's the rest of the country that doesn't – they are going to have to find a way to manage the damage from falling back on the other half of that equation, namely the Bush faction. So how do you do that? You get them on board so that they are in positions where they can manage and control the blowback from it. So what do you have?



We have a Bushie in the Supreme Court. We have a Bushie now nominated to be the Attorney General. Without going any further in the ‘Mr. Globaloney’, they are going to have to perp walk somebody. I think that has been part of the plan all along. They are going to perp walk the people who they don’t need anymore or who they don’t want or who have become liabilities, like the Clintons.

**Fitts:** I want to talk a bit about William Barr. Barr was Attorney General during George H.W. Bush. But if you read Terry Reed’s book, *Compromised*, on the Arkansas operation, as Vice President Bush ran the National Security Council, he would be in Arkansas coordinating with Clinton on the Mena drug operation and the related money laundering using mortgage finance – mortgages and mortgage securities and the mortgage files that blew up in Oklahoma City. Bush would bring Barr with him. So Barr was an intimate part of Iran-Contra and the Mena drug operation.

So you are bringing back an Iran-Contra player with deep roots in the Mena drug business as Attorney General.

**Farrell:** This is the perfect person to do the damage control. If you are going to announce the divorce with the Clintons and perp walk them, the perfect person would be someone who knows where all of those connections lead back to the other half of the faction and the other half of the equation.

**Fitts:** If you put Barr in as Attorney General and you have Kavanaugh at Supreme Court and you have Powell at Fed, why would the Bushies keep their deal with Trump? Why would they honor it?



**Farrell:** My suspicion is that it's a quid pro quo. In other words, they both have something on each other. It's somewhat of a Mexican standoff. They would have to keep the deal. If they blow the deal up, then all of it could come out.

**Fitts:** That begs the question: How do you make sure that happens?

**Farrell:** This goes back to that executive order. If you have that hanging over their heads, the last thing that the Bushies would want would be to have that whole legacy exposed.

**Fitts:** More about that when we get to governance.

Before we leave the midterms, I want to bring up two things. I spent eleven years litigating and then a few more years on taxes and investigations. Let's say it was a total of 15 years dealing with interaction with the Federal government where the Federal government consistently broke the law in terms of surveillance, in terms of physical harassment, in terms of legality. Basically, I was dealing with a criminal enterprise. Luckily not everyone involved was a criminal enterprise, otherwise I wouldn't be here. There were many honest government officials and lawyers who saved my life.

You were dealing with a model where the leadership of the Department of Justice felt free to use their authority of representing government to falsify and frame innocent people to protect corruption. I call it the 'Sheriff of Nottingham'; it's basically a Sheriff of Nottingham racket.



As I documented in the Dillon Read book, they felt free to drop SWAT teams into low-income communities, round up poor kids, and stuff them into prison where they went into slave labor.

You are talking about some very serious Nazi activity because they were running the drug business. But their business is the control and concentration of cash flow for the national security, and they feel free to operate above the law.

When I tried to explain that to people, they struggled. The interesting thing about what they have done to Trump is in the sense of false framing – breaking the law to falsely frame someone – they did it to Ross Ulbricht, they tried to do it to Bill Binney, and they tried to do it to me. Each one of us – whether it's Ross's family or Bill Binney or me – when we tried to explain that to the American people, they struggled to see the model. But one of the things that has happened as a result of what they have done to Trump is they are doing it to the President of the United States.

It's so lawless and so criminal that it's breathtaking. I struggle to find words for how extreme this is.

**Farrell:** It's extreme because that faction is desperate to retain their power, and they realize that there is another faction that they are bumping up against. That is why it is extreme. Essentially, you have a split in the house of 'Mr. Globaloney'. Trump's faction represents the faction that I predicted ten years ago with Georgeann Hughes of what was going to happen, that they would have to reshore because their power base – like it or not – is in North America.



Facing the globalism paradigm that they were previously operating under wasn't working, so they had to retrench. But you still have the old Rockefeller faction of, "Let's globalize everything and ship everything overseas." That faction is still very powerful, and they are the ones who have been able – since the end of World War II – to infiltrate the bureaucracy in the Federal government. So they are fighting tooth and nail to retain their power and their vision, and that is the problem.

This is a major philosophical split as far as I am concerned within that camp. So they are desperate.

The interesting thing about this is that in going after the President like they have, they have essentially revealed themselves, and they have revealed their playbook. That is a very dangerous thing. Now everybody can see. Anybody with half a brain can see what is going on, but this has all been smoke and mirrors and theatre to legitimize that faction.

The other half of this is that we have to remember that Hillary was expected to win that election. The pay-for-play schemes that the Clinton Foundation was involved in-you now have a foundation that was donated a lot of money with the expectation of her winning.

**Fitts:** And all those folks want that money back; they want their return.

**Farrell:** This is mafia. In other words, the Clintons are scrambling around, going on these speaking tours, and no one is showing up. That is because those people want their money.



**Fitts:** And they haven't been willing to write off the Clintons because if they write off the Clintons, then they have to write off the investment.

**Farrell:** Part of this isn't even about Trump; it's really about providing an explanation to their backers as to why she lost the election. It's their 'we can't pay you because here is the story...' and it's not flying. That is the problem.

There is so much complexity to this. I don't even view this so much as being about Trump as it is about Hillary, and providing an explanation for them to get out of the financial and actual threat and pressure that they are under. That is why I think you are going to see the deep state perp walk some of these people.

**Fitts:** If you look at who they owe returns to, they owe returns to the most powerful people on the planet – people who will kill, people who will do anything. I think that you can bring all the pressure in the world to bear on the Clintons and threaten them with anything that you can think of, and they still can't get into a position to make those payoffs.

Let's assume that when Clinton rounded up the FBI file, she acquired 1,000 'juicy' control files on people in Washington. That is still not enough to get those payoffs.

**Farrell:** It's not enough, and I strongly suspect that the other aspect of what we are discussing here is the coup in Saudi Arabia because the people who were overthrown in Saudi Arabia were big Clinton backers.



In other words, they took out that prop to the Clinton network. So those people who might demand their money are no longer in a position of power to do so in Saudi Arabia. So, the complexity of this is of an international nature.

The way I am looking at it is that what they have done is carefully knocked out each of the strategic props under the Clinton network, and in the process of doing so, Trump struck the deal with the Bushies in order to do that.

The other aspect of this – as you have said before – is there are certain people in the deep state who were part of all this fraudulent activity, with the Clintons being right up there. Terry Reed's book, *Compromised*, is a book which people have to read if they want to understand all the in's and out's of what we are talking about. I read that book back when I was still teaching in college.

I think that what you are seeing is precisely that divorce of the marriage of convenience that was made between the Bushies and the Clintons. That is what is going on here, and the Clintons are being set up for a fall.

**Fitts:** One of my questions has always been: How many of those donations coming into the foundation were just the laundering of money being stolen out of the US government.

**Farrell:** That could be, too.



**Fitts:** So you have a country making \$100 million donations, or \$50 million, or \$10 million. It's really not their money; they are just laundering it back.

**Farrell:** At any case, they have carefully been knocking out all those props. I definitely think that there was something to that airplane that went to Little Rock and raided the Clinton Foundation and started removing boxes. I hate to say it, but that sounds like a Bush thing to do.

**Fitts:** It's definitely a Bush thing to do, but part of it is to protect the Bush interest. They will control those boxes as soon as they get far in at the Department of Justice.

**Farrell:** Precisely. Then they can go after them and control them there.

**Fitts:** As long as George H.W. was head of the deep state, they were protected. Now with him gone, they need Plan B.

One other item before we leave this topic is Julian Assange. In addition to the secret books of government and the genocide in California and moving the deep utilities into position to completely re-engineer the Federal government, we see the Department of Justice apparatus being used to lawlessly try to destroy and basically murder Julian Assange. That is very much Trump and Pompeo trying to kill the man.

**Farrell:** I agree. In all honesty, I think what they are trying to do is destroy Assange because he obviously has sources, and they don't know who or where those sources are. —————



So rather than try to cut off the flow of information to him, they are just trying to cut off the end of the pipeline – namely him – because they can't have that.

**Fitts:** What are they afraid of?

**Farrell:** That is a good question. My response is going to sound totally 'off the wall'. I've been thinking much about what they are afraid of.

Do you remember James Jesus Angleton? What was his big fear? It was that there was a Soviet mole highly placed inside the CIA. So he turned the CIA upside-down for years looking for it.

I suspect that what they are afraid of is something like that – some mole, be it human or a computer back door or something – that may not even be controlled by a foreign power, but maybe something independent, and they cannot find it. They cannot figure out where it is. I think that is what they are afraid of.

**Fitts:** There is something else, too. I think they are also afraid of branding: How can you run secret books if you can't control?

**Farrell:** If they have that kind of mole – and I think they do, and I think that it is computer-related. To clarify where I am coming from, I am thinking that we are looking at long-term blowback from Inslaw and PROMIS. That is what they are afraid of.

**Fitts:** I'm sure that you are right. Their systems are not secure.



**Farrell:** Their systems are not secure, and somebody has a way in. I'm going to tell a story, and I've never mentioned this publicly.

Back when Inslaw was going on – and this information I have not been able to verify, although I can tell you that certain individuals highly placed in respect to that whole thing contacted me, and I will tell you that 'off the record' – I did a blog. That is what made this individual contact me.

Supposedly, one of the programmers of PROMIS – and I've heard a name mentioned, which I will not divulge – for the original Inslaw company programmed in his own private back door, and then went missing.

That may mean that we have an independent entity out there. I think this because, if you remember the whole anonymous thing a few years ago, it suddenly dropped right off the radar? Well, they were hacking into Sony and they were hacking into banks. Then you had the Gary McKinnon episode hacking into DOD. So there is something out there that a lot of these computer nerds may be aware of, and that is what they are afraid of.

**Fitts:** They have got to make it clear that no one can escape – not Assange, not anyone.

**Story #9: Trade Wars & The Rise of the Asian Consumer.**



I keep underscoring Steve Roach's book, *Unbalanced*, because he does a great job of explaining how China financed our running down to Walmart with government checks and government food stamps and buying Chinese goods, and around and around we go. But, basically, China built its manufacturing juggernaut by financing a fake prosperity extension for the American consumer.

It was all part of sucking us into the housing bubble and getting us to continue to buy, buy, buy instead of pay down our debt and start to build new skills. So, 'we got played the Patsy', China built a manufacturing juggernaut and is going much faster than the establishment ever dreamed they could on military space and tech, and now the Siamese twins are fighting because we are deeply codependent.

It is always amusing to see the President complain about how much we are buying from China because those are American corporations who have chosen to go over there and outsource operations. Why are you blaming the Chinese for what we are doing?

There is no doubt that you are now watching China financing and building their own consumer markets and financing the Silk Road and downsizing their Treasury positions. Now they are direct competition on every front.

**Farrell:** They are direct competition, and I can tell you where China is going to be a huge problem, and that is Africa. There is something else going on in Africa, and that is the creation of this continental free-trade zone. I 'smell' China and I 'smell' South Africa.



**Fitts:** One of the reviews that I did this year and talked a great deal about is *AI Superpowers*, Kai-Fu Lee's book on the competition in tech and AI between the US and China. China is giving us a real run for the money.

**Farrell:** I think they will get there first.

**Fitts:** Let me take the contradictory position. The winner at deep learning AI is the person who has the most data, and what Kai-Fu Lee says is that the person who has the most data is the one who has the most people. I disagree. The person who has the most data is the one who ionizes the atmosphere.

**Farrell:** Possibly. I am thinking in terms of my social credit finance model, but we will get to that later.

**Fitts:** So, the Siamese twins have to find a way to separate, to some extent, and rebalance, and that is all part of the reshoring. But now we are going from a world where we are the center of the universe as the US consumer, and access to that consumer gives the Navy control of the sea lanes, etc. This goes to a model where more and more is flowing across the land empire of the Silk Road and through the satellite lanes, and we are in an all-out economic war with Asia.

Frankly, Asia is going to be a bigger consumer market than the US. Europe is a bigger consumer market, and they are in cahoots with each other and we are the odd man out. This translates into competition in every sphere on planet and off planet.



This has been coming for 20 years and you and I have been talking about this during that time. What stunned me is I decided to write the 2<sup>nd</sup> Quarter Wrap Up on it and spend a tremendous amount of time research, writing, and talking with subscribers about it. I was amazed to discover that many, many people have not seen this coming.

I talked with you about it earlier. It's interesting because if you look at what is going on throughout the G7, North America, and Europe, people are absolutely feeling the squeeze of Asians moving in with tremendous amounts of money, buying real estate for cash, and changing the culture. They are not being squeezed in many places by Mexican immigrants or immigrants from Syria; it's the wealthy Asians.

So, one of the movies that we highlighted this year was *Crazy Rich Asians*, and that movie was almost a way of pushing it into everybody's face. If you can't fly to Singapore and see it, we will take you to the movies and show you. There is a wealth boom going on, and it's passing you by and you haven't noticed.

Anyway, do we have anything else on the Trade Wars or the Rise of the Asian Consumer? We are reorganizing NAFTA; that's done.

**Farrell:** What has to happen if people want to understand how to compete with this we need to talk about human capital and human productivity. The one thing that France has going for it, and you mentioned this earlier, which is a major segment for its economy, is its culture. They monetize their culture. That is what this country is going to have to do.



**Fitts:** Right, but when your culture is being destroyed and debased, how do you monetize it?

**Farrell:** That is the point. That is why it is important to get back to the cultural roots and understand that this is the one thing that we have going for us that China does not. There is a reason Western culture is – so to speak – internationalized. No one wants to buy Chinese culture. No one wants to buy Japanese culture, and Japan is a very westernized country.

**Fitts:** I think that the reason China is doing all these Confucian Institutes is because there is a traditional part of Chinese culture that is not flourishing in China, but that people do want to buy.

**Farrell:** The other thing that I mentioned before in China's case is that they are literally studying – and I've even blogged about this phenomena – different religions, trying to decide which one they are going to try to push. I think that this is because, ultimately, the communist party there knows that this system as a cultural foundation simply won't work.

**Fitts:** They are in a quandary because they are moving fast on tech, they are moving fast on space, but they are sitting down and saying, "Look, this democracy and markets thing didn't work for us. But not having a culture also won't work. So what do we do? How do we reinvent the Chinese culture for a new world? What does that look like?"

I don't think they know what to do.



**Farrell:** To a certain extent, the way that I look at the communist party there is that it is almost as if since Deng Xiaoping, you have Confucianism in the guise of communism in that country. It looks almost that way, and it feels that way for some reason. It's running out of steam, and they are trying to figure out what to do and where to go culturally.

**Fitts:** Let me bring up a story. Usually I don't bring up disinformation, but there was a Chinese billionaire who was on the run from the communist Chinese. (At this point he is probably a CIA asset.)

He did an interview with a fairly respected hedge fund manager on Real TV. Basically, what he said was the reason that Jack Ma resigned is because the communist party came to him and said, "Turn over most or all of your stock; we are taking your stock. You are going to resign and give us your stock."

I don't know if the story is true or not, but if you look at how Jack Ma resigned and what happened, something amiss happened – something that is another breakdown in the rule of law.

If you look at what the Chinese are doing as they move into Hong Kong – now that the 20-year period is up – I don't see how a healthy stock market or financial liquidity coexist with the communist party as they are today.

**Farrell:** They can't.



**Fitts:** It wouldn't surprise me if Western interests make sure that they fail on this vantage point. They want China to fail as a global currency, and this will ensure that it fails.

One of the reasons I think that they were trying to get rid of the estate tax was to attract all that wealth here. So any Chinese billionaire who wants to come to the United States and get US citizenship is going to get it.

I think that whatever the truth is of Jack Ma's resignation, it says that the Chinese are doing a very poor job of solving the cultural issue, including that aspect that is necessary to get the global financial interests to trust them.

**Farrell:** I agree. They know that they have a cultural problem, and studies that I have seen on the Chinese ministry of culture, indicates that they know they have a cultural problem. But I don't think that they have come up with any solution to it.

**Fitts:** What they were trying to do was stop the corruption, and I think that that was supposed to help the financial liquidity. But whatever went down with Jack Ma and some of these billionaires, you have to be willing to tolerate enormous inequality of results if you are going to have a free society or financial liquidity.

Jack Ma is a remarkably talented individual.



**Farrell:** The other thing that didn't help China, as far as I am concerned, is when Mr. Xi proclaimed himself 'Emperor for life'. That was a big mistake. I suspect that there are probably some grumblings within the communist party about that.

**Fitts:** If I were the Western powers, I would do everything that I could to get him to do that. It signals no financial liquidity for you, pal, "You can't be a global currency."

To a certain extent, it almost appears that in the competition between China and America we are having a race to the bottom.

Speaking of 'race to the bottom' that brings me to Story #10.

### **Story #10: Brexit: The Endless Agony.**

**Farrell:** Oh, isn't this interesting! I don't know where to start here.

**Fitts:** I do! If I were leading Britain right now, I would just do a hard Brexit. I would say, "Okay, hard Brexit. Let's get the thing over with," and then we negotiate from there. It's going to be a terrible mess.

I said to you that the problem with Theresa May is that she is a process person.

**Farrell:** She is a process person, and the other problem is that the whole symbolism of the Brexit problem and the EU problem is when she goes hat in hand to visit Angela Merkel. She doesn't go to Brussels; she goes to Berlin to visit Merkel.



**Fitts:** Brexit was a decision that said, “Okay, we are going to leave.” That means that what is important is that you leave. If you can’t work out a deal, if it is too complicated, if it is too messy, then what you have to do is put down the *fait accompli*. You do a hard Brexit, and then you go from there. You come at it from a position of strength.

I was comparing May to Trump. Trump is not a process person; he is terrible at processes. He cares about what is important, and he goes right for it – unless he is trying to trick somebody.

The reality is that May’s inability to do that right now is jeopardizing all the benefits of a Brexit. It’s as if she is getting the worst of both worlds. This is a time for ‘balls to the walls’. I believe that the Queen wanted Brexit, and I think that they wanted it for reasons of culture, but they also wanted it to make sure that the offshore havens were protected.

**Farrell:** They wanted to make sure that the offshore havens were protected, and they didn’t want to have the British military integrated with a Trans-European military. Talk about losing national sovereignty – that is it right there. The other problem about the European military is that this really is a Franco-German plan.

**Fitts:** There was a video on the European military that I just put up, and I am trying to understand it.

**Farrell:** From the French point of view they want, as a means of preventing further German dominance to the EU, and having the French nuclear umbrella being the bargaining chip to prevent complete German domination. From the German point of view, —————



— the Germans have for some years been integrating other nation's units into the German military command structure. They have integrated Dutch units and they have integrated Czech units. So, if you are Britain, do you want to see the British army being 'generaled' by a German general? You fought a war with them. That is not going to happen.

I am in agreement with you. Theresa May needs to do a hard Brexit, and quite frankly, if you look at her government over the last few months, she has had Boris Johnson resign. I knew Boris Johnson at Oxford. She's had others resign. These are key positions in her cabinet, and they are resigning over the fact that she is not getting anything done.

Then she faces this vote of no confidence, which she barely wins, and now she had a vote of contempt of parliament. This is almost unheard of. So, her government is tremendously weak. The only thing that is going to save her government at this point is precisely a hard Brexit, and she can't do it. She just doesn't have the makeup for it.

Thatcher could do it.

**Fitts:** Thatcher would do it in a heartbeat.

**Farrell:** She was against it from the beginning.

**Fitts:** Wasn't it Thatcher who saved the currency?

**Farrell:** Yes. I mentioned this before: That whole wing of the Tory party that she represented is gone.



You've had nothing but the Camerons and the Theresa Mays and the globalists in the Tory party. That is the problem there.

**Fitts:** If she won't do a hard Brexit, then she has to get booted out.

**Farrell:** She does. The problem is that brings in labor. That brings in Jeremy Corbyn, and he is as radical as they come.

**Fitts:** It looks as though many people have been trying to get rid of him in the meantime because they know that they are going to have to get rid of May.

**Farrell:** There is either going to be a leadership challenge in the labor party, or there is going to be a leadership challenge in the conservative party. The problem is that you now have two political parties – the two major political parties of Great Britain – that show no signs of leadership. Then you have the people who want the Brexit to go up to the Palace. So there is no representation of the interests of the crown in parliament.

**Fitts:** It's unheard of.

**Farrell:** Precisely. This is 'nuts'!

**Fitts:** I think that a lot will get revealed over the next six months, so we will see. We just have to wait and see.

**Farrell:** We forget in this country that Britain is not a constitutional monarch; it's a monarch. It is still part of crown prerogative to call parliaments and dismiss Ministers.



**Fitts:** The cleverest marketing I have seen so far in 2018 and who wins the marketing award of the year, is the Royal Family and the Royal wedding. I don't know who did the design of that whole thing. I suspect it was the MI6. It seemed that the intelligence services not only engineered the wedding, but they engineered the falling in love.

**Farrell:** Sure. They don't do anything without a plan.

The way I am looking at it is worst-case scenario, it could come down to the crown exercising some executive power.

**Fitts:** That would be very interesting.

**Farrell:** It would. If one of those two parties does not get a leadership change, nothing is going to happen.

**Fitts:** If Elizabeth engineers a hard Brexit, she could arguably go down in history as one of the greatest queens who ever lived.

**Farrell:** I suspect that if there is any engineering to be done behind the scenes, it will be Prince Charles.

**Fitts:** Really? I just don't see how he commands respect.

**Farrell:** He doesn't command respect, but he has the power. He is very active, and he has always been very active.

**Fitts:** I can see them using him to lobby and do lots of it, but the Queen is the one who has to go 'balls to the wall'. She has done it before and she can do it again.



**Farrell:** She has done it before in very subtle ways.

**Fitts:** And some not-so-subtle ways.

This has been quite illuminating. Let me review:

### **In Economy and Financial Markets:**

**Story #1:** Secret Books

**Story #2:** Interest Rates Rise

**Story #3:** Piratization Prep

**Story #4:** Cash is King

**Story #5:** The Internet of Things, Profits, & the 5G Launch

### **Then in Geopolitics:**

**Story #6:** Deep State Secrecy – Censorship, Coup by FASAB,  
Climate Confusion, & Cultural Wars

**Story #7:** 9-11 West: Are Thermal Warfare & Disaster  
Capitalism Spreading Across the US & EU?

**Story #8:** Mid-Terms: GOP Wins Senate, Dems Win House,  
Trust in Voting Systems Continues to Deteriorate

**Story #9:** Trade Wars & The Rise of the Asian Consumer

**Story #10:** Brexit: The Endless Agony

What does this all mean? What does this all say about 2019?

**Farrell:** It's going to be a bumpy year.

**Fitts:** I would say 'wild'. This is going to be wild because these people are moving fast, and they feel no compunction.



**Farrell:** They are moving fast. I think that you are going to see some profound leadership challenges in Europe and France and Germany and Spain. I think that you are going to see it in Britain, also

**Fitts:** What about impeachment?

**Farrell:** Quite honestly, I think that if the Democrats are that stupid, go for it!

**Fitts:** First of all, I think that the chances of a real impeachment are small. As long as Trump has the deal with the Bushes, it's over.

**Farrell:** I think it's very small, and it will never get past the Senate. He hasn't committed any impeachable offense to be quite honest, but neither did Bill Clinton – at least not concerning what they were actually trying to impeach him for.

I don't see that going anywhere. I really don't. That effort has failed, and it has played itself out. I don't see anything that is going to come of it.

The last thing that they want is a Senate trial on television. That is where it could all come out, and they don't want that. Neither the Republicans nor the Democrats want that.

**Fitts:** I'm with you. I think this is going to be a bumpy year. I don't know how fast they move on the re-engineering of the Federal train tracks.



**Farrell:** I think that they are going to move very, very fast, and they are going to do it in very subtle ways. We are going to have to pay very careful attention to it.

**Fitts:** I don't see anything that threatens the dollar's position in 2019. I do see a deterioration in the market share of Treasuries and dollars. So, I do think that you are looking at a gradual market share deterioration, and that has profound impacts for economics and inflation. It could be very inflationary for household budgets just because it means that we have to pay more for everything that we are exporting.

I don't see anything that threatens the position of the dollar. I could be wrong, though. The speed at which it takes them to move out the alternative SWIFT thing, and those kinds of issues take years to come to any sort of meaningful market share, but they are off and running. So it's coming.

The thing that makes me wonder about the market share for Treasuries and the currency is the California fires. That says that they are in a race, and they are moving very, very fast.

**Farrell:** They are in a race, and I wouldn't be a bit surprised to see similar things starting to happen around Seattle/Tacoma and Southern California. I wouldn't be a bit surprised.

**Fitts:** Where does it come next?

**Farrell:** My guess is Southern California, and I am going to tell you why.



**Fitts:** They've had a fair amount in Southern California already.

**Farrell:** A friend of mine in Southern California told me that his home insurance had been canceled for fire danger. So that is my guess.

**Fitts:** Here it comes! Well, Part One is done and I look forward to our next discussion in Part Two. We are going to be covering culture, and we have a lot to talk about.

I cannot thank you enough. Thank you for joining me on The Solari Report.

**Farrell:** Thank you for having me back.

## 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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