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The Solari Report

February 25, 2021

The Financial Coup: More Missing Money & FASAB Standard 56

with

Dr. Mark Skidmore



Summary: For this interview, we are bringing back one of the great economists of our day, Dr. Mark Skidmore, to discuss the latest developments in a story that is becoming increasingly incoherent: trillions of dollars reported missing since 1998, with an update on amounts announced missing from 2016 to date. A recent Bloomberg article reported on another \$35T in undocumented accounting adjustments. Both Dr. Skidmore and *The Solari Report* have been focused on bringing transparency to this area of the U.S. federal credit and financial systems for many years.

We also continue to see unusual financial patterns in the Federal Employees Retirement System's Thrift Savings Plan (TSP); the retirement plan for federal employees and members of the uniformed services. Dr. Skidmore provides an update of importance, particularly to any of the beneficiaries of this system especially for the TSP G Fund participants.

If you are a U.S. citizen and taxpayer, or if you, your pension plan, your company, your bank, your insurance company, or your municipality is an investor in U.S. Treasury or related securities, including U.S. mortgage securities, you will also want to pay attention. The combination of increasing debt and secrecy in U.S. government accounts is very concerning and is directly related to the Going Direct Reset we discussed in our *2020 Annual Wrap Up*.

We will also use this opportunity to introduce Dr. Skidmore's new website and blog, [Lighthouse Economics](#), where he shares economic research and information relevant for navigating tumultuous times.

This is such an important topic that we are making this interview available to the public.

Bio: **Mark Skidmore** is a tenured Professor and Morris Chair in State and Local Government Finance and Policy. He is also Director of the North Central Regional Center for Rural Development (NCRCRD). He holds tenure system appointments in the Department of Agricultural, Food, and Resource Economics and Economics. He has served as a consultant on a range of issues including economic development, government public finance and policy, and

price determination. Recent research areas include economics of the public sector, economic development, and the economics of natural disasters. He has published the results of his research in journals such as Economic Inquiry, Economics Letters, Journal of Urban Economics, National Tax Journal, and Public Choice. Much of Skidmore's research and outreach focuses on public finance policy and the relationship between public finance policy and economic development.

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Research and Outreach Interests

Intergovernmental relations and the effectiveness of government operations
Interrelationship between government activities and economic development
The impact government tax/subsidies/development incentives on economic activity
Economics of natural disasters

Degree:

Ph.D., Economics, University of Colorado

M.A., Economics, University of Colorado

B.A., Economics, University of Washington

Publications:

"Cell Phones and Natural Disaster Vulnerability?" (with Hideki Toya),
Sustainability, Vol. 10, 2970, 2018.

"The Effects of Natural Disasters on Social Trust: Evidence from South Korea"
(with Sung Kang), Sustainability, Vol. 10, 2973, 2018.

"Assessment Inequity in a Declining Housing Market: The Case of Detroit"
(with Tim Hodge, Daniel McMillen, and Gary Sands) Real Estate

Economics, Vol. 45 (2), 2017.

"The Net Benefit of Demolishing Dilapidated Housing: The Case of Detroit" (with Dusan Paredes), *Regional Science and Urban Economics*, Vol. 66: 16-27, 2017.

"The Land Value Gradient in a (Nearly) Collapsed Urban Real Estate Market" (with Timothy Hodge and Gary Sands), *Land Economics*, Vol 93 (4), 2017.

Catherine Austin Fitts: Ladies and gentlemen, welcome to *The Solari Report*. Today is a special *Solari Report: Major Public Policy Issue*. We will be making this public, and are talking to the one and the only, our treasured ally, Dr. Mark Skidmore.

We have a long list of things. We will get an update on the missing money and your work on the Thrift Savings Plan.

For several years we have published all of your writings on the missing money and the supporting documentation at www.MissingMoney.Solari.com, and I encourage people if they don't know about Dr. Skidmore's amazing work, to check that out.

We have some very good news. We have a new place where you have your commentary, and we can follow you. I want you to tell us a little about it. I'm going to do a quick screen share and see if I can pull this up. Can you see it?

Skidmore: Yes.

Fitts: Announcing Lighthouse Economics; tell us about this.

Skidmore: Actually, thanks to your encouragement, I've been thinking about having a website where I could post ideas, thoughts, and my own research, etc. So, this is the result of that effort. I worked hard through the fall and pulled it together. Here I will just post if I have any new relevant research, formal research, or written materials. I also try to post articles that I think are useful or

relevant for living life and making better decisions.

Lately, I've been posting a lot about the mRNA 'vaccine', which isn't really a vaccine, because I think it's so important, as well as all the things that are happening in that realm.

I only post things that I think are helpful or useful. I don't do a lot of marketing; I use it as a tool. If I have something that is of interest to somebody that I'm having a conversation with, I will say, "This is a good place to go for information."

Of course, you have a great capacity to have posts with all kinds of really useful information on your website as well, so I don't think that I can keep up with you. I hope it is useful for people.

Fitts: Oh, I think so, and I think it is very good to have available a record of both what you are thinking – so you can go back and look at what you were thinking about – and have all of your research collected. Before, you somewhat had to go around looking for it.

The one thing that you might want to do is put the *Missing Money* direct link here. Go directly into where all your writing is on the missing money. This is a great collection; you have figured out all the best places!

Skidmore: I think there are more than what I've listed here, but I thought that this was a useful start. It takes a bit of work to do it, but it does me good.

By the way, my daughter, Megan, drew up this lighthouse for me.

Fitts: Megan is the one who did the missing money song, right?

Skidmore: No, that was Maria.

Fitts: You have a great deal of talent in your family!

Skidmore: I'm the least talented in our family.

Fitts: No, much has been happening on the missing money. Just when you think it can't get any weirder, it does. So bring us up to date. We published the *\$21 Trillion*. So through 2015, you and your students documented that we had \$21 trillion of undocumentable adjustments. Of course, there was much back and forth with the Department of Defense who, not only failed their audit, but have now failed another audit despite adopting FASAB 56.

They are quite ridiculous as of 2015, but bring us up to date on the latest.

Skidmore: As you mentioned in the process of their very first audit. They implemented FASAB 56 or 'Standard 56', which enables a small group of policymakers with the proper clearances to modify financial statements for the public. So now we have two sets of books: We have a set of books that are real that a small group of people have access to, and then they have whatever they want to report to the public available. As far as I can tell, Standard 56 doesn't have any constraints around the degree to which these books can be modified. So, you can't say anything about the financial statements that are available to the public.

Fitts: I consider the financial statements to be entirely meaningless. But here is my question: When they announced that they couldn't pass the latest audit, I thought, "How can you create the ability to produce secret books? You can move anything you want out of the financials, but you still refuse to pass an audit."

Skidmore: It's a puzzle to me because this last round, you and I didn't see when it first came out. Thanks to Rob Kirby, he reported to us that there was a *Bloomberg* article that came out early in 2020 in which there was a summary for the fiscal years 2017, 2018, and 2019. In there, the DOD had over \$90 trillion in adjustments, most of which were unsupported.

We talked about it, and don't even know what that means. What does that mean when you have \$34 trillion in unsupported adjustments in a single year?

Fitts: When I first saw the numbers, my reaction was that they are just trying to white out the \$21 trillion by throwing up completely absurd numbers. I didn't trust it.

The other thing is that you are in this catch-22; you should write a new financial catch-22. When you have no supporting documentation for your transactions but you say that there was no fraud, what you are saying is, “Okay, if we have no documentation, then there is no evidence to prove fraud. Therefore, there is no fraud.”

You are required by law to prove that the expenditure was legal and appropriated, but in fact, you haven’t done that. So you are violating the law, and are spending money outside of the law, but there is no fraud. GAO is sure that there is no fraud.

This is the kind of tautology I have trouble getting ‘my mind around’.

Skidmore: I do, too; it’s incoherent. It doesn’t pass any kind of ‘smell test’. If you have any core knowledge of accounting or budgeting, you know that these unsupported adjustments would typically just be a small part of authorized spending, not many multiples.

In the case of 2019, there was a \$35 trillion set of accounting adjustments. That is so enormous. The *Bloomberg* article says something to the effect of, “Well, we have systems that don’t talk to each other, so you have certain adjustments that translate to getting triple or quadruple times counted.” But even if you were to say, “Okay, the systems don’t work, and you have a single transaction getting counted four times,” the entire budget would still only be \$6 or \$8 trillion of adjustments, which is incomprehensible anyway. But even if you quadruple counted the entire DOD budget, you couldn’t possibly get to \$35 trillion. It doesn’t make any sense, but you don’t have any information to go on.

I did get into contact with the GAO, and they responded and said, “Yes, the report that they published didn’t have any of the numbers,” so you can’t even do a cursory assessment. So, they offered to put me in contact with the person at the DOD where the numbers came from for the *Bloomberg* article, but I have not heard back.

Fitts: One of the things that I don’t understand is how such an article could have been on *Bloomberg* in January 2020, and we didn’t know about it, and none

of our allies knew about it, and none of our subscribers knew about it. That is somewhat of a mystery.

Skidmore: It wasn't relayed in the media at all. Typically, it would get some churn in other outlets as well, and I didn't see it anywhere.

Actually, when Rob Kirby sent it to us, he thought it was for 2021, and it was for 2020. It's a bit unusual, but I don't know.

Fitts: I would say that we have reached the point between FASAB's Standard 56 and \$35 trillion to over \$100 trillion of undocumented adjustments if we use their most recent figures. So, I would say that we are describing a financial system that is completely and utterly out of control.

Skidmore: I would agree. I don't even know what to say about it anymore other than it's out of control or incoherent. With Standard 56, you really can't say much about the budgets. Then this comes out, and they didn't even have to report this, as far as I could tell with Standard 56, but they chose to. So what was the purpose of it? I don't know. Maybe it is just a lot of 'white noise'.

Fitts: It is interesting if any of the allegations about financial fraud in the 2020 election are true – and I believe that many of them are – we have now delinked both the election system and the finances with the Constitution and the law. We are now operating, both in terms of who governs and how they spend the money, completely outside of the law and completely outside of any democratic process.

This is a coup.

Skidmore: The reason that I struggle was that it amounted to watching what was going on during the last financial crisis. I thought, "Wow! We don't have the rule of law."

It was so obvious that we didn't ten years ago, and it's like it's devolving even more. I'm not sure how much further we can go before we are completely devoid of the rule of law – at least for a subset of the very powerful.

Fitts: We published the Going Direct Reset with John Titus. John wrote a great piece and basically talked about the central bankers going into a room and dropping a nuclear economic bomb on the world coming out of Going Direct reset. I think that John did an excellent job of ‘nailing’ the fact that this was intentional and clear.

They knew they were going to proceed to do a series of things that would throw 500 million people out of work, and about half of those are probably still unemployed. They knew what they were doing.

Skidmore: And I think they knew in August the year before.

Fitts: When they voted on the Going Direct reset, I’m sure they were in the room, and they knew that they were going to harm more people with this than if you dropped a nuclear bomb. This was a financial nuclear war in my mind, and they knew what they were doing.

Looking back at what they did, I don’t think they could have done the Going Direct reset the way they did it without what they had been able to achieve with FASAB 56 and the other changes to the Federal finances. You are talking about the central bankers taking over the Treasury function and controlling it. FASAB 56, I believe, is a very important part of doing that.

Skidmore: I would tend to agree with you. I think we are somewhat left to put the pieces of the puzzle together. I listened to your interview of John, and I thought it was so informative. You could really see what was going on – or at least get the pieces together and map it out a little.

That is what we are left to do because we have such non-transparency. So, you have these little things going on, and it’s really challenging. You are in a society now that is departing from anything that is transparent. So, you do the best you can to sort through it and then make the best decision that you can for yourself, your family, and others.

Fitts: I’m going to send you a draft of our *1st Quarter Wrap Up* at some point because I’m working on ‘*Take Action: Take Two*’, but we are focused on the tax system. Where the ‘rubber is going to meet the road’ this year – and this will

publish in April – is, if I am paying taxes into a system, but you are breaking all the laws and running the money outside, and if you are engaged in a criminal enterprise with tax proceeds and spending it on criminal enterprise instead of spending it on what you are supposed to spend it on, then I have a citizen's obligation to do the financial equivalent of a citizen's arrest. I have an obligation to make sure that that money only goes for lawful purposes.

So why am I paying taxes to somebody who is breaking the law and wrecking my civilization?

Skidmore: That is a good question. I have struggled with that, just thinking about what options I have or what options we have to push back in some way. I'm interested in your thoughts about what happens if you don't pay taxes.

Fitts: That's not what I would do. I think the problem is that they are breaking the law. The solution is not that we break the law; the solution is that we assert lawful management of the money.

I would not propose not paying taxes; I would propose making sure that the tax money we do pay is only spent for lawful purposes.

I think that we have to be the 'bringers' of law.

Skidmore: I think you've talked about this in the past where you might have some sort of escrow for each state, and you say, "You may have this money for this purpose according to the authorized budget, etc."

Fitts: You know that I asserted a common law right of offset for the missing money against one of the banks who accepted it.

Skidmore: That is amazing to me!

Fitts: At that time, I hadn't met you, so I only had the number up to \$14,000 per person. You got it up to \$65,000 per person. I only had it to \$14,000, so when I settled the litigation with one of the big New York Fed member banks, I put \$14,000 on their credit card. I wrote them a letter and explained in great detail, "You owe me \$14,000 for the missing money, and I owe you \$14,000 for

the credit card, which I acknowledge. I am asserting a common law right of offset. If you have a problem with that, take it up with my attorney. Here is her contact information. Sincerely yours,” and I never heard another word.

Skidmore: That is amazing!

Fitts: That was \$14,000.

Let’s talk a little about the Thrift Savings Plan. You did a wonderful reporting of it at www.MissingMoney.Solari.com on some of the extraordinary ‘shenanigans’ going on in the Thrift Savings Plan, which are hard to understand. This is important because the biggest buyer of US Treasury securities globally are US pension funds and retirement funds, including the Thrift Savings Fund, which is one of the government’s retirement funds.

In fact, since you have published those reports, we have heard stories from subscribers and subscribers’ friends – and, of course, this is only anecdotal and rumors – that people are literally leaving the government so that they can get their money out, and they are nervous.

I think that one of the reasons they could be nervous is that they want to get their money into real assets and out of fiat. There seems to be some concern about what is going on in the Thrift Savings Plan. You have an update. Why don’t you tell us a little more?

Skidmore: Many of your subscribers will be familiar with this, but maybe some are not. The Thrift Savings Plan is a savings tool similar to an IRA or a voluntary savings opportunity for Federal employees. It has over \$500 billion in asset management. Over half is managed by BlackRock, but about 45% is in an internally-held government security called the G Fund.

A large amount of the total Federal debt is held by the public, which is marketable data. Then there is a large portion that is internally held debt, the largest of which would be the Social Security trust fund. The Thrift Savings Fund has over \$250 billion in it as well.

A lawyer in Michigan brought a question to me about why it is that the issuance

and redemptions are growing so much more quickly than total debt. Total debt had risen at that point to around \$22 trillion, but the issuance and redemptions had grown to over \$90 trillion. So, the issuance and redemptions depend on the term length of the overall portfolio and debt that the government owes.

If it's a 30-year bond, on average, that would only need to be redeemed and turned over once every 30 years.

Fitts: I'm going to do a screen share just to show people how you can get this report. It's quite remarkable.

In *Missing Money*, if you go to the '*\$21 Trillion Missing*' you will find Dr. Skidmore's report with all the documentation.

Here is his report on the Thrift Savings Fund.

If you are a family member or someone you know is in the Thrift Savings Fund as a beneficiary, you definitely want to read this. It's quite remarkable.

Skidmore: I think that it's a useful resource. If it's a four-week security and turns over every four weeks, then on average, a four-week note security would need to be turned over 13 times during the course of a year.

On the externally-held marketable debt side, the term length ranges from four weeks up to 30 years. So, you have to think about the mixture of that to figure out what would need to be redeemed during that period and then reissued.

If you are in a period where you are always borrowing more money, if your bond comes due, then the government has to borrow from 'Mark' to pay you. So, that is the redemption and reissuance.

As it turns out, on the marketable side – at least in the official realm – the redemption and reissuance would roughly equal the total debt. What is very strange is that on the internally-held debt, it was a puzzle because we couldn't tell how long the term lengths were initially for the internally-held debt. As it turns out, that internally-held debt, although it offers a return of about the same a longer-term – like a four or five-year note – it actually turned over every single

day. So, it's a daily redemption and reissuance.

I've asked that question to contact Treasury, and they have stopped communicating with me.

Fitts: I would say that that connotes an immediately available slush fund.

Skidmore: Yes, I think it is; it is an immediately available slush fund. You can say, "We are all good as long as the Thrift Savings Fund investors and employees are compensated properly and can use that money however they want." I think that is what it means.

So what happens with this fund? We have to ask the question: Why is it a daily turnover? That must be an accounting nightmare. If you were only interested in the welfare of the people who have invested in that fund, you wouldn't do that.

Fitts: As a fiduciary matter, that is what you are supposed to be doing.

Skidmore: As a fiduciary matter, you should only be interested in the welfare and well-being of the people invested in that fund. But we know that is not happening.

One of the things that we are working on in a more formal analysis is showing that whenever we hit a debt limit, and we go through a period where officially the government can't borrow, the balance of the G Fund component of the Thrift Savings Fund drops to close to zero. It's like they somehow use that fund for other purposes.

They say they can't turn that fund over because they've hit a debt limit and can't expand the debt. The way I would interpret that is: If you had more money coming in from employees, you couldn't issue new debt, but you certainly could redeem the current debt and reissue the current debt that you had and not go over the limit. But they are not doing that; that fund is dropping. So, there is tremendous volatility in the G Fund. That is an indication they are not using a fund for the primary purpose of the welfare and well-being of the people who are in it.

Fitts: If you look, you can see that for 20 years, we have had an operation that doesn't obey the Constitutional financial laws, it doesn't obey the financial management laws, it doesn't obey the financial management regulations, and it doesn't obey any of the disclosure requirements. It has created an administrative policy, which I would say is illegal, allowing it to keep secret books. In the process of doing this, it has 'blown' by many fiduciary obligations, not only in the securities market and in the government, but in the pension funds as well, who have become complicit in all of this.

If you look at a massive abrogation of just about every financial management law that the whole market stands under, including the fact that they have national security waivers so that private corporations don't have to obey SEC laws, the perfect assessment of all this in one sentence or less was when they asked the SEC to comment on FASAB 56.

They sent the policy around equivalent to a regulatory process where all the agencies could comment. HUD said, "Oh great! We need this."

Why does the domestic housing agency need secret books? That is the first question. But then you get to the SEC, and you are talking about policy that, in combination with the classification laws, makes it possible for all of the defense and bank contractors working for the government to violate the SEC laws, as well as making sure that the Treasury market has basically zero disclosure.

So if you only look at a percentage basis, you are proposing a policy that abrogates disclosure obligations for 85% of the US securities market. That is my guess. And what does the SEC say? This was my favorite part of the whole thing. They say, "No comment."

It's almost as if 85% of our scope of work disappears; no comment. It's hard not to rant on this.

Skidmore: It's hard to know how to live and make decisions in this environment. I know for a long time we've been concerned about transparency and rule of law, but now we are living in 'la-la land'.

Fitts: CJ Hopkins calls it 'the cult'. He has an article on COVID-19 called *The*

Covidian Cult. You are supposed to pretend that ‘face diapers’ protect you, and you are supposed to pretend that two will protect you more than one, and you are supposed to pretend that three will protect you more than two.

He goes on and on about all the different ways that you swear allegiance to ‘the cult’, and much of it is agreeing with incoherent nonscientific statements of science, etc. But nowhere is the cult worse, in my opinion, than when it comes to US government finances.

Skidmore: You forgot there was, at one point, a media outlet where a doctor was recommending four face masks – if you can believe it.

Fitts: I sent that to Jon Rappoport, and he wrote back and said, “Fabulous! We can cut off 100% of their oxygen.”

Skidmore: It’s a little difficult to know how to interact with many people because, for some reason, it’s hard for people to see the incoherence of what is happening.

Fitts: I think it is very simple: Over here (Netherlands), you have a governmental mechanism, and over here, you have a government that is trying to run a global empire as opposed to a domestic democracy. They’ve decided that the only way to run that global empire is to create a new mechanism-de-link-run the global empire, and keep everybody over here entertained. It’s like a reality TV show, and that is why it is perfect that Trump was President.

Skidmore: It’s as if I’m watching a movie or something, but I’m stuck in it and can’t turn it off. Many people struggle to see what you just described. So, that makes it a challenge to just live life and have honest conversations with many people.

There is a great deal of conflict as well. People have very strong views, and whether or not those are informed views, is another matter. Just the civility of being able to have a conversation is really, really difficult.

Fitts: I’m very lucky because my life is full of thousands of people who just want to talk about what is really going on.

Skidmore: That is great. A challenge is: Where should one devote energy? At least for me, I've come to this conclusion that I'm not able to compel people necessarily to believe that this information or that information or that piece of data, and if it doesn't fit into their model of the world, it is rejected.

I think that for all of us, it's a challenge to figure this out. I think that we are in a major crisis, and I think that we are at risk – as you talked about – of losing any semblance of freedom. So we are in a crisis, but it's hard to compel somebody who has a different model of the world that that is, in fact, happening.

So how do you interact with the rest of the world? How do you help and serve? How do you care for other people who may not see the world and the information in the same way that you do? That is a challenge.

Fitts: I've always believed that the way to do it is to be useful. When I first moved to Hickory Valley, I would interact with people who didn't want to know what was going on and found it overwhelming. I would figure out, "Where are they trying to go in their life, and what is the knowledge that I have that would be useful to them? How can I simply help them get to where they want to go in a way that they want to go?"

I usually found ways that I could be useful. So even if someone believed that the Federal government was financially responsible, castor oil would still help their muscle spasm. So there was always a way to be useful, and much of the time, it was healthcare.

Skidmore: I'm making the point that that is a difficult challenge, and I think that piece of advice is useful to the listeners and readers of this interview. Just ask the question, "How can I be useful to this person?" That requires understanding the paradigm and the frame that person is in.

Talking about some aspects of what is happening with government finances or the concern about the experimental mRNA vaccine and the digital ID questions may not be useful for some people, even though we might think that is useful.

It's somewhat like: How do you piece together information that can be helpful

to somebody? It can be completely overwhelming for some.

Fitts: The Red Button story is the thing that helped me the most because it helped me understand how vested people were in getting the story of 'I am good', and they didn't want to let go of it. But I found the key to being useful to people is to take the time to listen to them about their circumstances and where they want to go and why they want to go there. So, you have to understand them to understand how to be useful.

I think that you have to listen.

Skidmore: I agree; it's a lot of listening.

Fitts: If listening to people who don't want to know what is really going on is draining you, then you need to find your family; you need to find your tribe.

Let's talk about digital money globally. One of the interesting things is that now that the financial coup has stolen trillions and trillions of dollars, it is the perfect time to institute a digital system that they control.

Skidmore: I think that all of the major central banks are doing this in a coordinated fashion. We have seen reports of the Swiss National Bank doing some testing with the BIS for a digital currency, and China is testing its digital currency and coordinating with the Swiss system. Bank of England is also working on it, and the EU Central Bank is working on it.

My feeling is that the Federal Reserve is probably furthest behind because they have the challenge of making digital currencies an embedded legal thing that requires congressional approval, but we have the Banking for All Act sitting in the background in Congress. That was introduced about a year or so ago.

Fitts: Yes, but it has no sponsors. I think what has been meaningful is that you have the Boston Fed and MIT and probably Harvard, working on this. Because the Fed is responsible to keep the current system going, I think they are trying to keep their digital currency efforts two steps away, and with the BIS Innovation Center, they have a major partnership.

I think it's happening, but I think it's happening sub-rosa because there's an enormous conflict of interest between what they are doing with the Going Direct reset and keeping the dollar system going and that effort. They have to be very, very careful, including for legal reasons.

I would just mention that one of the things that I think is so important to how those initiatives come together in the public's mind is the fact that – as John described last week in *Money & Markets* – we are watching BlackRock people going into every spot.

I'm waiting to hear that somebody from BlackRock is now going to be the Chief of Staff to the new Secretary of Defense. Larry Fink, Chief of Staff, is going in as Yellen's Deputy. Who is going to be Secretary of the Treasury? It's going to be either Larry Fink or Janet Yellen. Yellen)

It's almost like they want somebody to look like the mom that Larry Fink can hide behind.

Skidmore: Even the Central Bank of Japan is working on it. I've spent a fair amount of time in Japan, and they value having actual currency. Many things are handled via actual yen and cash, so I think it is interesting, too, that they are moving in that direction. I think that might be quite difficult given the culture in Japan. Maybe the younger generation is changing, but that older generation really values the cash.

Fitts: I believe the younger generation is much smarter than many people in my generation appreciate.

Matt Taibbi wrote an excellent piece about the GameStop situation. He interviewed some of the young people who had led the effort to run up the GameStop stock, and they describe what the housing bubble and financial fraud had done to their families.

I'm not a sentimental person, but I almost started to cry. It's so horrible, and they know; they are clear, and they know.

Skidmore: I know somebody who is a really great, smart young man, and his

family was devastated. His father died by suicide. Everything was decimated in his family. So he saw it.

Fitts: They see it. They are quiet about how they show it or how they navigate, but they know.

Talk about digital ID systems. We just saw the IMF, which is very big on digital ID systems, announce that your web browsing history should be part of your credit score.

Skidmore: It was an interesting paper. The argument was that there are many people who don't have traditional documentation and therefore, might not be eligible for accessing credit or loans and things like that. So, a way around this is to add a layer to the credit mechanism where you could use your search engine information as a tool to see what people are doing. According to the paper, it turns out to be a fairly useful tool for assessing creditworthiness. That's a little troubling to me.

So that is happening. ID2020 is moving forward in the developing world. Germany and Switzerland recently announced that they are going to move in that direction.

I posted something about this, and from an efficiency standpoint, having an ID that integrates health records and financial records and all kinds of things about you seems like a useful tool. This is so until you start thinking about, "Does it make sense to have all of your data 'eggs in a single basket'?" from a risk management strategy, or, "Who is leading the effort, and what is the integrity of that effort as a whole?"

Enter in GAVI and Gates Foundation and organizations that arguably have a terrible track record of being human and trying to build a human civilization.

Sometimes we think of the digital ID thing and the digital banking thing as separate, but I think they go together.

Then we also have this big push, especially in the era of COVID digital passports, vaccine passports, and even the movement towards bodily

monitoring. Profusa has some technology where you could literally have a chip that isn't going to create any problems with your body now. They've solved that problem.

Fitts: So they say, but I don't believe it.

Skidmore: I don't think that we should look at the vaccine passports or the COVID health monitoring or the digital ID effort or the digital money and the digital wallets as separate; we need to be thinking about them as a whole. I think that they are going to come together at some point. I know you have talked some about that.

Fitts: If you look at the profits that can be generated from reading people's minds, influencing their minds, tracking all of their behavior, tracking all of their bodily functions and information, as well as managing their financial transactions, and managing spatial control –if you want to take mind control, surveillance, and financial transactions and spatial control – you are talking about a capacity that could create trillions and trillions of dollars of capital gains and brilliantly solve the very reason they canceled human slavery.

Now you are creating the conditions where you can go back to slavery, but with mind control, you can do it in a way where people don't realize what is happening to them – let alone the trillions of dollars it's generating for you and your pals. So, we are talking about creating fortunes the likes of which the human race has never seen before.

Skidmore: I watch the question about mind control, and I observe what is happening, and it's hard for me to prove it, but you see pieces of it, and you have to wonder. I saw an article that you posted about the nanotechnology that can break the blood-brain interface and be integrated or work its way into the brain. That is real technology.

I want to say something else. A few years ago, I was a part of a health-related grant. You are always a year or two behind in looking at fatality statistics if you are doing it at a sub-national level – a state level or county level. So, we were looking for ways to get more real-time data. Our strategy was to do sub-national Google trend searches on different types of topics that might be related to

alcohol- or drug-related fatalities, suicides, etc. We did a very good job of predicting subnational fatality rates in real-time using Google trends data, and that was only aggregated data.

Google has every IP address, and they have massive machine-learning models. I want to make the point that if we can do that with our limited scope and access to data using Google trends search data, I don't know what they can do with the algorithms that they have. It actually scares me.

Fitts: I think I know, but I don't talk about it much.

Skidmore: I guess my point is that there is tremendous power in data. I think that you can potentially make plenty of money with that data.

Fitts: It's basically a slavery system, but it's wildly profitable for the few at the top. There is no doubt about it.

Let's go to real economics that may not be taught in college or discussed in the media in a complete context. I've been pushing you – and I know you don't want to talk about it yet – to do a curriculum and teach real economics courses because I think there is tremendous demand.

Skidmore: I've thought a great deal about this, and I don't know what I'll do about it. I may start with some videos and make some short videos on topics, but I want to talk about a couple of different examples that have happened recently.

I was in a Zoom conference where there was a session, and some top experts in public finance talked about the growing deficits in debt and the challenges. One person who was more on the left and one person who was on the right, and then they had someone who was a balance right in the middle.

One thing they all agreed on in the conference and the discussion was that the Federal Reserve had no ability to control interest rates.

Fitts: What?

Skidmore: In some of these spheres, economists like even Ben Bernanke when he was Fed Chair, would say, “We’ve got this strange problem. We’ve got a glut of savings globally, and that is why interest rates are so low.”

So that was put forth as an explanation for why interest rates are so low and have been going down for the past three decades. That is an example of ‘la-la land’ economics. These are the very, very top in the economic realm saying, “Well, that is just conspiracy theory that the Fed can control interest rates.”

Fitts: Here is the problem that they have: If you look at the model that can control and engineer interest rates down, it could only work if the Fed and the central banks were backed up by a variety of black budget hidden system of finance operations and politics – which they are – but that connotes a greater conspiracy; that connotes that there is a Mr. Global, and they have the networks built up.

It took me ten years during the litigation to prove to myself how the hydraulic pumping system that would allow the Fed to do that worked. I had to connect the dots on all of the mortgage fraud and all of the political operations. It was many different parts, but it took me many years to prove that to myself. Once I could see how the hydraulic pumping system worked, I knew they did, and I knew it was engineered.

To do that, part of what they needed was to globalize labor because they needed to engineer deflation to offset the monetary inflation. It took me forever to prove it to myself.

Skidmore: It requires one to think through that. I think you are right: There needs to be some sort of hydraulics embedded in there. Of course, the derivative markets and swaps play a role – as Rob Kirby has described.

This is very simplistic, but if you think about a world where all of the central banks of the world are creating electronic fiat money, and they are purchasing government debt and assets, why do you need saving in that model where central banks are just printing money and buying government debt and corporate debt and other things? Even the Swiss National Bank is printing money and buying stocks.

I think that you do need the hydraulics, but it doesn't take a huge 'leap of faith' to think to yourself, "If interest rates are determined by the demand for funds and the supply of funds, and the supply of funds is savings, if you have central banks that are just creating money like 'crazy' without restraint, interest rates are going to be driven down."

Fitts: Right, but I would be careful. Interest rates on government debt and corporate debt are driven down. Because they also passed usury laws, they drove the interest rates on credit cards and consumer loans way up. In fact, they have been able to engineer a 15-25% arbitrage between the retail market and the wholesale market.

Skidmore: For credit cards, yes, but for mortgages they have been driven down.

Fitts: Right.

Skidmore: That would be an example of the official economic world where the very top economists would say, "The Fed and the central banks don't have the ability to drive interest rates down," and yet, you observe interest rates falling for 30 years, and even going into negative territory.

Fitts: I want to point out that the central bankers at Jackson Hole went into a room, and they voted on the Going Direct reset, at which point they take down the global economy, they put 250 million people out of work, and they proceed around the world to take over most of the Treasury function. So, the central bankers are taking over the sovereign governments and the Treasury. But in the meantime, we see again and again in the press that they have lost their power, and they are helpless to deal with the situation.

Those poor central bankers.

Skidmore: Let me give one other example: I was also at another workshop on land values and focusing on property taxes – which taxes both the structure and the land – to shifting away from taxing structures to only taxing land. Economists believe that is a more efficient local tax structure because you don't

penalize people for investing in their land. Also, if you are thinking about what makes land valuable, if you don't have a good infrastructure and a road, the land is less valuable. But as soon as you put in public infrastructure, the land becomes more valuable. Who has the influence on where that public infrastructure is built? You can make a case that the very wealthy have the most influence and can front-run that and take advantage. So the taxation of land ameliorates that inequality, in a sense.

So, we are talking about these issues and the possibility of implementing a land tax or a split rate tax where land is taxed higher than the tax on structures. A question came up: Is investing in land a good investment? So, that was a discussion.

These are among the top urban and regional economists in the world. What didn't pop up for them was the idea that when you have this flow of financial resources and a central bank money expansion, like in Detroit before the last financial crisis, the population is declining. There is not an urban economic model that would say that in the absence of something happening in the financial sector why land and property values should be going up in a place like Detroit – maybe pockets within Detroit-but in a place where you have a declining population, you would never think that land value and property value should be increasing. But they are a great deal.

The system was being 'goosed', as you talked about, and as we learned about for a long time. So here we are among that group of people, and there wasn't this acknowledgement that land and property values could potentially be 'goosed' by the system. It's rather hard to figure out where the money flows and where the bubbles will emerge. In the long run, it's hard to figure out how long it will last, or will it perpetually increase.

In a world where you have consistent, stable monetary policy, you wouldn't have land and property values shooting up in some places and bubbling up like there is. So that would be something that might make sense to talk about, but maybe we shouldn't. We tend to be more specialized. The urban economist will focus on urban economic issues but not always think about them in the context of the macro – the financial trends and markets.

Those are the kinds of challenges that we have, and I would say that kind of challenge in our culture is common because we are so specialized.

Fitts: I would say that we are specialized, but I would also say that we are paid to come up with theories and information that pleases the people upstairs. Everybody is pining for their ‘pet treats’, and trying to please their way up.

The final thing is I think that most people find looking at the picture is overwhelming. So they tend to avoid it; they don’t know what to do with it.

What I became convinced of long ago – and which I think is true – is by looking at the big picture, the big picture is a door that you have to walk through to get to the other side to see the real solutions. That is how you begin to see where your real power is and the real opportunities.

I wanted to walk ‘through that door’. For many people in the machinery, I think that is way too overwhelming.

Skidmore: I think it is overwhelming, and one of the things that you do really well is focus in on the specific, and then zoom back out. You can see the pieces, and that is a very useful tool.

If I talk with people about the mRNA ‘vaccine’-the gene therapy, because it is so important to me-I’m not a scientist or a virologist, but I will actually read the scientific articles because I think it’s so important. I’ve learned that it is important for me to come up with my own personal assessment. We all have our limitations, but I am ultimately responsible for them.

In our world, whether it is going to the mechanic – which is now so high-tech that you can’t do something on your own and have to rely on the experts – even though we have an entire country of really amazing people, sometimes the default is, “I’m an expert here, but I need to rely on the experts there, so I’m just going to go with what they say.”

Fitts: One of the reasons in *The Injection Fraud* the first section was on the heroes was that we knew that everybody needed doctors, scientists, lawyers, and other experts who they could trust. So that is why we put them up there.

Skidmore: That is the other filter. We can't figure out everything, but we can try to do the best we can, and then we need to find people who don't have major conflicts of interest, people who have demonstrated a level of integrity and honesty, and people who are competent. And then we have to do the best we can to sort it out.

Fitts: I'm also going to say something that I think is very important: I really believe that people are wise. We have the capacity for wisdom, and we also have the capacity to access shared intelligence in the field around us.

I was trained as an investment banker, which meant that I had to constantly work with imperfect information, and make decisions based on what information I could get. If I had 3% knowledge and the market had 1%, that was enough to make \$1 billion. So, I have been trained. Sam Smith has a wonderful tagline on Progressive News. He says, "All the news while there is still time to do something about it."

If you have to wait for architectural specifications to prove that a bridge is a bridge, and you can't just look at it and say that it is a bridge, I will say this: The people who are producing these injections and the people who are promoting them are the people who lied to me and cheated me the last 100 times. So why do I need an expert to know that I don't trust them?

Skidmore: You don't.

Fitts: So, I think that most people who have found a way to not be mind-controlled by the machine and do want to know what is going on, they are quite wise. If you look at the statistics, the majority of Americans don't want that injection. Coming into the election, 44% of Republicans said that Bill Gates wanted to chip them.

I think that people don't talk about it, but I think there is much more knowledge.

Skidmore: I agree with you.

Fitts: Let's turn to what I think are the most important unanswered questions. I think that a big mistake we make is always assume that the reason Mr. Global is doing what he is doing is that he's bad. "I'm good. He's bad. Give me the story of 'I am good,' and I will just blame everything on him."

One of the questions I've had for many, many years is: What are the risk issues they are dealing with that they don't want everybody to know because they think we will all get depressed and give up?

Richard Dolan once said that a General came up to him and said, "Trust me. You don't want to know. I'm telling you that you are much happier not knowing."

So, you get all these different theories about what these big mega-projects are going into and whether the planet is dying. There are thousands of theories. But you've spent plenty of time looking into the impact of natural disasters, looking at if weather could be controlled, and all these different issues. So, talk a little about your work on weather and climate and disasters. I know that some of it is linked up at Lighthouse Economics. Tell us what you've been working on and how it ties back to all of the disappearing money.

Skidmore: The other area that I do plenty of work in is the economics of natural disasters. I've been working in this area for more than 20 years, thinking about forces that are at play in the natural environment and how people respond to them. Then I also look into what measures people can take to protect themselves.

I've done a lot of work on that. This year I am editing a book on the economics of natural disasters. What I'm going to focus on is a chapter in the book that I'm writing on the types of natural disasters. In a typical lifetime, we might experience a tornado or a hurricane or a heatwave or a cold wave or some extreme weather. Those are weather events, but then there are larger climate longer-term issues and challenges. As you've talked about, there is quite a bit of focus on anthropologic global climate change, and the earth is getting warmer.

A couple of years ago, I encountered the work of Professor Zharkova who maps weather and climate with solar cycles. There are many people who do this.

When I was teaching economic modeling, many sophisticated modelers will try to link their economic models to ecological models or climate models. So, I started looking at the climate models, and realized how sensitive they were to the assumptions that you are making.

There are many factors that go into these climate models, and it's a little like a black box. But with Zharkova's work, I was able to follow it very clearly. She could map back in time cycles of cold and warmer weather. Then she made the astounding claim that we are actually going into a solar minimum over the next 30 years or so, and we will get colder. I think she's right.

Fitts: There is plenty of highly-documented work that solar minimums are very bad for the stock market and the economy. The person who first discovered it had to 'eat' a good deal of criticism before people finally recognized that he was right.

Skidmore: There is plenty of research about the solar cycle and the financial markets.

Fitts: I have to bring this up because it's ironic. I have a wonderful client who travels extensively, as do I, and we have never been able to find a place in the world where the ocean has risen.

I was in Thailand at the beginning of 2019, and Bronwyn Evans and I were walking on the beach. She has this wonderful eco resort on the bay of Thailand. She said, "I've been walking up and down this beach for 20 years, and the tide has not moved an inch."

The final coup was last year or the year before when Obama and his wife bought two oceanfront properties. I think they now have two, not just one. Of course, now we have Kerry the climate Czar, who has 12 houses, flies around in private jets, and he used to have an oceanfront property. I think they may have sold it.

I also have a subscriber in Hawaii, and every time she turns around, there is a new tech billionaire buying another oceanfront property. I'm thinking, "Climate

change?”

Skidmore: I think that we are heading into a cooling cycle. That can have huge impacts on productivity and other factors that affect all of us. That is one issue. That is the longer-term issue that we can see blips in our lifetimes of changes and extreme events and storms or even earthquakes – so we see that. But the solar minimums are little cycles and longer cycles. So, we want to be aware of that.

The other thing that does happen every once in a while, is shifting geomagnetic poles. They are called geomagnetic excursions, and right now we are in the midst of one.

A couple of years ago, the systems that guide airplanes and all of that had to be adjusted because the North Pole was moving more quickly than the algorithms mapped. Right now, it's moving quite quickly towards Russia.

The question is: Is that a significant issue? Maybe, but one thing that seems to be correlating with the shifting of the geomagnetic pole is a weakening of the geomagnetic field around the Earth, and that geomagnetic field is really important for keeping some of that dangerous solar energy from pummeling us. So, we could have a solar flare like we had in the late part of the 19th century when we had the Great Carrington Event. That fried what communications we had at the time. It caused significant damage.

As the geomagnetic pole moves, the magnetic field starts to change and weaken in parts. If we end up with a solar flare that happens to hit us, it could really fry our communication systems, our satellites, our electrical systems, and our power grid. So, I think that is something that does happen fairly regularly – maybe not in the average person's lifetime, but it does happen every few hundred years where there is a major solar flare that can have an impact on our lives.

Fitts: It could happen, and I think that if you look at where trillions of dollars have gone, it has clearly gone to build underground bases and transportation systems. One of the questions is: Is that system being put in place since 1947 to protect the human race from something like that?

Skidmore: It could be. That is one of the things that I am trying to write about: What precautions do individuals make in response to the risks that are out there? What do communities and societies as a whole, do?

As one example, if you go to Florida where hurricanes happen regularly, many, many households have a generator and they have extra food and water because it happens all the time. If you go to California, and are right on the San Andreas Fault, you know there are earthquakes that happen. They don't happen very often, and hardly any households have any preparations at all.

So, you have two places that are vulnerable; we know that they are vulnerable: In one place, it happens regularly, so people prepare. In another place, it doesn't happen all that often, but when it does, it can be significant, and they don't prepare or worry about it.

What if it is something like a solar flare in the midst of a weakening magnetic field or something significant? I will talk about an actual pole shift in a moment. What happens for things like that? People don't have that on their minds, and they're not going to prepare for it, as a person or a household necessarily. But does society prepare for it? How do they do that?

One question about these massive adjustments that suggest that there are big investments – whether it's off-world or under the ground – is some of that in preparation for these events?

Fitts: I would clearly say that it is the decision to become a multi-planetary civilization, which I believe is driving the push for a more global central bank. Everything that we are dealing with – including the seed bank in Norway and all these different things – reflects a decision by the leadership to not 'bet the ranch' on one planet, which is exactly what I would do if I were in their position, even if you weren't concerned about all of these things.

Skidmore: The reality is that these things do happen. The last thing I want to point to in this area of disasters and extreme events is there is an interesting set of articles by a scientist named Mark Carlotto. It's quite interesting. He has a hobby of exploring ancient sites, but he is also a serious scientist. He was looking at the alignment of certain ancient sites, and many of them are perfectly

aligned to our current North Pole. Some of them are aligned to the previous North Pole, which was in the Hudson Bay. That pole existed until about 12,000 years ago.

There were at least two previous poles before that – one in the Bering Sea and one in Greenland, I believe, and there was another before that. It's rather hard to figure out for sure the timing of when those poles existed, but you can look at ice core samples and geology. In Carlotto's research, he uses the Google Earth dynamics to perfectly align these ancient sites, and many of them line up with our current North Pole. A number of them line up with the previous North Pole in the Hudson Bay, others in the Bering Sea, and others in the Greenland pole.

This suggests that society has experienced a significant geological event where the actual pole is in a new location, and that we were here to experience it. I think that is very interesting because, in the history books that I learned with, civilization has only been around for about 8,000 years or so. Prior to that, we didn't have any meaningful civilizations per se. This suggests that these ancient sites have been around for tens of thousands of years.

Fitts: It's almost like a variation of *The Three-Body Problem* book, which is that we keep having to survive these catastrophic events.

Skidmore: It appears that way. It looks like civilizations have had to survive numerous catastrophic pole shifts, and it is hard evidence.

I've been thinking about this for a while, but Carlotto's work may be the first I've seen that as good, solid, hard evidence that these things have happened and that humans have been around and in sophisticated enough civilizations to have created cities that are oriented to those poles.

Fitts: I think that is fascinating.

There is a book that I wanted to mention: Did I tell you about Michael Pye's book, *The Edge of the World*?

Skidmore: No.

Fitts: I had quite a shock during Christmas, and my apologies to the subscribers who have heard this before. I was reading a book in December called *The Edge of the World*. It's about the North Sea cultures as they developed from Charlemagne through the middle ages into the Renaissance.

I was interested because I wanted to learn more about the Frisian culture where I am now, and the Hanseatic League. As governments broke down, I wanted to learn about how the merchants and trading networks pulled things and governed things during that period.

I got next to the last chapter, and to my shock and amazement, the title was 'Plague Laws' and it described the Bubonic Plague. It also described another plague in the early 1400's and one in the 1500's, and the plague laws had enabled the leadership to significantly increase the powers of government, centralize control of intellectual capital, and financial capital in the economy, control labor, control spatial movement, and with that centralization of wealth, build Antwerp and Amsterdam and bring in the modern world by centralizing capital control.

I went to Wikipedia, and started looking at dates. I realized that there was a pattern here: We have a plague, we centralize control, we move the reserve currency. 100 years later after everybody has died who has experienced that, we do it again and again and again.

If you look at every 100-year period, it's: Plague, central control, move reserve currency, wait 100 years, and then do it again.

I called Franklin Sanders and asked, "Would you read this book?" He is a fabulous monetary historian. I said, "We need to dig in and see if there is a pattern here."

So, I am suggesting it to you because, whatever is going on, relates to this question of 'What is going on with the geophysical risks?'

Skidmore: This is very useful.

Fitts: It's a wonderful book. It's fascinating, but I didn't expect it to take that

turn. I was trying to finish it on my birthday. I went to dinner in a shock because I was as if, “Oh my God! It’s been going on every 100 years since 1340.”

There is a review of it on *The Solari Report* – Michael Pye, *The Edge of the World*.

Skidmore: That will be very useful.

Fitts: You may want to skip ahead to the last three chapters if you don’t want to know how all the North Sea cultures developed during the middle ages.

I know that you are going to be writing at Lighthouse Economics. Tell us what to look for from Mark Skidmore over the next couple of months.

Skidmore: I’m doing a formal analysis of the Thrift Savings Fund using the daily transactions over many years so that we can hone in on the timing of those debt ceiling limits, etc. That is the main thing. I am still working on some of the disaster work, which I think is important. Then I’m going to continue to post. The areas that I focus on in my post are the macro-financial regional economic issues – public finance issues and the natural disaster work. Those are the primary areas that I work in; that is my general theme.

Be looking for updates that I think are useful in those arenas. I might post other things as well, but I try to create that niche and that theme.

Fitts: Can people post comments or send you comments through your website?

Skidmore: Absolutely.

Fitts: Here is what I want everyone listening or reading this to do. One of the things that I’ve noticed is: I’ve been tracking for the last couple of months various academicians who are winning prizes, and it is so cult-like. Somebody does a great job of promoting the cult, and then they get a prize.

Then there is you, Mark Skidmore, ‘rocking the world’ with truth, and you are not getting any prizes, but you have been ‘*Solari Hero of the Year*’.

It took me a long time to come out of the establishment and find my own legs and my own state of amusement about it. I suspect that you have not yet found your complete state of amusement yet, so I want everybody to go to Lighthouse Economics and leave a comment thanking you for providing us with real leadership in economics. We need it, and we want more – not less.

Skidmore: I'll keep 'plugging away'. You're right; I haven't found my sea legs yet; I'm still working on that.

Fitts: Down the road, there is a state of amusement just for you. There is an expression you always hear in the gospel songs, "He is my portion." I think you will start hearing from people, as Lighthouse Economics grows, how much they appreciate having 'real deal' economics. I think you are going to surprise yourself.

With that, Dr. Mark Skidmore, thank you for all of your work; thank you for everything that you do; thank you for being my ally and friend.

Skidmore: Thank you.

Fitts: It always warms my heart to see your work, and it always takes my breath away because I look at the work that you did on TSP and all of the charts and graphs, and I say, "That's why I became an investment banker. I could never have done this!"

It's really great 'stuff'.

Skidmore: Thank you, Catherine, and I appreciate you as well. You have been a real help to me, and I'm going to keep plugging away. We can do it together.

Fitts: Okay. Have a free and inspired life. Goodbye.

Skidmore: Take care.

MODIFICATION

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

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