The Emerging Multipolar World: US-Iran Relations with The Saker

February 13, 2020

Catherine Austin Fitts

The Saker
Summary: The Saker joins me this week to discuss the continued deterioration in U.S.-Iran relations, including the U.S. assassination of Iranian General Qasem Soleimani and the broader implications of U.S. assassination policies. We also discuss the impact of impeachment politics on Ukraine and the continuing decline in Ukraine's society and economy. Finally, we touch on Russia's government reorganization—described in the Saker's recent piece, The new Russian government: a much needed evolution but not a revolution—as well as the extraordinary and baffling capitulation of the U.S. Administration to Israeli interests.

Bio: Born and raised in Switzerland by Russian parents who were refugees from the Bolshevik Revolution, “the Saker” studied in the United States and lived and worked in Europe as a military analyst. Opposed to the destruction of successive countries in Eastern Europe (aka the US/NATO wars), he reinvented himself as a software engineer who now lives in the United States (as he puts it, “the Imperial Homeland”). Frustrated by the ongoing destruction in Europe, he started to blog.

The rest is history. When war in the Ukraine splashed its way across Western headlines, readership at The Vineyard of the Saker exploded.

His handle, “the Saker” comes from the saker falcon, a species of large falcon that breeds from Eastern Europe eastwards across Asia to Manchuria. Indeed, his viewpoint is Eastern…and Western, as well. Saker looks at current events from multiple points-of-view starting with the big “P” of geopolitics. Then, like a falcon, he swoops down to the most intimate personal details of a moment or event and then swoops back.

The Saker’s emphasis is on all things human: spirit, culture and history. So, be prepared for enormous breadth. This is a brilliant man who sees and draws the connections between all things.

Topics of Discussion: All main topics are highlighted throughout the report.
C. Austin Fitts: Ladies and gentlemen, welcome to The Solari Report. It’s my privilege and honor to welcome back the Saker – a man who needs no introduction. He is a retired military analyst who has very powerful insights on what is happening in the world. If you haven’t visited his website, Vineyard of the Saker, I can’t recommend it enough. He also has three books now which are wonderful windows on many different parts of the world. It’s a great way to get your mind around what it’s like to live in a multipolar world, which is where we are going.

Saker, welcome back to The Solari Report.

The Saker: It’s good to be here and thank you for having me.

Fitts: Iran: Our topic is ‘The US Versus Iran’. Needless to say, there have been quite astonishing events since you were with us last. So, why don’t you bring us up to date? Tell us what has been going on in Iran and what is happening to the US-Iranian relationship.

The Saker: Well, the US-Iranian relationship continues to be a very, very bad one. Obviously, the two countries are completely at odds courtesy of the State of Israel first and foremost, but also courtesy of oil and geostrategy.

Iran is definitely the biggest threat to the US and Israeli hegemony in the Middle East. It’s the most powerful country of the Middle East right now. The Anglo-Zionist empire basically does not have any kind of strategy as to how to deal with Iran.

We have heard for years now that Iran is about to build a nuclear weapon. I don’t believe it’s true, but if you want, we can discuss that. I am personally convinced that Iran not only does not have a nuclear weapons program, but has no interest in one.

But that was the big canard. Iran had to be brought to heel because they are about to nuke Israel. The real reason, of course, wasn’t that at all; the real reason behind that hostility was because Iran proves to the region that you can stand up to Israel and be a powerful nation and essentially, defy both the US and Israel at the same time and get away with it. That is what has been happening with Iran for years; since the revolution.
We have had decades now of tensions of one form or another, and I think that what happened with the murder of General Soleimani was truly the US doing a desperate effort to try to show that we are still ‘the big guy on the block and nobody dares to defy us’ and, “You will obey us.” It is like the Star Trek line, “Resistance is futile.”

So, they murdered this man in absolutely unbelievable circumstances in terms of how ugly and hypocritical this entire operation has been. It’s just absolutely mind-blowing.

But I think that this is also a huge loss for the US because it set in motion something which was way bigger than what the US thought would happen. So right now, I basically think that the Iranians have retaliated very effectively, but their goal now is to get the US out of the Middle East. I think they will partially succeed, particularly in the mid-term and long-term.

I think it’s the last big ‘hooray’ for the United States in the Middle East.

Fitts: If you look at some of the statements that Trump and Pompeo made at the time of the assassination, there was an implication that the US reserved the right to do this to any leader worldwide – if you interpret Pompeo’s words the way that I interpreted them, which I thought was extraordinary.

The Saker: Actually, it’s not. First of all, there were always undesirable leaders murdered by the United States; it has always happened. Secondly, the US and Israel are two countries which have very much officially declared that international law is dead.

You have the murder of General Soleimani, but you also have the United States declaring that all of the UN Security Council resolutions on Israel and the occupied territories are null and void, and the US declares that in what exact capacity? World hegemon? They are above it.

International law has really been dead since the US-NATO attack on the Serbian people. Since then, international law has been completely dead, and it still is dead. They are seeing this very often.

That is not the big deal. The big deal is they decided that they had the right and they would defend the right to murder a foreign top member of government of the ruling elites. So, that increases the visibility of something that has been going on for years already.
Fitts:  I want to look back at the Clinton impeachment for a moment. During the Clinton impeachment, several things happened. You saw extraordinary squeezing of the President, and much of it was happening through cybersecurity and information systems. As the President was squeezed, you saw a large amount of money start to disappear from the US Federal government. That was the beginning of the $21 trillion going missing. To get that started, you had to implode a lot of internal financial controls.

It was a wild time to be in Washington. People were being assassinated ‘right and left’. It was quite lawless and extraordinary. When it was all over, you felt like Clinton had gotten squeezed and was basically in the pocket of the networks that I associate with being, first and foremost, the real power behind Israel. Israel is somewhat of a front for these networks. They are based all over the world; they are not just in Israel.

My read was that Clinton got squeezed, the US Federal Credit got squeezed, and what had happened was quite bad.

Well, I would say that one of the things that most made me feel good about the world was in late 2019 when Netanyahu got indicted. I thought, “Could we finally get rid of this guy?” Then we watched in 2020 this process of squeezing the President. By the time it was over, Netanyahu is at the White House acting like Trump works for him. It looks like he may have pulled the ‘rabbit out of the hat’, and Trump is basically doing whatever the ‘Make Israel Great Again’ plan is.

I don’t know if you watched any of the clips of Netanyahu at the White House with Trump on the supposed ‘Peace Plan’, but it appeared as though the impeachment had succeeded in squeezing him into complete obedience.

All the things that they say about a foreign country engineering the election and controlling the White House, if you just switch in Netanyahu for Putin, there is some truth here.

The Saker:  I would first say that Trump did not wait for his impeachment to prostitute himself to the Israel lobby. He did that as soon as he ditched General Flynn. After that, he made the White House into a PR agency for Israel. There is nothing new here.
The other thing I think is really important is that personalities don’t really matter. From that, I make two deductions. First of all, what they say doesn’t really matter because they basically speak ‘off the cuff’ and say whatever they want without really thinking it through. That is why they make a lot of silly statements. But the key thing is not in the people; it’s in the systems – the way the US policy is organized and the way the Israel lobby has the control over it here.

That is not something that is related to individuals; it’s really related to a system, and it’s a systemic crisis that completely subordinates a nuclear superpower like the United States to a small regional rogue state – the last officially racist state on the planet – and it gets to act as a colonial master inside the United States. That is something that has to be looked at not at a personality level.

**Fitts:** I don’t think of this as Israel. I think Israel works for a network of people who are not necessarily residents in Israel, but may have Israeli passports.

**The Saker:** I completely agree with you. The neocons and the Israel lobby are not about protecting the people of Israel or anything else; they are about power. What they see in Israel is an ideology and a mindset which is a very good petri dish for imperialism and violence. I don’t think it’s about protecting anybody in Israel.

**Fitts:** I think the reason this is coming to a head now is because they are adamant that they want to control the equity on the Silk Road. In other words, you have a land empire growing in Eurasia, and they want to control the equity. The point is: Iran is right smack in the middle, and with Iran being the way that it is, Israel doesn’t have the hegemony they need to ensure that equity ownership. I also think that Iran is in part, a proxy for China.

This is about who is going to dominate all across Eurasia, and in fact, it is a bigger issue than only Iran because it goes right into China.

**The Saker:** I agree with you, but I personally see it as much worse. Forget about the Silk Road and everything else that is related to that. Losing the Middle East is rather extreme for a country who has built its wealth after World War II precisely on the control of oil. I think that is what is at stake. I think it’s even worse than that. It’s not about actually getting a cut from the Silk Road; I think it’s about not losing the Middle East. I think that the US is losing the Middle East in spite of all their efforts.
First and foremost, there is one thing that US politicians and Israeli politicians have in common, which is a complete separation between reality – what is actually taking place – and what they say to their own people.

Since both the USA and Israel are messianic states – they both claim a special role in history as ‘a house on the hill’ and all of the other messianic ideology – they cannot simply say, “You know what? We tried to deal with a minor or second-rate country, and we lost, and they are kicking us out.” They can’t do that. So, every time they fail at something, they have to come back with some kind of psychotherapy. It’s sort of a reassurance, “We still control the show.”

Of course, they aren’t. That is where the danger comes from. Every time that they do something that either fails or works, but it has very bad side effects they, again and again, reaffirm their superiority, but it’s completely detached from reality. That is what is so amazing about it.

**Fitts:** I know that you don’t want to talk about the economy, but if you look at the financial markets at the beginning of this year, you see so much discomfort and offense with the US and its management and governance of the dollar that there has been a compounding of, what is called, ‘Dedollarisation’ of people moving away. If you have ever seen a herd where everybody is trying to move away from the diseased animal, and they are all shifting to getting away from the diseased animal, you saw big calls by money managers all over the world at the beginning of the year. The surge in the dollar is over, and you want to shift away from the dollar, and you want to shift away from the US stock market.

Suddenly, that has been halted by the events in China in the last two weeks. So, with China putting itself in quarantine, that has been very strong for the dollar short run. But like anything, we constantly see ways of shoring up the dollar that are very temporary. It’s like steroids; they make things worse.

So, it’s obvious to me that you see enormous movement around the world in the financial areas saying, “This country is not under adult supervision.” No one will say, “It’s not under adult supervision because it’s been captured by the Israeli interests,” but exactly that is what it is, and everybody is trying to move away from the diseased animal.

**The Saker:** I would very much agree with that. It’s not only in the economy, but it is also true in political issues and the moral influence of ‘soft power’, if you want to call it that.
Just think about the **status of the US** in the world in 2000 and what it is today. Within two decades, it has seen such a dramatic collapse — much faster than anything I could have ever predicted; it’s reaching acute stages.

**Fitts:** But it’s interesting because if you watch Pompeo or Trump or Wilbur Ross, it’s almost as if they don’t know.

**The Saker:** First of all, I think that they don’t know. I agree with you. If they did know, they wouldn’t understand.

I didn’t watch the State of the Union yesterday because frankly, I can’t stand listening to any of these people, but I hear that Trump made Juan Guaido stand up, and he got a standing ovation. Is that correct?

**Fitts:** I don’t know. I watched the excerpts and read the transcript, but I didn’t watch the entire speech.

**The Saker:** But that is correct. Guaido was presented by Trump as ‘the real President interim and legitimate President’ of Venezuela, right?

**Fitts:** I didn’t know that; I didn’t realize that.

**The Saker:** That is what a friend told me. The reason I want to bring that up is that the support for Guaido was thoroughly discredited at home and is seen, more or less, as a ‘clown’ in Latin America. That backing of Guaido shows ignorance on two levels: First, there is the ignorance of what people in Latin America actually think about people like Guaido. The second thing is you don’t understand that in most of the world right now, to get support and endorsement by the US President is a ‘kiss of death’. It’s not something that is good for your political future, but they are completely oblivious to that.

The Clintons did the same thing. They thought that every time they gave their support to somebody, that person would be immediately receiving a fantastic PR boost from that endorsement, but it never happened; it was the opposite.

**Fitts:** So, tell us what is going on in **Ukraine**.
The Saker: In Ukraine, it is a very sad story. You have to see that the people really voted for Zelensky because he was the anti-Poroshenko. It is very similar to what happened to the US. While he was running, he said many good things. As soon as he got to power, he was quickly taken control of by roughly the equivalent of the Ukrainian deep state, which is basically rampant neo-Nazi nationalists. The second version is extremely corrupt oligarchs and crooks.

They got him under control because first of all, people were disappointed and didn’t do anything serious, and then they started thinking, “He sounds like Poroshenko 2.0.”

Now many people seem to think that he is worse than Poroshenko. He even lacks Poroshenko’s basic intelligence, which is nothing much because Poroshenko wasn’t a brilliant man, but he was clever and he knew what he was doing. Zelensky is a disaster on every single level.

It is a disaster internally, it is a disaster externally, and frankly, I think that this entire Zelensky appeal is practically over. What is left over is nothing; it’s a rapid acceleration of collapse.

Recently I saw figures that Ukraine lost 11 million people. That is a large number. It’s 5 to 5.5 million in the Novorussian Crimea, and the rest of them immigrated. Frankly, that is the only thing that can happen right now – decline and decay – unless there is some kind of authoritarian coup that might or might not help. It’s hard to say which would be worse.

So, they are undoubtedly in a freefall.

Fitts: One of the things that I saw in the process of watching the impeachment – which I haven’t followed closely, but I steadily track it – is that the leadership on both sides of the impeachment (for and against) appears as though there is a very high percentage of people with dual passports.

We have a significant number of Israeli citizens on both sides, which is part of the ‘squeeze game’, but then I have a hard time coming up with a theory of what is going on that doesn’t involve the fact that all of them – on both sides of the issue – are deeply compromised by kickbacks through Ukraine.
The Ukrainian kickbacks have been out of control, and if you watch and track all the squabbling about Ukraine going on in the US Congress, this kind of politics is going to rip the country to shreds. You can imagine what is going on there as this happens.

I noticed that the former prosecutor who Biden had arranged to have fired filed either a lawsuit or a complaint. I don’t know what the prospects for that lawsuit are, but it makes you think that this country has been picked over very dramatically by the US politicians. It’s rather frightening.

**The Saker:** Yes. The US’s dynasty and Russia (unintelligible) has devastated Ukraine in the 2000’s. That is exactly it. It was a show run by the US completely — the advisors, the aid to the different ministers-, and they appointed who they wanted. It was a colony that had no independent voice. That’s what happened after Zelensky was elected. Zelensky was elected precisely to stop that process, and he accelerated it, and it was even more out of control and incoherent than Poroshenko.

**Fitts:** If you look at the **per capita GDP** statistics of Poland, Russia, and Ukraine, when the wall came down versus now, both Russia and Poland have improved dramatically, and Ukraine hardly at all. So, coming into this ‘picked over by the United States’, I assume the problem with Ukraine was corruption.

I don’t know, but Ukraine had not succeeded in taking advantage of the changes the way that Poland or Russia had. There is something deeply wrong there, and this has made it worse.

**The Saker:** Poland is a special case because they received huge EU subsidies that allowed them to pretend as though they have a moving economy that was rather artificial. It’s coming to an end right now.

Russia, yes, but Russia is such a different economy that it’s hard to compare them. Even the measures such as the GDP don’t really give the full image.

The bottom line is that Ukraine was an extremely developed, rich, very high technology country. They had space technology and engines and ship building and electronics and radar. They had many things and an extremely high level of education. Generally, it was considered a very wealthy part of the Soviet Union, but now it’s basically Somalia.
Fitts: It’s a mess.

The Saker: It is a complete mess, and there is no way out here either. That weakens the United States because the US put its weight behind that.

If you are standing as the ‘godfather’ of this nationalist regime, and if you are a superpower, you shouldn’t let it sink the way that it does, but it does. This eventually reflects badly on the United States and their ability to either bring down or bring up somebody.

Fitts: The message involving the United States is like bringing in dangerous children; they are going to get you killed.

Let’s turn to another story. We recently heard a dramatic announcement by Putin putting forward real serious changes in the governance of Russia. Tell us what Putin has done and your interpretation of why he did it and what it means to the future of Russia.

The Saker: For years, Russia has been ruled by two different groups. It’s not black and white, but I identify them as ‘Atlantic integrationists’, which are those who want to integrate Russia into the Western securities sphere and the ‘Eurasian sovereigntists’ who think that the future of Russia is in the south and the east and who want to change the direction of the country. For the past 300 years, Russia has been almost exclusively focused on the West, and they want to change that.

What happened was that the first group was essentially put in charge of money inside Russia. So with the development, the investment, and the economy, they took those portfolios, whereas the Eurasian sovereigntists took the foreign policy and internal state security and took an external batch of portfolios.

Since the Russian foreign policy has been tremendously successful under Putin, he is associated with them and people like Shoigu or Lavrov or others are seen as representing that faction. They have been tremendously successful.

Most people in Russia are very happy with the way Russian foreign policy and national security has been conducted. That is not the case for the way that the Russian economy was conducted. It was partially successful, but there were some issues of sanctions and specific economic issues that upset many people in Russia.
That group was extremely unpopular, and everybody was waiting for Putin to finally get rid of these people, and he finally did it.

It took a long while, and from what I hear from my contacts in Russia, this was in part because discontented Russia is getting bigger and stronger.

**Fitts:** If you look at how much *food prices* are rising annually, it’s extremely dramatic.

**The Saker:** The Russian economy has many, many problems. Russian’s internal problems are bigger than Russian’s external problems. The legal system is corrupt to the ‘bone’. The influence of the shadow economy is corrupt. There is a lot that needs to be improved upon.

It seems that the people who have replaced this group that left are people chosen for their competence. They are technocrats; they all have strong reputations for their managerial skills.

This probably marks the end of that pro-Western group because clearly, power is consolidating around Putin, and he is making his government a national security government of national consensus. It’s a very important development.

**Fitts:** Do you have any idea why the group that failed failed? Why didn’t they do a better job with the economy?

**The Saker:** There are many explanations. First of all, some of the people would say that they did an exceptionally decent job with the economy. It depends on what your economic philosophy is. You may or may not appreciate it.

Personally, I was always opposed to the group. My views on the economy, not that I’m competent to have any views, but the incompetent views that I have don’t suggest to me that this is the way that Russia should be run at all. I think that what happened is, first of all, they came out of the 80’s and 90’s. That’s when they were formed. These are all people who had a very strong belief in the Washington consensus and monetary policy, and that the important thing is to protect interest rates, etc.

I think this is not at all culturally acceptable to Russia. Russians are not necessarily socialists, but they are social people. The Russian culture has always been collectivistic, and that social aspect is really crucial.
The other thing is that Russians want the government to be active; they are not a free market. Off-street economics don’t really have much traction in Russia. The Russians expect their government to be very active – internally – to contribute to the Russian economy.

The rumor is that they are heading the Chinese way of directions or state-run capitalists.

**Fitts:** There is no doubt that the **Chinese success** and the success of the way that the Chinese have done it has ‘rocked’ the world. It’s laying down a marker for everybody. “What’s your excuse?” Everybody is really taking note of that.

I have to tell you that when I saw and read the announcements and the coverage on it, I got a chill down my back. I said, “This looks like a war cabinet.” When I say ‘war’, I don’t necessarily mean physical military war, but the kind of thing that you put together when you’re getting ready for some very, very difficult times.

“We can’t mess around anymore. We have to get tough. I need the most competent people in here, and we need to spread the power so that we can’t get divided anymore.” So, you are trying to reduce the divide & conquer. You are trying to get more competent people in, and it’s like you’re batting down the hatches for a storm.

It was right after that I read the speech by **Herman Gref**, who is the CEO of Sberbank that I found so impressive. He is concerned about what the economy and politics are going to be like. The way that I would describe it is that he depicts a world where there are too many players who have a win-lose relationship and are not cooperating. That is what it sounded like to me.

**The Saker:** What is certain is that Russia has been preparing for war for at least six years now, and I mean ‘war’ in a military sense, but I also mean war in a political information warfare sense.

We know that, not because of what Russian politicians say, even though they confirmed that, but also because of what Russia does. The preparation for actual war or a very similar confrontation, including such a thing as creating an independent Russian internet or rehearsing how banks could function in case of a profound crisis, has been going on for years. You are right, they are ‘closing down the hatches’ for the coming storm.
Not only that, but Putin has had some very ambitious objectives. He clearly indicated that he has been fed up in the past when he was giving directives and the government would say, “Okay, fine,” but they couldn’t do it, and, “Sorry. Oops.”

Now he is getting fed up with that. He is saying that if the Presidential decrees aren’t implemented, then these people should be removed.

So, he is definitely closing down the hatches and preparing for turbulence ahead. Absolutely.

Fitts: Do we have any idea what turbulence – whether it’s Putin or Gref – really expects?

The Saker: I think they expect the full spectrum ranging from low-level ‘petty crap’, which the US has been doing plenty of to very serious threats. Russia has to prepare, not only for an attack against her, but also Russia cannot remain completely ignorant as to what is happening between the US and Iran because Iran is a very important partner for Russia.

Russia is involved in all levels of the Middle East, and they are involved in China, so they know that anything and everything is thinkable. So, they have to prepare for the widest possible spectrum of crises, whether it’s economic, social, or the health crisis with the virus. These are all things that the government of Russia needs to be prepared to tackle, and they need competent people they can trust.

Fitts: We heard Pompeo say that the central threat to the United States and the West was China.

The Saker: I think they will say that depending on their audience and their mood. Sometimes it’s China, sometimes they say Putin and his support for terrorism and hacking US elections, and tomorrow it’s going to be Islamic.

US politicians are constantly reusing the same list of villains in order to prove how important they are to the rest of the planet; it’s all cheap propaganda.

Fitts: Right, but if you look at the deployment of resources, what does the deployment of US resources say about what they are preparing for?
The Saker: I really don’t think that the US is preparing for anything. I don’t think that there is a decided-upon policy produced by the executive anymore. All that you have are reactions and quick fixes and short-term things that make them look good, and that’s it. But is there actually a policy? I fail to distinguish one anywhere – not in America, not towards Russia, not towards China. I just don’t see a policy anymore.

Fitts: I can only hypothesize, but what I see on the financial side is very significant transactions through DOD that – if I had to guess – was somebody who was moving all the assets out of the government, not only in the United States, but from around the world. Wherever we have armies, they are moving all the assets through and out into private hands, anticipating an implosion.

The Saker: But that’s not a policy either. First of all, private hands cannot replace government forces. Secondly, to say, “We moved from government forces to private hands,” is not a policy. A policy is when you continue and say, “In order to…” and then you name a policy objective that you are trying to achieve.

What is the US trying to achieve on the international scene nowadays? Can you distinguish some clear policy? I really can’t.

Fitts: What it appears to me is that they had a plan to build a unipolar empire, it failed, and now everybody is moving to grab as many assets as possible and cover their trail. It’s what I would call a ‘cut & run’; it’s not a policy; it’s an escape.

The Saker: First of all, it’s an escape; you are absolutely correct. Secondly, it’s not an escape done by the US government itself; it’s an escape of specific individuals defending their own private interests and assets.

Fitts: If you look at what has to happen, there is a Federal credit mechanism at the Treasury, at the New York Fed member banks, at the Fed, and DOD and HUD, and some of the top agencies. That is a system, and that system has to work together to do these things. So, there are policies internally; money has to move from A to B. It’s not a public policy or a governmental policy, but if you look at what they are transacting and what they are doing, some would call it a deep state policy in what they are going to do with the money and how they are going to manage the money.
Regarding resource management, there is a covert policy. If you look at what is happening in terms of the numbers that we can see, it’s quite dramatic.

**The Saker:** It is precisely that it is an internal agency or individual or groups of individual policy that makes it not a government policy. So, I agree that there are people who have policies for their corporate interests or for private interests, but I don’t think that these amounts to a government policy.

**Fitts:** It’s a *privatization* on the ‘just do it’ method. But if you look at Congress, Congress no longer exercises the power of war, and it no longer exercises the power of the purse. In other words, appropriations have been moved out of Congress and into this mechanism – whatever that mechanism is – and then they have compromised their power of international treaties.

So, it appears that Congress’ primary function is distraction and entertainment. That is the part of the problem. The world is saying, “This is a joke. It’s not a government.”

So the question is: **Where is the government?** We know that the White House is signing executive policies and there is a budget, but other than what is happening behind the scenes with the assets, it looks like it is essentially rudderless with Pompeo and Trump making these various pronouncements – too much of the time with Netanyahu.

**The Saker:** We already had that with Obama, by the way. Under Obama, the world could clearly observe that DOD was doing one thing, the CIA was doing another, and Foggy Bottom (US State Department) was doing its own thing, and they were contradicting each other with Iran. That chaos began under Obama, who was an extremely weak President. When Trump got elected, it continued and got worse. But it’s not something new.

The US has fundamentally been running headless for a long while now. I think that crucially there is absolutely no vision.

Where do we want to go? It’s one thing to thump your chest and say, “We are the biggest, we are the greatest,” and wrap yourself in flags, but that is not a vision. Nobody in the US right now has any vision as to where the US should be in four, five, or ten years. There is absolutely no consensus on anything because all of these topics are not discussed anymore.
Or we have the impeachment politics, which is ridiculous.

**Fitts:** If you read the Chinese plans that they publish, they are quite well done and quite extraordinary. They are very thorough and comprehensive, but also very understandable and clear; they make tremendous sense. If I was going to have the goals that they have, it seems that the plans are quite competent and very adult. They face what has to be done and they make provision to do it.

There was a very interesting book that I would recommend. It was written by three people in universities who had been to DOD. When Mike Rogers became the head of the Joint Chief of Staff, he decided that given the changes in technology, he had to dramatically do a serious rethinking of the US military and how it should operate. He said, “To do this, I need to work off of the civilian plan. What is the civilian vision for where we want America to go? Mine needs to be supporting of that as the military.”

He discovered that there was no civilian plan; it was basically headless. So, this group grappled with trying to create a vision for the civilian plan and then build the military into that. They continued to do it when they left DOD and went into the private sector because they said, “America has to have this,” but it doesn’t now.

What I saw when I was in the Administration – both as a political appointee and then as a contractor – is that there was a plan, but it was secret. Of course, there was tremendous faction fighting over who was going to control it, and policy debates in it, but it was all covert and secret.

For example, when I first got to HUD there was a cabinet secretary, and the cabinet secretary didn’t run HUD; it was the contractors, which did it by stealth. It was quite extraordinary.

**The Saker:** The weaker the central government and the central authority is, the stronger all the other actors become automatically. They become stronger and more influential and take over. Something has to take over, and things are taking over. There’s a lot of private corruption, of course. There is also agency politics which still exists.

The point is that it doesn’t amount to something that would help this country in any meaningful way. That is the drawback.
The real problems and the real issues that absolutely need to be tackled are simply not discussed within the confines of the political discourse in the US. It’s not even present.

**Fitts:** Part of the problem is that if you are the **reserve currency**, and you can print money, you don’t need to be efficient; you need to spend money to buy everybody up. So, you buy loyalty – whether it’s with employment or with bribes or kickbacks.

I think what we are watching is a system that can’t right itself and can’t get productive because it solves everything with printing more money and paying each other off.

One of the things that I’ve seen since Trump became President is it appears as though the kickbacks have been so significant and the system so depends on them at this point, they can’t come right. They are so guilty, there is so much criminal liability, and financially, they and their constituencies depend on it.

As long as they can print money, it’s going to continue. That is why I think you are seeing a real effort to do dedollarization all over the world. People are looking at it.

It’s like the scorpion and the frog; they’re saying it’s hopeless, and there is no way to fix it other than finding a way to be liquid.

I want to bring something up – and I’m talking politics now, and don’t want to talk finance. Mark Carney gave a speech in August when the central bankers met in Jackson Hole, and said that we need an **alternative to the dollar**. Then in September when Macron gave his speech to the French diplomats, he said, “The unipolar model failed.” Then, of course, Putin had the comment that he made about ‘the dollar will collapse shortly’.

We recently saw the BIS announce a task force of the Bank of England, the ECB, the Swiss National Bank, the Bank of Canada, and I think Japan may be in there, to set standards for a joint cryptocurrency effort. The Fed is not in the group.
I bring that up because if you look at the people who are in the group, in combination they have the gravitas to provide a real alternative. The euro is not a real alternative to the dollar, and the yuan certainly isn’t an alternative. But if you have the Bank of England, the ECB, and the Swiss National Bank together with Canada, that is an alternative.

The Saker: Possibly. I wasn’t aware of that effort to come up with an alternative. I really can’t say what the alternative is going to be, but at least for the countries that I follow, they are dedollarizing as fast as they can. They are getting gold and trying to get other currencies in.

I always come back to the example of Korea. When there were the tensions between the US and North Korea, at some point the South Koreans broke free and decided to negotiate directly. They figured that if they let the Americans do that, it might result in an actual full-scale war in the peninsula.

I think that is somewhat what is happening with the Europeans now. They realize, “Look, there is no way that we can simply continue to stupidly and automatically obey whatever order comes out of DC. We need to start taking care of our own interests.”

I think that is a real movement in Europe. It is still beginning, but awareness is slowly creeping up. Something needs to be done; more of the same is not enough.

Fitts: Brexit just happened. Will Brexit have any impact on the politics in the Middle East or Ukraine?

The Saker: Probably not, but I will separate those two. I wouldn’t say any impact on the Middle East in a major way because Europe doesn’t have a deciding voice in the Middle East. So, the fact that the Brits are not part of the European institutions anymore doesn’t really affect the Middle East as much as I think that there will be an impact on Ukraine. It means that one of the most ‘Russophobic’ countries in the US is now gone.

So who is next? Well, it could be Poland and then the Baltic states. They are much smaller and much less influenced by the UK. So from that point of view, it will probably have a generally positive impact. First of all, the Europeans will use their head a little more, and possibly in Ukraine, but that assumes that Ukraine could benefit right now from any positive development.
I don’t see that too much now because there is total, absolute collapse in a political relationship within Ukraine right now.

It’s complete chaos, and I don’t think that anything will get done there any time soon.

**Fitts:** We should just pray for Ukraine.

For the next three months, before we talk to you again, what should we be looking at? **How is the US going to get itself out of the Middle East?**

**The Saker:** I think that we should separate the countries in the Middle East into different categories. The first group of countries the US has to leave is Iraq, Syria, and possibly Afghanistan. First of all, the public opinion here wants the troops out. Secondly, it has been promised by so many politicians that sooner or later they are going to have to say, “Okay, we are doing it.”

Obviously, there are people who don’t want that to happen, so I think that there is going to be plenty of infighting. Eventually, Iraq, Syria, and Afghanistan are possible ones.

Then there is Israel and Saudi Arabia, which I don’t think the US will leave in any foreseeable future.

Concerning the countries between those two and everybody else, I think that there is going to be a fall of influence. The US is going to be hunkering down on an increase of insurgency, attacks, political challenges, and overall, it is going to get worse. That is how I see what is going to happen in the next six months in the Middle East.

**Fitts:** And what about **Israel**? Do you think that Israel is going to try to engineer a war with Iran?

**The Saker:** Are we assuming rational actors or not; it all depends on the actors.

**Fitts:** I honestly don’t think – whether it’s Netanyahu or the people who back him – they are rational. I also think that they will take extraordinary risks and put the world at risk to get what they want.
The Saker: That is true for labor. Remember, they started the war in 2006.

What I will say is that I think that the military equation has shifted dramatically, and not in Israel’s favor. The Israelis are in a much worse situation now than they were about four years ago. I think that what the Israelis will do is maintain their rhetoric because they have to. Arabs only understand violence, and Israel is the only democracy in the Middle East. Only nonsense will continue for sure.

They probably will continue striking objectives in Syria or maybe even in Iraq. They will kill people here and there, but these are all – as unpleasant and revolting as the strikes are – militarily; they are not that significant. Basically, it changes nothing in terms of the military equation.

I call it ‘psychotherapy’. There is going to be a lot of psychotherapy, but do the Israelis have the stomach to attack Iran? The US does not have the stomach to attack Iran.

If the US wanted to, that Iranian encounter strike could have been the pretext, but the US clearly had no stomach for that, and the Israelis themselves can’t do it.

Fitts: I think that the Americans believe that they can squeeze Iraq economically for long enough so that ultimately it collapses. It’s a long-term squeeze.

The Saker: I think it’s a hope more than a belief. Considering what Russia and China are doing to try to economically bring Iraq closer, I wouldn’t hold my breath on that.

By the way, if they really got affected, the Iranians still could close the Strait of Hormuz and plunge the entire planet into a massive crisis.

I see no scenario under which the US prevails over time. In my opinion, whatever side we look at, every time it ends with the same outcome for the US, which is a massive strategic loss.

Fitts: If you look at what they expected to do with sanctions over the last five years, everything that has happened would argue in your favor.
I think that the performance of the sanctions has been far less significant than they had hoped.

**The Saker:** But even if they are significant, we are dealing with people who are willing for hostile reasons – cultural, religious, ethos – believe in what they are doing, they know what is at stake, and it’s not like they just discovered the US. They have been at it for decades, and they know what is happening. I think that these people will not break.

Even if you produce effective sanctions, I don’t think that will break the will of the people there.

**Fitts:** I agree, and I think they understand; it’s like the scorpion and the frog.

**The Saker:** They understand that they have two choices.

**Fitts:** They can fight or die.

**The Saker:** Those are the two options that they have, and they will do the right thing.

**Fitts:** Tell us what else we should be looking for in the next three months.

**The Saker:** Obviously, what is going to happen after the impeachment charade finishes, and what is going to be next? I don’t see how the Democrats will ever accept another Republican victory in the Presidential election, and I don’t see how the Republicans would ever accept a Democratic victory. The system has now been so thoroughly discredited that it is going to be extremely hard to have a credible election.

I’m actually afraid of violence occurring in the United States – social unrest and violence.

**Fitts:** You said the last time we talked that the big issue in the campaign was going to be the rule of law, and I agree with you. That is a very important insight, and I’ve been quoting you ever since.
It was interesting because if you looked at the numbers in Iowa, Sanders was clearly surging. There have been all sorts of ‘shenanigans’ to make sure that Sanders didn’t win Iowa because then he would go into New Hampshire and was probably going to win that (which he did). So, the Democrats are deeply committed to making sure that Sanders can’t be the candidate. I think there is a very good chance that Sanders in a real election could beat Trump.

**The Saker:** Probably, yes.

**Fitts:** I think there are a tremendous number of people who don’t agree with Sanders on most of his policies, but they find him to be an authentic human being and, despite his background, he is not as much of a ‘capture’ of Israel as Trump.

I think there is a real effort to stop him.

**The Saker:** I want to mention that Sanders did approve of the Israeli attack of 33 days of bombing of Lebanon in 2006. When push comes to shove, he does support Israel.

**Fitts:** Here is the problem: Can any person serve in that office and stay alive if they don’t do what Israel says?

**The Saker:** That is the real question. That is the question that is probably going to be asked only after a regime change here in the US, not before. Before that happens, that question is unaskable.

**Fitts:** If I were President, and was going to do what was in the best interest of the United States, I would probably have to live in a bunker underground at DOD or someplace like that.

**The Saker:** I think true patriots would actually do that.

**Fitts:** I agree, but if you remember, it was April 1st when Trump completely flipped and started doing the ‘Make Israel Great Again’ plan. It was right after one of the helicopter incidents with his family.

**The Saker:** Yes, but helicopter incidents do happen. Extraordinary claims require extraordinary proof, so I always wait for hard evidence.
Fitts:  Right, but for somebody who is very good at bullying, it was very interesting to see his body language with Netanyahu. He was angry, and was being slapped around, and didn’t like it.

The Saker:  That is the fate of people with no dignity.

Fitts:  So, please tell us what you are going to be up to, and describe your books again. I loved reading every one. I feel as though I should beat you up and say, “Saker, you need to write another one,” because they are so great.

The Saker:  I am working on another one.

Fitts:  Oh, you are writing another one! Perfect! ‘I’m a happy camper’.

Tell everybody about your books and how to find them.

The Saker:  The easiest way is to go to the blog at www.TheSaker.is, and you can order all the books there. You can read everything that is posted every day with the guest’s analyses.

Fitts:  One of the reasons I want everybody to read your books is that if you want to understand what a multipolar world is like, the way to do it is to enjoy it. My favorite way of enjoying it is traveling around the world and living in different cultures and spending time with people from many different cultures. But if you can’t do that, I think that reading your books is one of the best ways to have the same experience.

The Saker:  Thank you, you are very kind.

Fitts:  I always think of the one about French politics in the first book, and also the Italian politicians. I would laugh so hard that I would cry.

If you want to understand a multipolar world, the way to do it is to simply enjoy it. I think that one of the fastest ways to enjoy it is to read all of Saker’s books.

Saker, that is it for this quarter. Before we go, do you have any last thoughts or advice to help us navigate the next three months?
The Saker: No, let’s wait and see what happens inside the US. I think it is absolutely crucial. It is going to have a huge impact on international dynamics.

There is a problem of legitimacy here, and that is serious.

Fitts: One of the great things that happened to me when I had my major squabble with the Department of Justice is I came to the conclusion of who my governor was. I realized, “God is my governor; not the government.”

Governments come and go, but I have a Governor who abides, so I don’t have to worry about it. That somehow got me through that ‘sound barrier’ of the government becoming crazy.

For many of us in the United States, we are going to be living with a governance structure that is really struggling to adapt.

The Saker: I think that it is entirely unreformable. It reminds me of the Soviet Union of the 1980’s; it is completely unreformable.

It is sad, it is frightening, but that is how it is.

Fitts: Here is what I will say: I am a great believer that the Constitution is a covenant among the people. It’s a spiritual and cultural covenant first and foremost. One of my favorite allies always says, “We are willing for things to work out.”

I agree with everything that you say, but I am a person of faith. So, I am willing for the people to somehow work it all out. It’s going to have to come from all of us.

The Saker: Okay.

Fitts: With plans for the worst, but hopes for the best, have a wonderful quarter, and we will talk to you in three months.

The Saker: Same to you, and thank you so much for having me.

Fitts: Thank you, Saker, and have a great day.
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.