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# The Solari Report

September 5, 2019

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## Inflation: How Bad Could It Be? with Rob Kirby



Catherine Austin Fitts

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**C. Austin Fitts:** Ladies and gentlemen, welcome to The Solari Report. I am in Toronto with Rob Kirby, who has hosted a magnificent lunch. We are sitting in his lovely apartment, and I want to thank you, Rob, for an incredible event.

**Rob Kirby:** I want to say that it has been an absolute pleasure having you here, and it has been an absolute pleasure to meet and get to know Mark Skidmore, who is a fascinating guy.

**Fitts:** I want to talk with you about inflation because one thing that is always happening when you and I talk is that you say there is going to be very dramatic inflation shortly, and I say, “No, there’s not.”

The reality is that anything could happen, but no doubt inflation has increased dramatically over the last ten years, and there are tremendous inflationary pressures. At the same time, we are watching the central banks fighting deflation in the fixed income markets, and we are watching more and more sovereign debt go to negative interest rates.

So, what I want to get your help in sorting through what has happened with inflation over the last five to ten years, where the inflationary pressure is coming from, and why you are confident that we run the risk of going into hyperinflation.



**Kirby:** To begin with, the reason there is no inflation being reported is that the people who keep the statistics on inflation refuse to measure the prices of things that in fact go up in price. So, if you exclude from your inflation data gathering the price of things that actually went up in price, they famously substitute, or they will say that there is ‘quality improvements’ in things, and therefore, the price hasn’t really gone up because you have a superior product to what you previously had, even though it costs double what the previous product was.

**Fitts:** There has been an incredible statistical manipulation and quality debasement to try to make it look like things haven’t changed. I’m always sending people to the Chapwood Index, which fits with my experience in the US. It tracks 50 household goods, and the indication is depending on where you live in the US. Inflation is tracking for the last five years at an average of 8-14%, and that is not hyperinflation.

**Kirby:** In a nutshell, where the hyperinflation is going to come from in my view is in the missing \$21 trillion – which means that the existing money supply and monetary aggregates in existence today are far greater than what is acknowledged by official data-keeping.

**Fitts:** One particularly irritating person is constantly trying to prove that there is no missing money because he says that some of the \$21 trillion is revenues, some are expenses, and they net out to zero. He says, “You don’t know that is not true.”

Theoretically, it is possible that they net out to zero.



**Kirby:** It's also theoretically possible they net out to be double what is being claimed. So it could be \$42 trillion.

**Fitts:** Exactly, and we know that in addition to the \$21 trillion of undocumentable adjustments, there were reported adjustments in many trillions.

**Kirby:** There is also anecdotal evidence which is very difficult to square unless you adopt the belief that the unsupportable adjustments are in addition to monetary aggregates, as opposed to a squaring of monetary aggregates, because we know that the precious metals markets are manipulated, we know that the equity markets are manipulated, and we know that the bond market is manipulated because the United States of America – being the biggest creditor in the world – has never had a failed bond auction.

Every other sovereign nation in the world that issues bonds has had at least a failed bond auction or a boarded bond auction in their past. I know that because I worked in those institutional markets. It is amazing that America has never had a failed bond auction. I have stated this over and over again in past interviews that there has never been a failed or an aborted bond auction in America, and the odds of that happening are so remotely low that it is ridiculous.

It costs money to ensure that these things never occur. It costs money to make sure that the precious metals prices remain under control. It costs money to inflate stock markets when you don't have natural buyers. And it costs a large amount of money to keep a Military-Industrial Complex.



**Fitts:** And I will be blunt: It costs a great deal of money to persuade a whole world of young people that cryptocurrencies have some kind of inherent value.

**Kirby:** Also, when you look at the aggregates reported in the derivatives complex and when you look at how few players there really are, when you look at the US institutions that are trading in the derivatives markets, in America, we have five American banks that own 98% of the action of all the American institutions that actually engage in derivatives trading. Five institutions make up 98% of the action. This is to the tune of hundreds of trillions of dollars in notional value.

Who gets engaged in trading hundreds of trillions of dollars in notional when there are really only five players in the country?

**Fitts:** The other thing is we have seen leadership in those institutions say, “We are an agent; we are not a principle. These are not principle positions.”

**Kirby:** Exactly. So then you have to ask yourself, “Who or what on this planet could be the other side of hundreds of trillions of dollars in notional trade?”

The answer really is somebody with a nuclear arsenal or somebody who is in control of money creation. That basically leaves as the only possible and likely ‘dance partner’, the Federal credit, which is the US Treasury. Of course, the Treasury formerly by law would have to have at least some reporting in financial land, and these notionals weren’t showing up in transparent reporting. So, one can only ‘hazard a guess’ –



which has been my contention for many years – that the natural other side to a lot of this trade is the Exchange Stabilization Fund.

**Fitts:** We talked about the Statement FASAB 56 as being issued to protect DOD and HUD on the undocumentable adjustments, but there is no doubt in my mind that it offers protection to Treasury on derivatives in the gold positions and the Exchange Stabilization Fund. All that is protected.

**Kirby:** I think what we can come to some sort of conclusion about is that the entire US government credit has now become like the Exchange Stabilization Fund. Everything is dark now. The Exchange Stabilization Fund doesn't publish financials and is not subject to oversight of Congress, which we don't know how much pertaining to capital they have at their disposal, but I would hazard to guess that some or maybe a big part of the missing \$21 trillion may very well have been siloed there.

**Fitts:** Or it could go through there.

**Kirby:** Right, or it could have transited through there before it was used to manipulate metals prices, support the bond market, or put into a foreign account that the ESF controls, possibly in a country like Ireland.

**Fitts:** I absolutely believe that one of the reasons that Brexit happened was, between the city and the British offshore haven system and the US offshore haven system, they want to protect secrecy in those places.



**Fitts:** If you look at the monetary creation in whatever way that you want to estimate it, we have had many indications that we were going to go to hyperinflation and yet we haven't. The question is: Why?

**Kirby:** We haven't yet. My response is that it's likely coming in the relatively near term.

**Fitts:** Let's talk about the past. I just want to go through why it hasn't happened yet.

**Kirby:** To begin with, foreigners have been slow on the uptake in getting traction and wrapping their heads around the notion that \$21 trillion was actually created out of thin air and is basically being siloed or hidden from view.

If the world understood what monetary aggregates as published or as admitted, instead of them being what is acknowledged, if instead, they are 2x or 3x or 5x, that could have dramatic implications on how quickly dollars might return to America where they would really cause damaging and inflationary observable inflation.

**Fitts:** There have been many times over the last 20 years when I expected inflation to kick up much more than it did. So, I would go back and study what happened.

I want to talk about some of the things that happened and see what you think. One thing that happened was that I started to really learn about the extent to which the small banks had been put in a regulatory squeeze that said, "You have to take all of your deposits, put it in the investment portfolio, and buy treasuries.



You may not make loans on Main Street. We are shutting capital off the Main Street. So, your balance sheet is a Federal credit arbitrage, and we will let you get a cost-plus profit, but all your money has to go into treasuries to finance the US government. Then the US budget will put money into local communities that are very centrally controlled.”

**Kirby:** Exactly.

**Fitts:** So essentially what they built, was a machinery that could give an insider zero percent cost of capital, but Main Street had to pay 30%.

**Kirby:** In essence, what is occurring is while dollars are plentiful in the international market, but for the most part in terms of debt, dollars are very available to anybody who wants to borrow dollars internationally. But at home they keep dollars scarce.

**Fitts:** They keep dollars scarce for most of the population.

**Kirby:** When certain foreigners who hold dramatic amounts of US government debt and they want to liquidate that debt, in many cases we will see their currencies come under pressure.

**Fitts:** Let's keep going back. The other thing is that just when inflation should kick off, violent things would happen. You would have a false flag, you would start the war in the Middle East, or there would be demand destruction through violence and fear. It was almost as though covert warfare stopped it. War can cause selective deflation.



**Kirby:** These would be activities that would compel countries that were thinking about liquidating American debt and returning the American dollars to America, instead use those dollars to shore up their own domestic economies in ‘faraway lands’. But this is the way you keep the dollars from returning home to be put to work in America where they are going to cause observable inflation that you can’t hide.

**Fitts:** Part of hiding how bad inflation is, is by suppressing the gold price but keeping your gold stores plentiful. So, we see them grab Libya and grab more gold. We know that the Germans were asking for their gold back.

**Kirby:** There was academic work done on this very subject back in the 1980’s at Harvard University by Lawrence Summers and Robert Barsky. The ‘guts’ of their academic research was that very inflationary policies could be run without having it show up statistically so long as the gold price remained suppressed.

This academic work was all published under the term ‘Gibson’s Paradox’.

**Fitts:** All the time that I am trying to warn people about the missing money, saying, “There is \$59 billion missing from HUD and \$1.1 trillion missing from DOD, and there is \$2.3 trillion missing from DOJ,” and I had it up to about \$8 to \$12 trillion along the way. What everybody would say to me is, “I know that is not true because if it was, the gold price would be going higher.”



**Kirby:** You are right. The gold price should have been going higher. But isn't it interesting in recent years that while there has been this covert creation of money, we have seen this new phenomenon in the cryptocurrencies, which unlike precious metal you cannot sell a bitcoin that you do not possess? But in the metal's markets, you can sell gold that won't be mined for the next 20 years.

**Fitts:** It's deep storage gold.

**Kirby:** You can sell it in one trading session on COMEX. So this is why in large part, the gold price has not been able to perform its historic function of being the 'canary in the coal mine' that tweets when there is too much money being created.

**Fitts:** One of the things that I became convinced of that was very helpful in suppressing inflation or the realization of the inflation was that price inflation was a combination of smartphones, AI, and software.

What you are doing with globalization is, first of all, you are taking your dollar float and are spreading it on a much bigger base. But then you are giving a surveillance device to every human being, and you can track everything they do and say. You are using AI to manage it.

There was a famous moment when I was having a discussion with Franklin Sanders. I was talking about the fact that somebody had written a blogpost in 2012 about the fraud in the mortgage servicing market. He started off by saying, "Oh my God! Catherine Austin Fitts has been saying this for years."



He went on to say, “It never occurred to them that Catherine was right.” But now that he is seeing the fraud in the mortgage servicing, he is beginning to contemplate how bad the fraud was, and that it was clearly very intentional. You are talking about trillions of dollars, and it is part of the missing money story.

I’m saying to Franklin, “Can you believe this after the bailouts where you are bailing out 300% of the single-family mortgages in the country?”

Franklin said, “I’ve never believed you.”

So, here is an ally of mine after many years of working together, and he informed me that he didn’t believe me. I asked, “Why?”

**Kirby:** The numbers are too big for people to ‘wrap their heads around’.

**Fitts:** That wasn’t it because Franklin can wrap his head around some very big numbers, but what he said was, “The Federal government only has the capacity to do the kind of immersive tracking of people of maybe 24,000.”

I said, “No, Franklin. They can do immersive tracking of not only 325 million people, but billions of people. Everybody who has a smartphone globally and everyone who is on Facebook globally can be tracked.”

**Kirby:** That is something that I want to touch on because it is something that I have been noticing more and more here in Toronto, Canada.



Canadians have adopted technology probably at as rapid a pace as anyone in the world. What I am noticing increasingly when I go into a grocery store or a government-owned liquor store or a department store is that people are now using their phones – literally touching their phones – to a device now to pay for everything. The traditional wallet has been supplanted by a phone.

These phones also give people access to their crypto accounts, and I find it very, very interesting that recently in Jackson, Wyoming, Mark Carney, the current head of the Bank of England and rumored to be the next head of the IMF and a former governor of the Bank of Canada, made a public statement that the world needs to have a new global reserve cryptocurrency.

**Fitts:** We are going to get to that, but later. I want to go back and talk about how hyperinflation should have already happened and it didn't. I want to know why.

**Kirby:** Because the dollars have not been allowed to come home, and the gold price has been suppressed, which would have been an adjuvant to make the money come home.

**Fitts:** Let's look at where the money went because we know that in 1990, the stock market was \$11 trillion. Today it is \$70-80 trillion globally. So, I think there had been a global sweepstakes where they take money out of the developed markets, and they run around the world and buy everything cheap. But that takes a lot, and you have to print a large amount of money to buy everything.

**Kirby:** It is all digital buying anyway.



**Fitts:** Right, but you are securitizing all the equity on the planet, and if you look at how much more they have to securitize, it is tremendous. If you look at how much real estate remains unsecuritized, if you look at the growth of companies in the emerging markets, there is a tremendous amount that is still unsecuritized. If you consider how much money you have to print to buy that, think about it.

Let's say that you and I could print money off a computer, and then run around the world and buy anything. Wouldn't you print as much money as you possibly could and buy everything?

**Kirby:** If you look at the balance sheets of central banks around the world, who are now the biggest equity owners in the world?

**Fitts:** The central banks.

Japan's central bank owns 25% of its stock market. What is the governance model on the planet when it owns 100%?

**Kirby:** How do we know that they only own 25% now? We only know what they tell us.

**Fitts:** And what they tell us isn't useful.

**Kirby:** At the end of the day, you and Dr. Skidmore's work is highly suggestive that the amount of money the monetary elites in America – the people who have stewardship of the dollar – tell us that monetary aggregates are 'x'.



**Fitts:** And we have no idea what it means.

**Kirby:** In reality, the true amount of money in existence could be 2x or 3x or 4x or 10x; we don't know.

**Fitts:** Especially since after the bailouts, they said they were paid back, but we don't know if that is true or not because there are no reliable books.

**Kirby:** And now that the Federal books have gone completely dark, how can we ever know? This is why I believe that change is afoot. It was Federal Reserve Bank of Dallas President, Richard Fisher that said years ago, "The perpetuation of the dollar as the world reserve currency was a game of confidence. We are going to do everything in our power to ensure that people maintain the confidence in the dollar to continue using it as the world's reserve currency."

I believe that what has recently occurred is that this confidence has been shaken to its core. This is why I think we have gone through a seminal change, and I do believe that we are going to see a massive change here.

**Fitts:** I have to disagree with you. If you look at everything that has been published by Dr. Skidmore and me, it was permitted. I think the financial coup is over, and I think that they are ready to move to the next phase. They could have stopped.

**Kirby:** To counter that I would point out obvious things, and these are big markers and big flags to me:



We have never had a central banker make a statement publicly that it is time for an alternative to the US dollar as the world's reserve currency. That is exactly what Mr. Carney, a former Goldman Sachs banker, said in a statement. I think that is an extremely bold statement coming from a highly respected globalist.

**Fitts:** Let me put the statement in context because I agree with you. I think it's critical, it is unbelievably important, and it's a real bellwether.

We passed FASAB 56, and suddenly, all the people we needed to launder money in padded contracts, the contracts are being renegotiated, and Epstein is dead or disappeared. Suddenly with FASAB 56, you don't need all that anymore; you don't need to pad contracts; you don't need to have covert money-laundering operations. This is the low-fee alternative. You can now do everything direct and above court, right?

**Kirby:** As long as the world is willing to accept US dollars as the world reserve currency.

**Fitts:** Right, but we know that they have wanted to go to digital currency forever. I believe bitcoin was a Mr. Global prototype. They have been putting it out and prototyping it and trying to get everybody to figure it out and go along because they can't introduce it top-down. They need a groundswell; they need a bottom-up.

If you look at a \$200 billion market cap, where did that \$200 billion come from? I think that a large amount of it came out of the Exchange Stabilization Fund or someplace like that. It has been fantastically profitable for them.



Farrell said, “Oh, great! Hitler’s ‘wet dream’ – secret money for secret armies.”

I can’t tell you how many activist intelligence operatives were running around getting paid by bitcoin.

**Kirby:** I have been of the belief from the ‘get-go’ that the establishment is a huge player in the crypto-verse and are big holders of all the major cryptocurrencies that there are in existence.

**Fitts:** One reason is that cryptocurrencies gets them out of deposit insurance.

**Kirby:** That is a very interesting aspect, but as you alluded to, the total market capitalization of bitcoin is under \$200 billion.

**Fitts:** Right, it’s tiny.

**Kirby:** Referencing my comment about how Mark Carney was making a call for a new global reserve currency that was crypto-based, I look at it from a standpoint that we might think that bitcoin could possibly be the replacement.

**Fitts:** No, it can’t.

**Kirby:** All I’m saying is that bitcoin is the biggest market cap in the ‘crypto-verse’ right now.

**Fitts:** Right, so let’s just invent Mr. Global cryptocurrency. It is basically backed by the central banks.



Let's say that you put together a group of central banks and have a crypto STR, but it's central bank-backed and works off the US dollar index. That could soak up trillions very quickly.

**Kirby:** It could and I'm not arguing that. All that I am trying to point out is that Mark Carney did not come out and say that he advocated a return to the gold standard. The gold market has a market cap of \$8 trillion. So, if the 'crypto-verse' is to gain and even have a market cap one-tenth of the market capitalization of the gold market, that would be \$800 billion.

Think about it this way: If bitcoin were to have a \$1 trillion market cap, which would be one-eighth of the market capitalization of gold, each bitcoin would be worth over \$50,000.

**Fitts:** We have to call it something else because bitcoin can't do it.

**Kirby:** Okay, then bitcoin working in tandem with another Ethereum-based product could very well.

**Fitts:** Let's, as an example, call central bank 'crypto'. So here is my question to you: If the central banks get together, and they create a crypto by whatever method, how much inflation can that crypto soak up?

**Kirby:** It all depends. If the crypto happens to be asset-backed, the whole beauty of block chain is that you cannot put a hard asset on the block chain and have people selling eight times more of it than exists.



It almost makes a ‘cash and carry’ thing because, if you have gold crypto-ized, you cannot sell gold that hasn’t been mined, especially if it is backed ounce for ounce.

**Fitts:** You believe that a crypto system could have integrity. I’m not as confident of that.

Let’s just pretend that the world is persuaded that central bank crypto has integrity. The question is: How much could it soak up?

**Kirby:** Then I think the question that you also have to factor in is: Are you talking about a centralized or decentralized cryptocurrency? We have XRP or ‘Ripple’ (which I call ‘Dribble’) and Dribble is an invention of the bankers, which is a centralized crypto. I don’t believe any centralized cryptocurrency – and this is also the shortcoming of the envisioned Libra coin that Zuckerberg has talked about creating from Facebook – is to be much like the Dribble coin.

I don’t believe that humanity is going to tolerate a centralized workable cryptocurrency because I don’t believe a centralized cryptocurrency is workable. It will be too prone to manipulation and fraud.

**Fitts:** It’s also possible that each central bank could do their own, and then you have the XTR equivalent that is for global transactions.

**Kirby:** I guess in theory, but I look at it from the standpoint that we have models of workable solutions now in place.



**Fitts:** Except for any cryptocurrency, you need a governance and management structure. The question is: Where is the management and governance structure in a cryptocurrency that the market will trust?

**Kirby:** They are in existence right now; we have working models and we have whitepapers.

**Fitts:** There is not a cryptocurrency in existence that I would trust.

**Kirby:** The breadth of who owns them would tend to argue that they are quickly being adopted at a very, very rapid pace.

**Fitts:** They are being adopted. I agree with you that is where this is going to go. So, I think the crypto market is going to grow considerably. But they are being adopted because incredible amounts of mysterious money are infusing and supporting the market, and they are pumping and dumping the market.

As people say, “It’s going to go because it is going to go.” Mr. Global is going to make sure that it goes.

**Kirby:** Exactly, and in my view, it is an actionable event, except the thing that I have the big problem with is: Which of the crypto’s are going to be the winners? I don’t feel qualified or competent enough to say which ones will be the winners. I think that some are going to do spectacularly well, and others that maybe have achieved some very lofty levels, could literally crash into the ground.

Crypto is going to be a bigger part of our lives three to five years from now than it is today. On that, I am certain.



**Fitts:** I will tell you why and it is very simple. If I want to get seven billion people on smartphones transacting through my NSA controlled system and AI and software, I need to bring the transaction costs way, way down. I can't get the emerging and frontier markets in unless I get the transaction costs way down. So, I have to go to crypto.

The beauty of crypto is, not only do I get out of the deposit insurance, but then with AI and software I can run and control everything. It is the mark of the best.

**Kirby:** If we have a centralized crypto, then, yes, you are right. If we have a decentralized crypto, then I don't believe that is as likely or as possible as you might suggest.

**Fitts:** That is a technical question, and I have done a wealth of research on that. Where I come out is that we live in a planet run by physical force, and the person who controls the physical force ultimately controls the hardware, which ultimately controls the software, which ultimately controls.

I think the goal of crypto is part of a governance system called technocracy where, instead of running things with markets and prices, you run things with AI and software.

**Kirby:** Okay, but my counter to that is technocracy has been – and still is to this point today – very dollar-centric. If you take the dollar's ability away from that equation, the technocracy or the command and control that the NSA has becomes very diminished.



**Fitts:** Look at the Chinese system. The Chinese are rolling out technocracy at a high speed, and it has nothing to do with the dollar. It is totally yuan-based.

I see technocracy rolling out in every country around the world, and it has many different faces and many different forms. There is a tremendous effort using climate change and ‘divide and conquer’ and all these other things so that we don’t see it simply.

The youths in Hong Kong are fighting the same thing that the youths in Canada are fighting – central control.

**Kirby:** Absolutely. That is why I don’t believe that a centralized cryptocurrency solution is going to be tolerated. If it is going to be trusted and adopted, it has to be a decentralized crypto solution.

**Fitts:** But how can you govern something that is centralized that can withstand the covert operations?

**Kirby:** In my view, the people who have been in control of the covert part of the world are going to lose much of their punch.

**Fitts:** It’s not only the US.

**Kirby:** No, but it is dollar-centric. If the dollar turns to confetti...

**Fitts:** Then the amount of covert operations is going to go up.



**Kirby:** I completely disagree with that. What is America going to pay all their troops who are all over the world in 130 different bases around the world? Are they going to pay them with confetti? Soldiers lose their will to fight when they are not being paid.

**Fitts:** We have created an enormous number of mercenary corporations.

**Kirby:** Sure, but they also want to be paid. If you can't pay them in a fungible, acceptable currency; their will to fight is based on what they are being paid.

**Fitts:** Traditionally when the sovereign government can't pay them and can't pay the mercenaries of the world, they just harvest the local area. They go private.

**Kirby:** But, you see, harvesting is an activity that requires money. People's allegiances are very easily bought.

When you are using your currency-call it the dollar-to buy the favor and influence in foreign lands, and suddenly that dollar loses the appeal, and people say, "We don't want dollars," tell me what happens. Tell me what happens when leaders in some of these far-flung countries where America has been exerting great influence say to America suddenly, "We don't want your dollars. We will work for you, but now you have to pay us in gold."

Then they have a big problem because I don't think that America has gold.



You and I are both fans of Chris Martenson's crash course. I love that picture he has of the miner sitting on top of the big copper rock. He is talking about how the law of diminishing returns has kicked in regarding the natural resources on the planet. So, you have more and more people and less and less natural resources.

I know a few years ago I came here to go to the PDAC conference. I came back and said, "Rob, they are going further and further and working harder and harder to get less and less."

You could really understand in listening to the presentations, why people are talking about asteroid mining.

**Kirby:** Because they have high-graded everything on the planet.

**Fitts:** So, we are facing a bigger and bigger population and shrinking natural resources. Those are the fundamentals that should be driving prices up. They are trying to cover this all up with monetary games.

We know that new technology is helping to increase productivity in certain ways, but if you are the leadership, the issue is: Whether I'm concerned about hyperinflation or whether I'm concerned about how I'm going to get these natural resources, what I need is to take the developed world population and dramatically reduce their standard of living.

**Kirby:** That has been occurring.



**Fitts:** Right. The leadership wants to dramatically reduce the standard of living, but they are asking themselves, “How can I market that? How can I get them not to kill me?”

**Kirby:** It becomes a trickier and trickier prospect with each passing year because with each passing year, more and more and increasingly parabolically, I would suggest that we are on a vertical money growth curve. As increasingly more money is created, the appearance of probity in the bond market becomes a tougher and tougher sell. Living standards continue to decrease. We both agreed that living standards have been declining in the Western world steadily for the past number of years. That is all evidence of inflation that is picked up by the Chapwood Index, but not acknowledged by official government data. That is an acknowledgement that, indeed, is occurring.

The reason the historic signal for this, which is a rise in gold price, hasn't been allowed to make its voice heard is that fictional ounces are being sold at ever-increasing prices. Consider the open interest.

**Fitts:** Money is being sucked off into cryptocurrencies.

**Kirby:** Some is, yes.

**Fitts:** It's like the Baskin-Robbins strategy; there are 57 strategies to suck money off to keep it from happening.

Let's look at climate change and all these 'whack-a-doodle' presentations coming out from some of the new congressmen: “The world is going to end in 12 years!”



**Kirby:** I would like to point this out: Isn't it amazing that we have arrived at 'climate change' because two or three years ago we were talking about 'climate warming'? The people on the side of climate warming 30 years ago were saying that we were going to cool. Then they went to, "We are going to get warm." Now the data is not standing up that we are actually going to get warmer; we might very well be entering a new ice age. So, now they have adopted the position of 'climate change'.

**Fitts:** One way that you can get everybody to radically reduce their living standards is with inflation and hyperinflation. But there is another way that you can do it which is an alternative, and that is to say, "The end of the world is coming. We need all these radical reengineering things. You have to stop using air conditioning, you have to live in a smaller house." This is all just a way of marketing an alternative to inflation.

In other words, rather than let the financial mechanism signal the change, you come in with a 'demand-a-structure' which is done by political enforcement and regulatory authority.

If you look at the first Green New Deal, it is fundamentally, "How do we get a few people to take control of all the real estate and take it away from people?"

**Kirby:** Effectively, it hides or puts a 'beard' on inflation in making it not as observable because it is increasing the government's take on the ever-increasing pie.



**Fitts:** I say that one of the biggest arguments you are right about is this vertical trajectory; the ‘whack-a-doodle’. Every time it gets ‘wackier’, that is fear of the price mechanism in a hyperinflation coming through.

**Kirby:** In response to that, I would say, “Yes, things are getting wackier for sure, but as things continue to get wackier and wackier, things also become less believable.”

How much is too much?

As you stated earlier, today (as of this report) the Chapwood Index, which is real boots on the ground measurement of inflation, is 8-14%.

**Fitts:** Not monetary inflation but price inflation.

**Kirby:** Price inflation that people are experiencing in the real world. So, you can ‘buffalo’ or make people believe that inflation is 2% when it’s 8-14%, but it becomes a much ‘stickier wicket’ when the actual inflation rate is 16-24%.

I wonder if the people in Venezuela believe that inflation is 2%. In America they do or they accept it, but in Venezuela that is a tougher sell.

**Fitts:** You heard me talk about this before. One of the reasons I am so worried about the debasement of the quality in the food supply is that I think that you are right concerning the pressure. One of the ways that they can delay is to dramatically reduce the quality in the food supply so long as it looks like food. That way they can keep the population eating and the corporate profits continuing.



**Kirby:** Of course, that is a hedonistic adjustment that we call ‘substitution’.

**Fitts:** I think that the substitution in the food supply has already been extraordinary. But if you look at where it is going, it’s terrifying.

**Kirby:** I don’t like the direction that we are headed, and I share that sentiment with you. If the price of steak gets too expensive, they will tell us that we can eat dog food – plant-based.

**Fitts:** That is an example of what you do to fight this kind of hyperinflations. I think that it is very important for people to understand that if you are managing this process. On one hand, you are looking at hyperinflation, on the other hand, you are looking at doing everything that you can to syphon the money off.

**Kirby:** The conditions under which we have been living for the past 10-15 years, and you made the point, we probably should have seen something looking more hyperinflationary than what we have actually experienced. A reason it hasn’t occurred is that a large amount of the dollars has been exported.

**Fitts:** Absolutely, and Middle East war is one way to do it.

**Kirby:** At least \$7 trillion has been spent in the last 15 years blowing things up in the sand.

**Fitts:** In 2016, we elected a new President of the United States, and that President said, “Bring the capital back.”



**Kirby:** He had better think about what he is wishing for because I think he is going to get his wish in spades.

**Fitts:** That is going to make this tougher.

**Kirby:** I think it's going to make it absolutely impossible. That is my own personal opinion, but we will see.

**Fitts:** I was in Wall Street in 1989-1990, and I watched the 30-year New York municipal bond go to 14%. I forget where prime was, but it was over 21%.

**Kirby:** I remember those days very well.

**Fitts:** We always associated higher interest rates as a signal that inflation was kicking up. So now we have, depending on whose estimate you read, \$17 trillion to \$19 trillion of sovereign bonds at a negative.

Last week, Germany sold a 30-year bond with no coupon, and they received 825 million euros, and they are planning on paying it back with 790 million euros in 30 years.

**Kirby:** I say, "Congratulations," to them. But that is not sustainable in my view.

**Fitts:** Absolutely, but why? I'm assuming that you have central banks buying up bonds because they have the cash, and they are driving these rates negative.



**Kirby:** Or they are creating the cash or expanding their balance sheets. As long as people are willing to accept the currency, central banks can buy assets until their prices go to the moon, or in the case of bonds whose prices are inverse to yield, they can drive the price of the bond to infinity and drive yields as far negative as they choose to pay.

**Fitts:** So, we have a Danish bank making negative interest rate mortgages. I just received a report from Switzerland.

**Kirby:** I would like to get one of those.

**Fitts:** I would also. Two of the canton banks are making negative interest rate mortgages. In fact, there is a new rule in Switzerland that caps landlords' profits. If you have this much money flowing in and these kinds of gains around the financing, the danger is that all the landlords will buy everything and jack up the prices, and then you have a real mess.

**Kirby:** Yes, and that could get very ugly very quickly.

**Fitts:** So how do we fit negative interest rates into a hyperinflation? That is a very new look. We are talking about massive deflation in certain sectors and massive monetary inflation in other sectors.

**Kirby:** I would suggest that comes about when you have dramatic and massive rejection of the currency. You can have negative interest rates all you want, but if people refuse to put their money in the bank, then you have a big problem.



The stewards of the money have a big problem because it can bankrupt the bank sector. Before I would give my money to a bank and get charged to keep it there, I would put it in a sock and stuff it in my mattress.

That is where I say, “Be careful what you wish for.” When Trump talks about bringing dollars home to America, he could very well touch off an avalanche of dollars and a tsunami of dollars coming back to America. What happens if \$4 or \$5 trillion suddenly arrives on the shores of America looking for something to purchase? The price of virtually everything would naturally go up.

**Fitts:** Actually, if you look at the demand to sell Treasuries, then that is doomed.

**Kirby:** I can only bet that if such a thing were to occur, then capital controls would then be instituted which would only hasten the rejection of the currency to an even bigger height, and then it becomes a self-fulfilling prophecy because then you have outright liquidation.

**Fitts:** If you are Mr. Global and you want to go to a global digital currency, – because I’ve always said that they don’t care if it’s dollars or pounds or yuan as long as it’s digital because digital is what gives them complete control – would you want the dollar to die?

**Kirby:** It would seem that Mr. Carney is intent on having the dollar die because of his proclamation earlier that he wants to see the world have a new global reserve cryptocurrency because he is concerned that the world is too reliant on the dollar.



**Fitts:** If you were Steve Mnuchin and you were struggling with a stronger dollar, which causes problems for him, and the head of the Bank of England came out and did this, what would you say? What would you feel?

**Kirby:** If I were Mr. Mnuchin I would resign and run. I would literally try to ‘get out of Dodge’. I would try to get away from what is coming as quickly as I could.

I believe it’s a fait accompli that we are going to experience a reset in the relatively near future. I believe that, and may end up being proven incorrect, but this is what I believe is coming. This is how seminal I believe Mr. Carney’s words, being the first central banker to come out and make a case for an alternative to the US dollar as the world’s reserve currency. I believe this is a seminal event, and I believe it’s a four-alarm siren going off. Firetrucks will soon be circling the accident scene. This is where I think we are.

**Fitts:** I have the complete speech and I haven’t finished reading it all yet, but I think it was more evolutionary about what he said.

**Kirby:** It may turn out to be and I don’t argue that. He could walk some of it back, too, which could happen.

**Fitts:** I don’t think that he can walk back what he said. What he said was that we need a way of settling transactions globally which are not subject to short-term intermediate political forces.

The US is trying to implement political agendas through the dollar, and it is stopping a financial mechanism.



**Kirby:** Right, embargos on countries like Iran where Europe draws much of its oil. They are basically being told, “You can’t buy oil from the people you used to buy oil from.”

**Fitts:** A few years ago, I wrote a book review about a very interesting book on sanctions. I said, “This is going to kill the goose that laid the golden egg. It’s going to kill this.”

**Kirby:** Mission accomplished!

**Fitts:** Carney said, “It’s not enough that the yuan develops liquidity because it has the same problem as the dollar. This is the new world order, and we need a globally-governed thing which is not subject to the individual politics and control of one nation-state.”

**Kirby:** And one that is not subject to the whims of American foreign policy. That is really what it comes down to.

**Fitts:** One that is not subject to the whims of any nation-state. That is what Carney is saying.

**Kirby:** It has to be a global currency – a one-world currency.

**Fitts:** Right, and one that is subject to the whims of Mr. Global.

**Kirby:** And the ‘mark of the beast’, which is the globalist’s ‘wet dream’.

**Fitts:** The speech was very clever because he was saying, “China is provincially-minded.”



**Kirby:** Central bankers have always been clever.

**Fitts:** You're right and he is very clever. He said that the Chinese were 'too provincial' and the Americans were 'too provincial', but "We, Mr. Global, are higher-minded and not provincial."

**Kirby:** Of course, we are in agreement on that.

**Fitts:** It was definitely the 'royal we'. He was not speaking on behalf of the bankers; he was speaking on behalf of Goldman Sachs.

**Kirby:** He was probably speaking on behalf of the BIS in all likelihood.

**Fitts:** Absolutely. Libra is governed out of Geneva and I was in Basel recently.

**Kirby:** I'm not saying that Libra won't happen, but I think that the degree to which it enjoys success is open for debate.

**Fitts:** Can you imagine Mark Zuckerberg having anything to do with any currency?

**Kirby:** Can one imagine owning Libra, and then Mark Zuckerberg decides to de-platform you and steal your wallet?

**Fitts:** It's like having the global currency governed by the people who put out the Cracker Jacks.



**Kirby:** It's like putting Jeffrey Epstein in charge of your daycare center. It's not a good idea.

**Fitts:** Oh, God help us!

I agree with you. I think that he was speaking on behalf of the BIS consortium. I believe it is a huge bellwether because it is saying that change is upon us.

The thing that concerns me the most about the change is not financial; it is literally this push for highly centralized control using AI and software, and with 5G, massive amounts of mind control.

**Kirby:** It's a massive, massive step forward for the surveillance state. That is what it really is.

**Fitts:** Over the next year, on one side you have the Green New Deal 'whack-a-doodle', which is trying to engineer demand deflation so you don't have to do it through the pricing mechanism.

**Kirby:** You're only saying that because you haven't gotten your seahorse yet.

**Fitts:** What is my seahorse?

**Kirby:** That is the way that you will be able to go to Europe very soon according to the 'Occasional Cortex', the 'brilliant one from New York'. We will soon have seahorses, and we will be able to go anywhere we want because we are going to outlaw airplanes and ships. You will need a seahorse.



**Fitts:** You just can't make this stuff up!

So, on one side you have 'whack-a-doodle' demand destruction, and on the other side, you have hyperinflation or monetary. One is coming through demand destruction, and one is coming through price discovery.

**Kirby:** It's a great recipe for revolution, isn't it?

**Fitts:** So, you have price discovery on one side called 'hyperinflation' and 'whack-a-doodle' demand destruction on the other. So, give me the odds. Is there a 90% chance of hyperinflation? Is there a 10% chance of 'whack-a-doodle'?

**Kirby:** I honestly – and I don't mean this in any kind of 'smart-ass' way – think that it is a great recipe for a civil war or a revolution. I think that could very well be in the cards, too.

**Fitts:** Here is the danger. In 2016 I wrote an article about the 2016 election, which I think is very good. It has stood the test of time and is called 'The Productivity Backlash'.

If you look at the United States, on the coasts you had people in Silicon Valley, Hollywood, Washington, and Wall Street. They are all for people who deal on computers with invisible assets. They don't dig for the oil, they don't grow the food, and they don't do the concrete tasks. In the middle of the country, you have all the people doing the concrete tasks who were in a state of revolution. They were willing to do anything, including elect Donald Trump, rather than to have four more years of the people in 'La La Land'.



So, it was really the abstract versus the concrete. I think that the people in ‘Concrete Land’ are just frustrated beyond imagination.

**Kirby:** Let’s just back up a bit. You did reference the two coasts. The ‘left’ coast and the East Coast were the pockets that actually supported Hillary Clinton. It was everywhere else in America that supported Trump.

I find it absolutely amazing and inconsistent that the neoliberals of New York, the East Coast, and the Silicon Valley on the West Coast, all living in areas adjacent to the sea who are all advocates that the sea level is going to rise. They are all living on the beach.

Reference the Obamas, who are so entrenched in the notion of warming and rising sea levels, and they just bought a new \$15 million piece of beachfront property in Martha’s Vineyard. Good trade!

**Fitts:** Is it beachfront? I know it’s in Martha’s Vineyard, but I don’t know if it’s beachfront.

**Kirby:** I think most land on Martha’s Vineyard that is worth that much would be beachfront. So enjoy your sand and beach, Barack and Michelle.

**Fitts:** I tweeted out, “Use entrainment to get elected, give the bankers \$24 to \$29 trillion, help disappear \$7 trillion from DOD and HUD, get a \$16 million book contract, and buy a \$15 million house in Martha’s Vineyard. Change we can believe in.”



**Kirby:** Exactly! As I said, “It’s a great recipe for a civil war or a revolution”.

**Fitts:** The complaint is that everybody who is screaming, “Climate change!” is flying around in private jets.

**Kirby:** Of course! They are doing their part! Everyone has to make sacrifices.

**Fitts:** Right, they are in smaller private planes.

So if you are in the middle of this pea soup, how do you navigate between the possibility of hyperinflation and the possibility of ‘whack-a-doodle’?

**Kirby:** Regarding what I think you need to do to hopefully come out of the end of this with some semblance of a living standard, and the means to move forward, I still believe wholeheartedly that one has to own some tangible assets and you need to own some precious metal. If you have the amount of investable assets that would allow you to own some productive farmland, I think that is critical and very important.

**Fitts:** You have to insure integrity in your food and water.

**Kirby:** Yes, and you might want to think about purchasing some storable, credible food as your situation allows you. I think that at least in three to five years, cryptocurrency is going to become a much bigger part of our lives, but I am very reluctant to make specific recommendations because that is a race where we have many, many horses galloping down a track, and I am lull to say which one is going to win that race.



**Fitts:** My experience with their marketing techniques is that they are highly unethical.

**Kirby:** Most new markets in Canada-I can reference the cannabis market. We have been finding in recent weeks and months that many of the early leaders in cannabis have turned out to be very unwise investments for the long-term because they are fraught with noncompliance and fraud in many cases.

**Fitts:** I did a very serious due diligence on bitcoin two years ago, and what astonished me was the level of naiveté in the industry regarding custodian risk issues and all these other things. If you grew up in the securities market, you are astonished at the rudimentary position.

**Kirby:** Let's just say this: The challenges that bitcoin has encountered have not been a direct result of block chain integrity. What has been an issue are the exchanges. If people have left their coins on an exchange; we have found that there are some unscrupulous operators where exchanges have been hacked and coins have been stolen.

With the block chain protocol itself, there have not been issues. That has been sound. It's the exchanges that we have had issues with.

**Fitts:** To interact with the block chain, you have an interaction between a computer and the online system, and then you have a series of interactions before you get to the block chain. Those have very low-quality management. So, you could have a block chain system, but as a practical matter of using it with integrity, that is almost impossible.



**Kirby:** Actually, I would beg to differ somewhat with that because I do believe that you can have a ‘hard wallet’. You can take a device, and one such device is a ‘tracer’, and you can literally keep your cryptocurrency in, what amounts to, a ‘purse’, and it’s offline.

**Fitts:** It’s much safer if you have it in a hard wallet, and it’s offline, but you still have to interact. To transact, you have to go from the wallet to the block chain.

**Kirby:** I believe they have encryption that makes that relatively safe. To my understanding, the real issues are when you are dealing with exchanges, specifically storing on an exchange.

**Fitts:** I’ve gone through this with the top technologists in the world. I’ve gone through the whole thing – into the block chain and out of the block chain – and the internet is not a secure medium. I don’t care what encryption you have up and through this.

**Kirby:** I think that there are issues with the internet.

**Fitts:** Just remember: I’ve spent the last 22 years dealing mostly with the C-Team, but occasionally with the B-Team and the A-Team, and I know what they can do and I don’t buy it. I believe anything that is digital is not secure; at the end of the day, it’s not secure.

**Kirby:** It can be ‘not secure’, but the degree to which things can be made secure, I don’t possess enough technological expertise to really give you a good reply. I do believe that there could be and very well may be systems that can be adopted or that are invented currently that make things relatively safer with encryption.



**Fitts:** To make this worse, in a concrete, physical system and a digital system, in a world where certain players above the law can kill with impunity in both systems, the problem is not either/or, but it is both.

**Kirby:** This comes back to one of my core beliefs: The real reason you want to own precious metal physically is, if I have a gold coin in my hand, I know that it is in my possession. If I have something that has anything to do with cyberspace, I hope that it is still mine.

To what extent I have control over it, I would imagine that if I have it in a hard wallet in my hand, it is mine, but it's mine so long as I can get on the internet and transact on the internet.

**Fitts:** There is no financial solution to a political problem, and the political problem we have is that we have a global leadership which operates outside of the law with impunity and kills with impunity.

**Kirby:** As I have said, it's a great recipe for a civil war or a revolution.

**Fitts:** I think all financial systems require the rule of law. I think the strongest argument that says it is going to be hyperinflation and not 'whack-a-doodle' is that I have a belief the rule of law has deteriorated beyond a certain point.

**Kirby:** I would agree with you. The rule of law does apply in some cases. After all, Jeffrey Epstein is no longer with us; he disappeared.

The sad commentary that I would throw on top of this is that I believe we are there. I really do believe that we are there now.



**Fitts:** The reason I don't believe we are there now is that I don't know.

**Kirby:** I may be wrong and I'm not saying that I'm absolutely right. I just can't get over this Carney comment, and I keep coming back to it.

**Fitts:** The Carney comment is enormous, but here is what I have watched – and this gets back to technocracy. If you haven't listened to the Patrick Wood interview on technocracy and if you haven't read his books, I recommend it.

What I have seen over the last 20 years in the slow burn is that they have been able to selectively do 'demand destruction' through genocide – through killing people and destroying them – and they have been able to calibrate it. It's like a machine, and they can calibrate how many people they kill or destroy or steal from to keep the hyperinflation from happening.

So you have a killing machine that is calibrated to stop that hyperinflation. Here is my concern, and I don't know if it's true or not. I believe that if they have to drop a nuclear bomb, they will in order to keep that killing machine calibrated to stop hyperinflation. I think they will drop a nuclear bomb because they have to stop hyperinflation.

The central bankers will not lose control. They will do whatever they have to do to not lose control.



**Kirby:** I am going to throw this into the ring: If they drop a nuclear bomb, everything that we are talking about is quite moot. If they drop a nuclear bomb, they are not only liquidating us, but they are liquidating themselves and their progeny.

The only thing that I will say is that may actually work in favor of what you are saying, is that most of the globalists don't have children, so they don't care. They literally don't care, and they view you and I as 'useless eaters', to use Henry Kissinger's term, and they have contempt for humanity. Their stated goal in papers over the last 30-50 years has been the reduction of the number of human units on the planet from 7 billion down to 500 million. Their dream is a one-world currency.

It's for all these reasons that my outlook on our financial situation going forward is quite dim. As much as there has been a rise in populism, the globalists still seem to have their hands firmly on the levers.

**Fitts:** Let me bring up one other wildcard. If you study Tesla and the history of breakthrough energy, I believe they have the power to dramatically reduce the energy price. There is nothing more important for the economy and productivity than the energy pricing.

**Kirby:** Sure, but that would empower people. Is that really consistent with the globalist agenda?



**Fitts:** I believe they haven't brought it out is for that reason. If you look at all the inventions that people have tried to bring out, like running cars with water and all these different things, the suppression effort is extraordinary. I think the reason that they have been trying to put together the smartphones, the smart meters, and the smart grid is so that they can control it all and get the benefit of the price.

I always thought that the reason they wanted to accumulate all the land with the housing bubbles and now with the 'whack-a-doodle' eccentrics, is that the way you make money on bringing the price down is not on the energy company or the technologies; it's on the increase in the value of the real estate.

If they have enough control with 5G and the smart meter and the smart grid, and that is one of the reasons I think the 5G battle is so important; if they can lower the energy price without other people being able to weaponized it or get the benefit of it, they have succeeded.

**Kirby:** The benefit that we are going to get from 5G is that we will all very likely end up with cancer and die much younger than we otherwise would have.

**Fitts:** It's demand destruction.

I think that if you bring out a much lower energy price, there is no doubt that you can cut into the hyperinflation.



**Kirby:** Not conceivably, but that is a double-edged sword and is empowering. I can see them giving us the 5G and having very, very large amounts of human units disappear off the face of the earth to help fulfill their goal of 500 million humanoids on the planet.

I'm not as quick to accept the notion that we are going to have cheap energy, even though I would actually agree with you. They probably have the ability to deliver that.

**Fitts:** If it means that they lose control, then they are not going to do it.

**Kirby:** But these people have such contempt for humanity, which would fly in the face of their want and desire to have contempt. It's not consistent with the contempt that they have for humanity to empower them.

I hope I'm wrong.

**Fitts:** If you have smart meters, smart grids, and smartphones, it only gives you total control, but it doesn't empower them.

**Kirby:** If you have cheap, cheap energy, that leads me to this question: What new technologies haven't been developed because the cost of energy is prohibitive?

**Fitts:** Block chain.



**Kirby:** There you go. In terms of mining coin, energy costs are a big issue. There have been some pilot projects – and I don’t know if it’s mass adoption – where crypto-coin mining operations have been tabled to be built in oil-producing areas where natural gas that is flared off in the production of oil is now, instead of burning the natural gas, used to create energy to mine bitcoin on site.

The real reason it’s flared is that the cost to transport that energy – natural gas or building a pipeline to take it to market – is so cost-prohibitive. But if they could use it on site, it is basically free energy that is being burned.

So, there has been talk that there will be crypto-mining operations as a natural complement to the production of crude oil.

**Fitts:** I think that one of the most important assumptions you have to grapple with when you ask the question, “Can they keep the slow burn going, or are we going to go to hyperinflation,” is this: Is the economy open or closed?

In other words, is the economy that we are watching trading with one or more civilizations who are under the planet, over the planet, or off the planet?

**Kirby:** That is a good question, and I don’t know the answer.

**Fitts:** Of course, neither do I. I don’t think it’s a stupid question because every time I turn around, I’m watching a dividend disappear someplace, and I want to know where it goes. Of course, there are many different ways.



The \$21 trillion could have been spent on underground bases in space, and it also could have been spent on manipulating the precious metals market or the derivatives market. There are many different places.

It is clear from looking at the offshore havens that it has been stockpiling and going up. But there are all sorts of things to indicate that throughout history, somebody feels that they owe a dividend.

I ask the question: Is Planet Earth a REIT? What is going on?

**Kirby:** We don't know.

**Fitts:** I don't remember when they took down GLD; GLD is growing in terms of inventory. It is growing, growing, growing, and suddenly, the price crashed down and the inventory crashed down. Dr. Farrell and I said, "Did they just buy the moon?"

You know how you will stockpile when you want to make a big trade, and you will stockpile, stockpile, stockpile? We wrote the 'Precious Metals Puzzle Palace' and really focused on trying to understand GLD. It appeared as though somebody was stockpiling a large amount of gold and then did a huge trade.

**Kirby:** Because it vanished. Where did it go?

**Fitts:** It could have not existed. That was one of the possibilities, but it looked to me like somebody had made a big trade.



One of the things I believe is that they are rebalancing the gold supply globally so that they can do a digital global currency or some other type of thing. So, I think that clearly, they are rebalancing where the gold was.

Let me bring this up: We have a subscriber from Australia who is absolutely brilliant. He and I were in The Netherlands in March. We decided, “Let’s just pretend for a moment that the economy is open; it’s not closed. We are trading with other civilizations. What are our 20 largest exports?”

So, we made a list of water, gold, and all these different things. What we came up with – and this may explain some of the ‘whack-a-doodle’ matter – was that the number one export was entertainment.

**Kirby:** I wouldn’t argue with that.

**Fitts:** We are *The Truman Show*. It would explain a great deal.

**Kirby:** Hollyweird is called ‘Hollyweird’ for a reason.

**Fitts:** Reviewing the next twelve months: We have the end of the 3<sup>rd</sup> quarter and the 4<sup>th</sup> quarter, and then next year in November, is the election. Define hyperinflation. What is the annual increase that says that you are in hyperinflation in your mind?

**Kirby:** I’m going to say that my definition of hyperinflation is going to be when people hurry purchases for fear that they won’t be able to afford it next week.



**Fitts:** Oh, that is happening now.

**Kirby:** Maybe to some extent, but I don't believe that people are grappled in that fear yet. I think that is coming, and I think that a year from now there will be a noticeable difference to most people on Main Street. The dollar will be a different instrument a year from now. I think that is quite possible now.

I'm not saying that it will be collapsed, but I think that people might have noticed a very significant reduction in purchasing power of the dollar.

Let's put it this way: I think that the myth that we have 2% inflation might very well have evaporated by this time next year.

**Fitts:** If you are the Republicans and are trying to win the Presidency, and you wanted to keep the dollar strong, what would you do?

**Kirby:** I'm going actually to answer that a little differently than you might think. If I were the Democrats or the globalist entity that wanted to keep Trump from getting reelected, I would want to see the dollar diminished in its importance enough that Trump might be blamed for such a development. I think they have tried everything else.

They have tried to say that he was a Russian. Bill Maher is the one who has said, "Crash the economy to make sure that Trump doesn't get reelected."



In my view, the Democrats don't have a credible candidate to run against Trump. I think they are crazy enough and desperate enough that crashing the economy – and it would be very consistent with having the dollar take a very, very hard fall in the name of crashing the economy – would be done in the name of discrediting Trump. I wouldn't put it past them for a minute to try such a thing.

**Fitts:** It's possible.

**Kirby:** That is my guess, and that is the trajectory that I think we are on. I hope I'm wrong because that doesn't spell good times ahead for humanity.

**Fitts:** You wouldn't want to let the hyperinflation come through.

**Kirby:** A little at least. Then, of course, the left is so full of themselves. I could envision them believing that they could recapture control.

People who advocate riding seahorses will believe anything.

**Fitts:** I was watching a Trump rally video that somebody sent me and said, "Watch this." Trump can be very funny. He said, "I saw this guy from New York. He is a real estate developer. He didn't like me. I bumped into him the other day, and he said, 'How are you doing?' and I said, 'Fine. How are you doing?' He said, 'Fine.' I said to him, 'You don't like me, but you are going to vote for me. If you don't vote for me, you have no idea how poor you are going to be.'" He was referring to the 'whack-a-doodles'.



**Kirby:** I think that is quite accurate.

**Fitts:** I agree.

**Kirby:** The other thing that I will say is that Trump has some very narcissistic qualities, but I will tell you one thing: I do believe that on a certain level he is a changed man today from the man who won the election. In a certain respect, and this might sound paradoxical, he has been humbled by the job.

**Fitts:** I absolutely agree with you.

**Kirby:** I think, quite frankly, it is much more than he thought that it was going to be. I think that he bit off a lot more than he thought he was going to be chewing.

**Fitts:** Let me add one thing: One of the beauties of working on Wall Street and living in New York is that people are very competitive. The competition can be vicious, but you are all committed to covering your overhead that year and selling it for more than it cost you to make it. Ultimately, it's amazing how it puts a boundary on the viciousness because everybody has to make money, and everybody respects the fact that everybody has to make money, and everybody is trying to make money. Ultimately, you make more money cooperating and helping each other than killing each other.

**Kirby:** Hear, hear.



**Fitts:** I knew this would happen. When Trump got to Washington, he realized that everybody made money from tollboothing him, and they couldn't care less whether it worked or not. They really couldn't care less whether the whole thing worked.

It took him about a month or two to realize, "Now I'm really in an insane asylum, and it's this bad."

**Kirby:** That is the part of doing what he is doing now. It's a new gig. I think, in some respect, it has humbled him.

**Fitts:** I agree. He has done more to cut a hole in the matrix than any person in America has for a long time.

**Kirby:** I would agree with that also.

**Fitts:** I think that we won't get out of this without transparency.

**Kirby:** Ultimately, I think that we will have transparency or we will have nuclear war.

**Fitts:** Or some kind of crazy war.

Do you want to give us odds on hyperinflation in the next twelve months?

**Kirby:** I don't want to get 'pigeonholed' into it. I think that hyperinflation is coming, but I do believe that in the next 12 months the myth of inflation being at 2% is going to be dispelled.



**Fitts:** Let me say it this way: On The Solari Report we do scenario plans. One of the scenarios that everyone needs to be prepared for is hyperinflation, including 25% a week. We need to be prepared for that.

**Kirby:** If one was thinking about buying storable food, I would be an advocate of doing it sooner rather than later.

**Fitts:** Franklin Sanders would always say, “Buy brooms.”

He came up with one scenario where brooms were a better currency. Of course, in Russia they would tell you, “Gold is good, but vodka is really good.”

**Kirby:** At least with brooms, people like Hillary Clinton can fly them.

**Fitts:** Can’t we use them with the seahorses to go faster?

**Kirby:** Right, when you want to mush your seahorse to go faster.

**Fitts:** Rob Kirby, it’s been an absolute pleasure and thank you for joining us on The Solari Report. Tell people how they can find your website.

**Kirby:** You can find me on the web at [www.KirbyAnalytics.com](http://www.KirbyAnalytics.com), and I would like to say that I’ve had an amazing two days with a wonderful houseguest, and a great experience spending time with Catherine and her subscribers and Dr. Mark Skidmore.



**Fitts:** I want you to do me a favor: Tell us what the Solari Report subscribers are like.

**Kirby:** If you don't know Solari subscribers, and if you're not a Solari subscriber, I suggest that you try it because it's a lot of fun.

**Fitts:** It's an incredible group of people.

**Kirby:** It is an amazing group of people, and they are fun to be around.

**Fitts:** They are a lot of fun to be around.

Rob Kirby, thank you very much for joining us on The Solari Report.



## **MODIFICATION**

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

## **DISCLAIMER**

Nothing on The Solari Report should be taken as individual investment advice. Anyone seeking investment advice for his or her personal financial situation is advised to seek out a qualified advisor or advisors and provide as much information as possible to the advisor in order that such advisor can take into account all relevant circumstances, objectives, and risks before rendering an opinion as to the appropriate investment strategy.