

# *The* Solari Report

BY CATHERINE AUSTIN FITTS / 2ND QUARTER WRAP UP VOLUME 2016 / NUMBER THREE

## PRODUCTIVITY, PROSPERITY & THE POPSICLE INDEX

*Building Trust Between People, Places & Money*





**The Solari Report 2nd Quarter 2016 Wrap Up  
Productivity, Prosperity & The Popsicle Index**

by Catherine Austin Fitts

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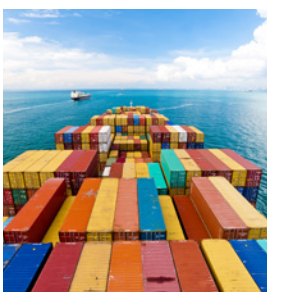
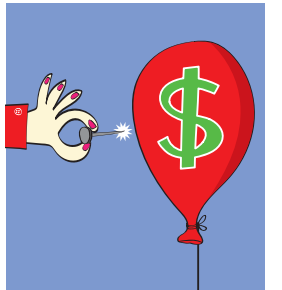
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**NOTE:** For additional material available in the online version of this Wrap Up, visit the [www.Solari.com](http://www.Solari.com) website and use the search function to locate the items.



**The Popsicle Index** is a quality of life measurement coined by Catherine Austin Fitts, “as the percentage of people in a community who believe that a child can leave their home, walk to the nearest possible location to buy a popsicle, and come home alone safely.”

— WIKIPEDIA, “QUALITY OF LIFE”

## Introduction

*“The debt-financed growth model has reached its limits. There are no short-cuts that aren’t reforms.”*—WOLFGANG SCHÄUBLE, GERMAN FINANCE MINISTER, AT G20 MEETING IN SHANGHAI.

The debt growth model is done, and we are entering a period of institutional reform. We must emerge good leadership going forward. If our leadership fails us, war, organized crime and lawlessness will make our choices for us. Who you choose to be, to support or to shun in your daily life will decide our future.

No other question is more important than “who leads?” As sovereign individuals, we can choose to lead. In so doing, we must support and align ourselves with other leaders around us who are effective in the wider world. One of our first Solari Report slogans was, “Who’s your farmer, who’s your banker, where’s your money?” As millions of people allocate their time, attention, and resources every day, thus we invent our world together.

Trust in political and banking leadership in the United States and the G-7 is low and falling. Consequently, I want to revisit the fundamental issues of how we create a prosperous world based on productivity rather than secrecy, force, and government debt. Understanding that a world both productive and human is possible is the first step to shift the course of events and ensure that technical innovation underway serves humanity and life.

We are publishing our 2nd Quarter Wrap Up in the following parts:

- **Productivity, Prosperity & the Popsicle Index:** I will review productivity and prosperity, why political and business leadership is concerned and what is possible if we take the necessary steps to create a prosperous society.
- **News Trends & Stories:** We start with a rich discussion with Dr. Joseph P. Farrell for News Trends & Stories. Part I begins with a deep discussion of Brexit, clearly

the most momentous event yet of 2016 thus far, and covers Economy & Financial Markets and Geopolitics. In Part II, we cover Science & Technology and The Big Questions. Our web presentation includes a complete list of trends and links to the stories that best summarize events in the 2nd Quarter. Carefully culled from our website weekly, the Solari Report team’s goal is to ensure that you are exceptionally knowledgeable about current events but with a minimum investment of your time.

• **Financial Markets Roundup:** I will review the 2nd Quarter financial market performance. Our web presentation includes supporting charts covering the financial and commodities markets. We will also publish the latest Blockbuster Chartology from Rambus, making this a particularly rich discussion of the equity and precious metals markets. .

Brexit has “rung the bell” on the unipolar world. The United States must adjust to a multipolar world. The signs are everywhere. This is a time of great opportunity – a time when you can make a difference. We wouldn’t miss it for the world. We are very glad to be sharing the road with you.

Speaking of “the road,” I look forward to seeing many of you during the 3rd Quarter. I will be in New York, Zurich, the Rhone Valley, Lake Constance (Germany) and Amsterdam, then road tripping from Tennessee to and from California through Santa Fe, Las Vegas, Reno, Davis, Palo Alto, San Francisco, Pasadena, and Austin, Texas.

On behalf of the entire team at the Solari Report, I wish you good hunting!

—Catherine Austin Fitts

A handwritten signature in blue ink that reads "Catherine Austin Fitts".

“**Brexit has “rung the bell” on the unipolar world. The United States must adjust to a multipolar world. The signs are everywhere. This is a time of great opportunity – a time when you can make a difference.**”



# I. Productivity, Prosperity & the Popsicle Index



*“Therefore all things whatsoever ye would that men should do to you, do ye even so to them” — JESUS CHRIST, SERMON ON THE MOUNT, MATTHEW 7:12*

## 1. Introduction: Meditations on Productivity

These days I often quote Wolfgang Schäuble on the Solari Report. Schäuble is the German finance minister who said at the G20 meeting in Shanghai this February, *“The debt-financed growth model has reached its limits. There are no short-cuts that aren’t reforms.”*

If you live in the G7 countries and are younger than 70, you have lived your entire life in the midst of long-term growth in financial liquidity – a “wind in the sails” – resulting from the growth of debt, particularly sovereign government debt. Indeed, most people have no understanding that this debt phenomenon is less than permanent. For them, that financial “wind in the sails” is simply assumed as part of how things are.

I emphasize this point because the “wind in the sails” is destined to become an opposing headwind as the long-term bull market in bonds comes to an end, as interest rates turn negative, and as sovereign governments struggle with high debt loads that limit their future borrowing capacity. The planetary “debt for equity swap” is on – we just don’t know if, as Tina Turner says, it will be “nice or rough.” Rough means we write the debt down. Nice means we dramatically increase equity values with increased productivity and prosperity.

Without freshly infused cash from more government debt, we will have to solve our political differences in ways other than paying each other off with more government money. Without issuing more government debt, it becomes prohibitively expensive to opt for more government-rigged monopolies, contracts, purchases, and wars. It also becomes prohibitively expensive to meet our retirement obligations and provide a social safety net. These two facts raise the question of productivity and its relationship to prosperity.

Let’s start with some definitions:

**Productivity** is a measure of the efficiency of production.

Labor productivity typically refers to the value of

output for an hour of time input.

I like to consider human productivity more broadly than just what happens within the organizational machinery of production. I use the term both ways in this discussion – both the more limited labor productivity as well as more broad-based human productivity in the whole economy and society.

We may be productive at work, but if we are spending private time on transport systems that break down and defending home and person from criminals, fraudsters, and “surveillance capitalists,” we are not very productive in our lives outside of work. At some point, low productivity outside of the workplace is bound to impact workplace productivity.

Increasingly, government is funding the rules and operations that destroy broad-based productivity. Government keeps the cash flow going even when such activities lead to lower broad-based productivity.

For purposes of this discussion, I will refer to the two as “labor productivity” and “human productivity.”

**Prosperity** is the state of flourishing or thriving. Prosperity often encompasses wealth but also includes other factors that can be independent of financial wealth, such as happiness and health. Widespread prosperity generally depends on widespread productivity.

**The Popsicle Index** is the percentage of people in a community who believe a child can leave home, go to the nearest place to buy a popsicle or snack, and come home alone safely.

Specifically designed to be a subjective assessment of safety, your Popsicle Index is whatever you feel it is. Bankers cannot fund academics to rig the numbers or prove your numbers wrong, something that too often happens with both public and private statistics.

Safety is a critical component to creating the conditions for a person to be productive individually and for a community to be productive together through markets, which depend on trust.



“**THE POPSICLE INDEX is the percentage of people in a community who believe a child can leave home, go to the nearest place to buy a popsicle or snack, and come home alone safely.**”

**NOTE:** The main body text in blue throughout this document indicates a hotlink that will take you to websites, pages, or videos, which will provide further information. Visit the Solari website and use the search function to locate the items.

“**Economically unproductive behavior has continued for long periods of time because it was subsidized by government debt. Now it can't be, so we must change.**”



**Video: The Popsicle Index** <https://www.youtube.com/watch?v=4uOq5XFfVHw>

For many years, I have written about the United States having a “negative return on investment” economy. Private corporations have a positive return on investment. However, a look through corporate profits into what is happening in government finances and the environment on an integrated basis indicates that a positive private sector return on investment is steadily resulting in a liquidation of living systems. This liquidation can continue as long as government is funding the financial costs and externalities with government debt and enforcement, and as long as our natural ecosystems do not collapse. The result is a negative return on investment to taxpayers.

What is happening with labor and human productivity is a reflection of these positive and negative returns. Labor productivity has been rising – but human productivity has been falling in alignment with a negative return on investment system. In essence, the system is not optimizing. Instead, it is organized to create central control through corporations and banks that are owned and controlled by private investors.

I have described many examples of creating a positive return on investment for private players at the expense of taxpayers and living systems in my own writings. Two examples are “The Myth of the Rule of Law” <http://www.dunwalke.com/gideon/q301.pdf> and my online book “Dillon Read & Co. Inc. and the Aristocracy of Stock Profits.” [<http://dunwalke.com>] The recent drop in the homeownership rate inspired another, more recent example here.

**Meditations on the Falling Homeownership Rate** <https://solari.com/blog/meditations-on-the-falling-us-homeownership-rate/>

Without government debt providing subsidy, the laws of economics require productive operations that attract investment by producing positive returns. Such investment needs success based on market economics and a sustainable environment to create lasting prosperity. Otherwise, our

Planet Earth becomes expendable.

This model differs profoundly from the model by which we currently operate. Our current leaders grew up with a government debt growth model that generally debased our living ecosystems. Many of them understand neither market economics nor cultures in which growth is fueled by broad-based equity investment, interacting gainfully with the natural environment.

The problem, moreover, is not just political leadership. An entire population organizes its lives and operations in response to programmed media, financial incentives, cheap capital, and entitlements, developing the wrong habits, the wrong skills, and investing time and money unproductively. We are financially dependent on unproductive activities.

Economically unproductive behavior has continued for long periods of time because it was subsidized by government debt. Now it can't be, so we must change. That is what the German finance minister meant when he said, “*There are no short-cuts that aren't reforms.*”

Collectively, we have built up significant public and private overhead that we can no longer afford. Take away the cash flows associated with government subsidies, government contracts, government spending, government credit, and money disappearing in trillions from government accounts, and very few operations and households could survive in a market economy.

Like a rubber band that has been pulled way too far for 70 years, the snap back could be painful and could happen much too fast.

It is not surprising that we are hearing more talk about “productivity” and “prosperity” (and its flip side, inequality and poverty) in the financial and economic news. Some of this is coming from the leaders who have made a pretty penny on the debt financed growth model and are looking for scapegoats rather than exploring real solutions or leading real change.

Some excellent scapegoating comes from recent interviews with Alan Greenspan who, as Chairman of the Fed, governed the greatest explosion

of fraudulent debt and disappearing money in history, culminating after his retirement in \$27 trillion of bailout. I refer to this process as the “financial coup d'état.” My total count is \$40 trillion stolen or missing from 1998 to 2012. The Department of Defense Inspector General just announced an additional \$6.5 trillion missing during the 2015 audit. So the financial coup is now bleeding into a financial “endless agony.”

I sometimes describe the financial coup as the leadership deciding to simply take the boomers retirement savings in a financial coup d'état before the boomers “wasted it on nursing homes.” This coup was described to me by the president of the largest pension fund in the United States in the spring of 1997 as follows: “They have given up on the country. They are moving all the money out, starting in the fall.” That fall was when the financial coup d'état began – the fall of 1997, the beginning of the federal 1998 fiscal year. You decide where the money went. Some possible destinations have been back door financing of government expenses, investment in China, India and the other emerging markets, private investment pools, private endowments in support of world governance, black budget weaponry, underground bases, secret space programs, super-secret dividends – we have no way to know for sure.

Here is Alan Greenspan in *Newsmax* politely trying to blame the global retirement savings deficit on slowing productivity. He seems to imply that the way now to address the deficit is to abrogate retirement obligations and social contracts.

<https://www.newsmax.com/Finance/Street-Talk/Alan-Greenspan-economy-entitlements-productivity/2016/05/26/id/730990/>  
**Alan Greenspan: Global Economy Running Toward 'State of Disaster'**

*Alan Greenspan, former chairman of the Federal Reserve, said the global economy's inability to produce goods and services efficiently is going to cripple the ability to pay for pensions and health programs for the elderly.*

*“We have a global problem of a shortage in pro-*

*ductivity growth, and it is not only the United States but it is pretty much around the world,” he told Neil Cavuto at Fox Business. “Populations everywhere in the western world, for example, are aging and we're not committing enough of our resources to fund that.”*

*Productivity, the measure of hourly output per worker, has declined as businesses have slowed their investment in plant and equipment to boost efficiency. Meanwhile, the massive increase in private and public sector debt that has helped to boost the economy in the past is now dragging on growth.*

*Greenspan says governments are going to confront another major financial crisis as economies struggle to pay for entitlement programs.*

*“Entitlements are crowding out savings and, hence, capital investment. Capital investment is the critical issue in productivity growth and productivity growth in turn is the crucial issue in economic growth,” he says. “We're running at the end of this period to a state of disaster unless we turn it around.”*

*The U.S. government needs to get its fiscal house in order to cover social programs.*

*“We should be running federal surpluses right now, not deficits,” he says. “This is something we could have anticipated 25 years ago, and in fact we did, but nobody's done anything about it and this is the crisis which has come upon us.”*

*He wants to see presidential candidates discuss reforms to entitlement programs.*

*“Until we can rein in entitlements, which have been rising at 9 percent annual rate in the United States and comparable levels throughout the world, we are going to find that productivity is going to maintain at very low rate of increase,” he says.*

*“There is a very large migration from being a worker into being a recipient of social benefits. If we stay down at the 2 percent economic growth or less in the United States and elsewhere, we're not going to be able to fund what we already have legally obligated to spend.”*



“**Alan Greenspan, who as Chairman of the Fed governed the greatest explosion of fraudulent debt and disappearing money in history, culminating after his retirement in \$27 trillion of bailouts. This is what I refer to as the “financial coup d'etat.”**”



President George W. Bush presents the Presidential Medal of Freedom to Alan Greenspan. Source: White House photo by Shealah Craighead, Whitehouse.gov.

The extent of Greenspan’s hypocrisy warrants an article of its own. His tactic is “projective identification” – the perpetrator attacks the victim and, in so doing, avoids responsibility and, in this case, sets the stage for another round of harvesting.

Whether the conversation about productivity and prosperity is designed to help us work our way to a place of true labor *and* human productivity and prosperity, or to find scapegoats to help the perpetrators of the financial coup “kick the can,” this discussion will continue.

Productivity and prosperity are important – these are issues you want to understand, including how to ensure as we go through this transition that your productivity and prosperity are rising, not falling, and that your actions encourage rising productivity and prosperity on a wider scale.

There is much we can do with technology and investment policies to improve labor productivity. However, ultimately the shift to real long-lasting human productivity must be inspired and seeded on a decentralized basis.

Imagine a world where the Popsicle Index is 100% for every man, woman, and child. Before it can come, we must first visualize it in our imagination and believe it possible in our hearts and minds.

“Imagine a world where the Popsicle Index is 100% for every man, woman, and child. Before it can come, we must first visualize it in our imagination and believe it possible in our hearts and minds.”

## 2. The Absurdity of Discussing Productivity, Prosperity, and the Popsicle Index

Having a serious discussion about productivity, prosperity, and the Popsicle Index involves recognizing a certain presence of absurdity, which I need to address now.

The governance of our society is as secret as are many of the systems that control allocation of capital and resources. Based on both personal knowledge of the higher echelons of our leadership and research documented through the Solari Report, I believe that our leadership:

- Uses invisible weaponry, surveillance, and technologies of control not understood by the general population;

- Practices and profits from special breeding programs and slavery;
- Practices and profits from covert operations, disaster capitalism (using weaponry that mimics natural disasters), and false flag operations;
- Intentionally increases human toxicity through pesticides, global spraying, vaccines, and various forms of weapons and weapon testing that increase health care expenses and lower life expectancy.
- Extends the application of mind-control technologies--from a more limited covert use by intelligence agencies and secret societies, such as MK Ultra, up to a more broad-based application using smart phones, smart meters, cell phone and communication towers and networks, the Internet of things, smart TVs, and media as well as in specific industries such as social media, casinos, and investments.

Discussing these practices is not yet socially and politically acceptable in most academic and business conversations about economic productivity. Although these practices may not yet have harmed the more narrowly defined labor productivity and, in some cases, many have helped to improve it, these practices have wrecked havoc with human productivity, requiring the issue of explosive government debt.

The goal of those who manage our economy is not to optimize, but rather to centralize political and economic power into what George H. W. Bush once referred to as “tighter and righter hands.”

A review of recent examples of disaster capitalism (see our Solari Report with Dr. Dady Chery on Haiti) makes clear the extent to which some leaders willingly wage economic and environmental warfare to centralize wealth. This willingness includes the destruction of local food self-sufficiency to create pools of cheap labor and export markets. What was done in Haiti is what has been done to consolidate agriculture in America: to destroy human productivity by destroying

highly economic small farmers in order to create pools of cheap labor for large corporations and to create new markets for higher cost agricultural interests.

This centralization in the United States has depended on financial fraud, narcotics trafficking, and covert operations outside the law, as we believe law to be. A growing part of the US financial system depends on hidden systems of finance, dark pools, and financial operations protected by national security law. After many years of trying to understand what is going on, I have concluded that our planetary financial system is designed to produce a secret dividend. A great deal of money is disappearing, and the money is going somewhere.

To the extent that both centralization and secrecy are required to generate and protect those secret flows, the two phenomena create significant privilege. This level of privilege also contributes to significant decreases in broad-based human productivity.

As CEO of Hamilton Securities, I hired AT&T Bell Labs to apply their optimization technology to mortgage auctions. In the process, the labs briefed me on their application of optimization technology to airline crew scheduling. Over many years they were able to price what the cost of various constraints were, including the cost of government regulations and union rules.

One thing that they discovered from years of results was that seniority rules for pilots suboptimized total results so that all the crewmembers were worse off, including the senior pilots. The senior pilots themselves would have gotten more of their personal scheduling preferences if they had cancelled their seniority privileges. In sum, complex constraints on optimization were expensive. The same phenomenon probably operates in many other sectors of our economy. So, we can say that centralization and secrecy translate into privilege, which diminishes both labor and human productivity.

If we have a society in which many successful for-profit entities depend on government subsidy with a deeply negative return on investment,

then this system is deeply unproductive. In turn, improving our labor-specific productivity for the most powerful institutions in this system will serve only to make the overall system more destructive. In short, in this current model, greater labor productivity is harmful both to human productivity and to total wealth.

If we talk about productivity honestly, then we must discuss how to stop tolerating habits that destroy human productivity broadly, and not just to discuss how to help labor produce more efficiently for less reward, except reward for large corporations and institutions. The (1) alignment between labor productivity and human productivity and (2) alignment between return on investment to investors and return on investment to taxpayers are the heart of the matter. As one ally put it in our discussion on productivity:

“From my perspective, productivity increases are a problem. In such a world, productivity going down is a good thing. Why do I want folks to become more productive at war, at corruption, fraud, financial manipulations, at destroying top soil, at destroying health, at turbo charging the destruction of life, culture, human civilization as we know it.”

This is why I keep talking about creating a win-win relationship between the Popsicle Index and the S&P Index – the creation of conditions of trust between people and the financial system.

We have a fundamental breakdown in trust of the kind necessary to create a competitive workforce and a productive culture and society. It appears in fact that whoever governs global society believes that digital and cellular technologies of surveillance and control can help to revert us to a system of high-tech slavery, which appears what the governing group prefers.

Let me give you two recent examples. Two opinions offered in the recent documentary *Vaxxed* and related Q&A sessions following its screening were as follows:

- If current practices related to the food system and heavy schedules of vaccines continue, one out of every two children in the United States, including 80% of the boys, will likely be autistic by 2032.



“I have concluded that our planetary financial system is designed to produce a secret dividend. A great deal of money is disappearing, and the money is going somewhere.”



“ Without debating what causes the spread of autism, its continuing spread will overwhelm our families, educational systems, and health care systems. Human productivity will be decimated. ”

- The estimated costs of caring for a severely autistic child in the United States over his or her lifetime is \$5 million.

Without debating what causes the spread of autism, its continuing spread will overwhelm our families, educational systems, and health care systems. Human productivity will be decimated. This raises the question, what is going on here? Why have we not figured out what causes autism and stopped it?

It gets worse. NBC recently ran a news program seriously suggesting that we should microchip our children, as if humans were livestock.

**NBC Video: Microchipping Your Children**  
<https://www.youtube.com/watch?v=PWGjaE-CxcPk>

As described in my article “The Data Beast,” <http://solari.com/archive/databeast>, this chip idea is reminiscent of an interview that Aaron Russo gave shortly before his death, in which he described his conversation with a member of the Rockefeller family. Russo was told that a digital financial system operated through radio-frequency identification (RFID) chips implanted in people would complete centralized control.

**Aaron Russo talks Rockefeller Elite**  
<https://www.youtube.com/watch?v=7gwcQj-DbZtI>

The push to build out cryptocurrencies, blockchain technology, the smart grid, “wearable’s,”

and the ongoing and systematic destruction of privacy lead me to recall a note from a history book that I reviewed last year on the history of American slavery: *The Half That Has Never Been Told*. I am reprinting the review here:

*In **The Half Has Never Been Told**, historian Edward Baptist attempts to unpack the nuts and bolts economics of American slavery and the economic trends that lead to and resulted from abolition.*

*Baptist argues that slavery was essential for building a Southern cotton machine that pooled enormous capital through the US textile industry and was critical to the success of America’s industrial economy. He also argues that slave labor was economically very productive. Using cotton pricing and production data and analysis of management practices, Baptist argues that picking quotas enforced with whippings and the threat of force systematically applied resulted in astonishing growth rates in picking productivity:*

*“A study of planter account books that record daily picking totals for individual enslaved people on labor camps across the South found a growth in daily picking totals of 2.1 percent per year,” Baptist writes. “The increase was even higher if one looks at the growth in the newer southwestern areas in 1860, where the efficiency of picking grew by 2.6 percent per year from 1811 to 1860, for a total productivity increase of 361 percent.”*

*Baptist contends that slave labor was significantly more productive than free labor:*

*“Many enslaved cotton pickers in the late 1850’s had peaked at well over 200 pounds per day...In the 1930s, after a half-century of massive scientific experimentation, all to make the cotton boll more pick-able, the great-grandchildren of the enslaved often picked only 100 to 120 pounds per day.”*

*At one point, Baptist describes the creation of large corporations used to build out cotton plantations in Alabama, Mississippi and Louisiana and the orders given to move thousands of slaves*

*out from the Southeastern coastal areas to provide labor. It was stipulated that 70% were to be young men between the ages of 18-36. Right after reading this description, I was researching the European refugee situation and discovered that the statistics provided by the EU disclosed that 70% of the refugees coming to Europe were young men between the ages of 18-36. Apparently, some things do not change.*

*Baptist covers the financial fraud common with financing the slave trade. There was no system through which the financial system could perfect their collateral. When slave owners got into trouble, they would default on their debts while selling the slaves into new territories and keeping all of the sales proceeds. The City of London was badly burned by Southern banks financing the slave trade. One wonders whether England would have abolished the slave trade if a working collateral system had been in place.*

*Baptist also describes the efforts to create retail investments to finance the cotton commodities’ operations. In essence, retail investors hungry for income were eager to enjoy the income generated from the whipping machine — although the reality on the ground was not fully disclosed. It is a reminder of the speed at which private investors snapped up stock in private prison companies.*

*My favorite passage was a quote from Frederick Olmstead describing the diverse economies built by German immigrants as opposed to the centralized economies built by slaves. The German immigrants built much wealthier, more diverse and resilient economies. The problem was that it was not a centralized economy — a few people could not own and control it all. Again, some things do not change.*

*Throughout my life, I have dealt with a certain kind of person in America’s leadership. Essentially, they are slavers. They believe in the systematic application of violence to get a greater “harvest” each year. In fact, what I describe as the slow burn is a new form of an invisible, “high tech” whipping machine. If you want to understand this mentality, read **The Half That***

***Has Never Been Told**. It does a good job of describing the dark side of our culture — the part that believes in building personal wealth through force: whether mind control, assassination, genocide, depopulation, slavery, or war.*

*America is a country of contradictions. On one hand, we believed in personal freedom and the values of the Scottish Enlightenment. On the other hand, our leadership has often found the practice of slavery in its many forms to be economically compelling. While technology made it attractive for Northern Industrialists to outwit Southern plantation owners by abolishing slavery and shifting to more subtle methods, the increased ability to now use digital technology to perfect human collateral systems should give one very deep pause.*

Proposals to integrate microchips into children or to persuade adults to adopt “wearable’s,” creating the technology to perfect human collateral systems at low cost, promoted by a leadership that historically practiced mind control and slavery —these proposals need to give us serious pause.

Indeed, I believe labor and human productivity are impacted by a profound and growing mistrust of the existing leadership, combined with the cumulative impact of mind-control technologies on media and telecommunications and increased financial dependency on debt and government sources.

In one sense, our society is losing its collective mind. Any sincere effort to address the issues of productivity and prosperity asks the questions “What is going on here and can our society get its mind back?”

We must also ask whether we want to improve the labor productivity of a system that is fundamentally psychopathic. Why try to improve the efficiency of a financial system that has stolen trillions of dollars and continues to steal? It seems that without hope of sufficient transparency and reform, letting the system fail may be the most productive choice.



“ America is a country of contradictions. On one hand, we believed in personal freedom and the values of the Scottish Enlightenment. On the other hand, our leadership has often found the practice of slavery in its many forms to be economically compelling. ”



To a certain extent this dynamic may explain support for Donald Trump’s candidacy for US president. If a system is destroying human productivity, destroying that system by electing an erratic person with no government experience who is likely to create chaos, thus threatening the system, may appear to some voters to be quite logical. His election could be a step towards improving productivity.

### 3. The Establishment View

When addressing productivity and prosperity, it is important to understand the establishment view:

- The accomplishments of the establishment in increasing productivity globally in manufacturing and production process are impressive, as are improvements in prosperity and living conditions throughout the emerging markets.
- The establishment has significant resources to track and analyze the economy as traditionally measured – their data are useful.
- Many groups within the establishment have done a lot of interesting research on improvements we could make in defining, estimating, and tracking both labor and human productivity and prosperity.
- Members of the establishment committed to win-win solutions (of which there are many) are essential to the successful design and implementation of positive change.

The McKinsey Global Institute published a study last year that looks over the current status of global labor productivity and discusses the challenges of both slowing growth in productivity and in labor: “Global Growth: Can Productivity Save the Day in an Aging World.”

McKinsey provides a great service by making these studies available publically on line. However, McKinsey does not permit its charts and graphs to be reprinted here. Consequently, I recommend that you take the time to access this study on line and review the charts and graphs.

#### Global Growth: Can Productivity Save the Day in an Aging World <http://www.mckinsey.com/global-themes/employment-and-growth/can-long-term-global-growth-be-saved>

The McKinsey productivity study is focused on the G20 as adjusted to include Nigeria, representing approximately 80% of global GDP. One of their partners summarizes the findings as follows:

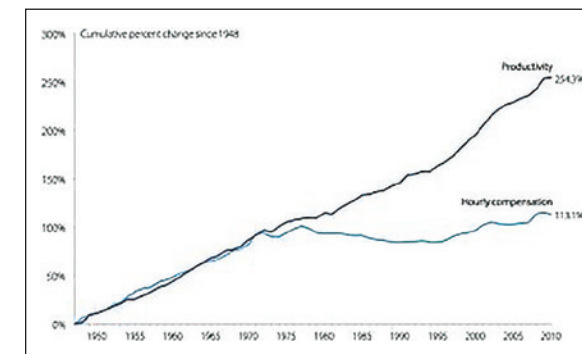
*“The problem is that slower population growth and longer life expectancy are limiting growth in the working-age population. For the past half-century, the twin engines of rapid population growth (expanding the number of workers) and a brisk increase in labor productivity powered the expansion of gross domestic product. Employment and productivity grew at compound annual rates of 1.7 percent and 1.8 percent, respectively, between 1964 and 2014, pushing the output of an average employee 2.4 times higher. Yet this demographic tailwind is weakening and even becoming a headwind in many countries.”*

*“The net result is that employment will grow by just 0.3 percent annually during the next 50 years... Even if productivity growth matches its rapid rate during the past half century, the rate of increase in global GDP growth will therefore still fall by 40 percent, to about 2.1 percent a year. Our new normal would then be economic growth slower than it was during the past five years of recovery from the Great Recession and during the energy-crisis decade of 1974 to 1984. Per capita income and living standards, in both the developed and the emerging worlds, will rise more slowly.”*

McKinsey raises numerous issues that inform our discussion. Let me mention three:

**The first is that benefits of productivity growth in the United States since the mid 1970’s accrued to investors.** Little or none has been shared with labor as shown in the following chart of hourly compensation vs. productivity since 1948.

Growth of Real Hourly Compensation for Production and Nonsupervisory Workers Versus Productivity (1948–2011)



This raises the question, “If US labor has no incentive to contribute to productivity growth, what will the impact be on US productivity growth?”

**Second, global productivity and prosperity have been driven by increasing productivity and prosperity in Asia, rather than across all the emerging markets.** Indeed, convergence of per capita income towards G7 is an Asian phenomenon, rather than a development throughout the emerging markets. McKinsey indicates that the United States and Western Europe experienced approximately 1.5% to 1.9% productivity growth from 1964 to 2014. South Korea and Japan were 4.6% and 2.8% respectively. China’s productivity growth was an astonishing annual rate of 5.7%. In contrast, Mexico and Saudi Arabia clocked less than 1% annual productivity growth during the same period. As a result of slower productivity growth in the emerging and frontier markets, McKinsey indicates that the absolute gap between emerging and developing countries has not narrowed.

**Finally, three areas of significant concern are productivity in government, education, and health care.** McKinsey does not address why productivity is low in these areas. The fact is that growth in the corporate area and centralization has been bought with subsidy and unproductive practices in government – hence the dual problem of lower government productivity and exploding government debt. There is indeed tremendous opportunity for increased productivity



in these areas after reversing the negative return on investment model that feeds the centralized governance system. The bottom line is that you cannot address productivity effectively in these areas without addressing the whole shebang. We must align labor productivity with human productivity. The topic of low productivity in government, health care, and education is the “canary in the coal mine” within the productivity discussion. This lurking issue explains why there are so many fireworks over Common Core, and privatization.

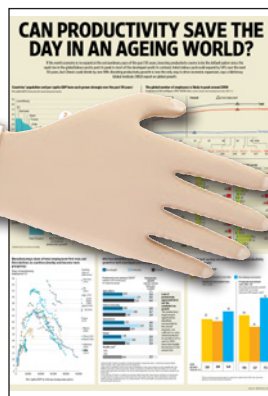
McKinsey’s biggest concern is demographic aging. McKinsey underscores the demographic challenges faced by Germany, Japan, and Russia. India’s labor pool could expand by 54% over the next 50 years while China’s could shrink by one-fifth.

McKinsey lists areas where breakthrough increases in productivity are possible, including the following:

- Digital and physical infrastructure investment;
- Educational access and labor force participation for young people and women;
- Research and development investment;
- Improved regulatory environment; and
- Accelerating productivity growth rates across the emerging markets broadly.

They do not address numerous politically sensitive areas of opportunity to increase prosperity, for example –

“**If US labor has no incentive to contribute to productivity growth, what will the impact be on US productivity growth?**”







“**The establishment concern about productivity will accelerate. The United Kingdom Brexit vote in June was a clear message that the initial round of productivity gains from globalization has largely run its course.**”

- Shifting more than \$1 trillion annually spent globally on military and weaponry into infrastructure, R&D and education, and other investments that increase productivity;
- Shifting hundreds of billions of dollars out of surveillance and the technologies of control to infrastructure, R&D, education, and other investments that increase productivity;
- Reducing organized crime and corruption used as an enormous global tax. This reduction includes secrecy and privileges enabled by assassinations and covert operations that allow some people to function above the law and prevent markets from functioning properly.
- Reducing government regulation that is used to create uneconomic monopolies, to

prevent startups, and to shut down economic small businesses and farms;

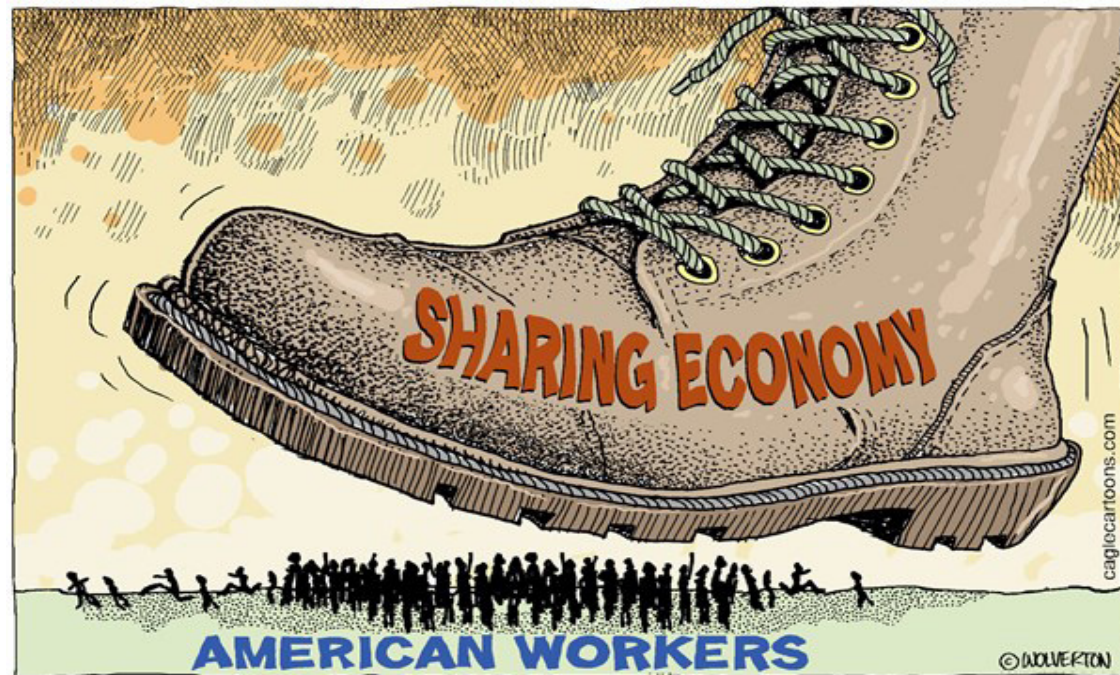
- Reducing government credit, regulations, and enforcement that create and maintain differentials in the cost of capital, allowing some to borrow for 0% while others are lucky to access capital at 30%.
- Reducing and eliminating slavery – currently estimated at 46 million people globally.

If we are going to address productivity and prosperity broadly, we need to look at all the factors affecting labor and human productivity and prosperity.

If you look at the extraordinary drain being put on the time and resources of the existing workforce – whether through government taxes, regulation, enforcement or environmental and monetary debasement – it is hard to inspire workers to greater productivity.

Unless, of course, you microchip your workforce for ongoing surveillance and control. But is micro chipping really the optimal pathway to labor productivity? Does slavery produce prosperity? Slavers would argue that history answers “yes” (certainly for them) as long as these slavers can perfect collateral and prevent revolts.

This uncertainty is why the productivity discus-



sion leads us back to the questions of what is really going on and what the system goals really are. Do we all belong to one species capable of empathy and with a shared commitment to the rule of law? Or are we property whose purpose is to generate a secret dividend for overlords who chiefly want to increase the efficiency of the global “whipping machine”?

The establishment concern about productivity will accelerate. The United Kingdom Brexit vote in June was a clear message that the initial round of productivity gains from globalization has largely run its course. I have written in the 2014, 2015, and 2016 Solari Report Wrap Ups about the shift from the industrial Global 2.0 economy to a networked Global 3.0 economy.

**Solari Report Wrap Ups Library**  
<http://solari.com/library/wrap-ups/>

As that transition accelerates and the Global 2.0 industries are slow to change or close down, labor productivity will suffer. As Global 3.0 rises with significantly greater automation and labor productivity, unemployment will rise. Insofar as the financial coup abrogates retirement benefits or health benefits or both at the same time, the impact on human prosperity and productivity metrics will be significant.

Last week’s news announced that productivity in the United States had declined for the third straight quarter.

**Productivity declines for third straight quarter**  
<http://www.marketwatch.com/story/productivity-declines-for-third-straight-quarter-2016-08-09>

*“US nonfarm productivity declined 0.5% this quarter, down three consecutive quarters. This is the longest negative stretch since 1979. The BLS calculates labor productivity, or output per hour, by dividing an index of real output by an index of hours worked of all persons, including employees, proprietors, and unpaid family workers. The Bloomberg Econoday economists’ consensus estimate was for a productivity gain of 5%. Instead, productivity declined 0.5%.*

Commenting on the announcement, blogger Mish Shedlock noted--

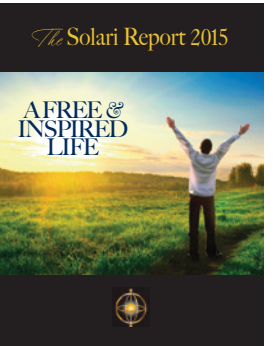
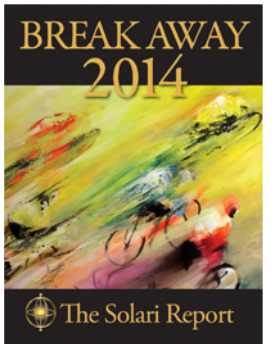
*“Economists debate why productivity is so weak, but I propose cheap money. By holding rates so low, the Fed induced a proliferation of stores that have to be stocked, and manned. Overall sales may be up, but it is spread around on a number of stores rising faster than necessary. Unit labor costs are up thanks to new minimum wage laws. Higher minimum wages will eventually slow store expansion. Yellen will not like the result.”*

There are other possible explanations. BLS employment statistics pumped up for the presidential election would also lower productivity growth. And low productivity growth would support a new push by US corporations for special tax legislation to repatriate large amounts of cash abroad, their claim being they could invest to create new productivity. And last but not least, if we are going to blame lower productivity growth to justify changes to Social Security and other retirement benefits reform after the election, it is best to start now.

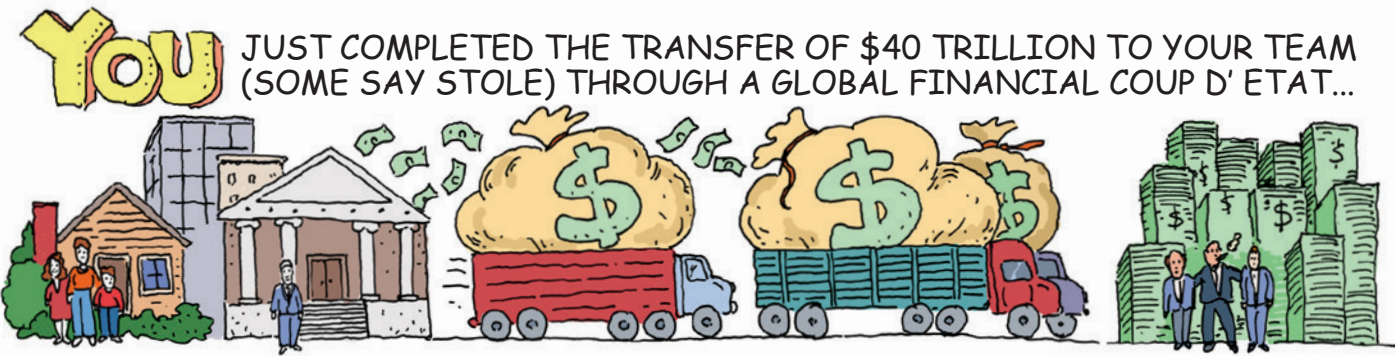
Whatever the reason, the establishment is painfully aware that labor productivity growth in the United States is not rising. Further decreases in prosperity are not far behind. This puts the establishment in the middle between (1) a global governance system that appears to have an inelastic requirement for centralizing control and extracting secret dividends and (2) a general population that has no clear picture of what is happening but is increasingly frustrated as it watches its leadership systematically and intentionally shrink the economic pie.

This is a critical time to shift support from members of the establishment with a track record of financial fraud and corruption over to competent members of the establishment focused on win-win and market-worthy solutions. Indeed, this shift is essential for labor to compete globally.

This is why I continue to stress the importance of supporting excellent leadership in all aspects of our life.



“**I have written in the 2014, 2015, and 2016 Solari Report Wrap Ups about the shift from the industrial Global 2.0 economy to a networked Global 3.0 economy.**”



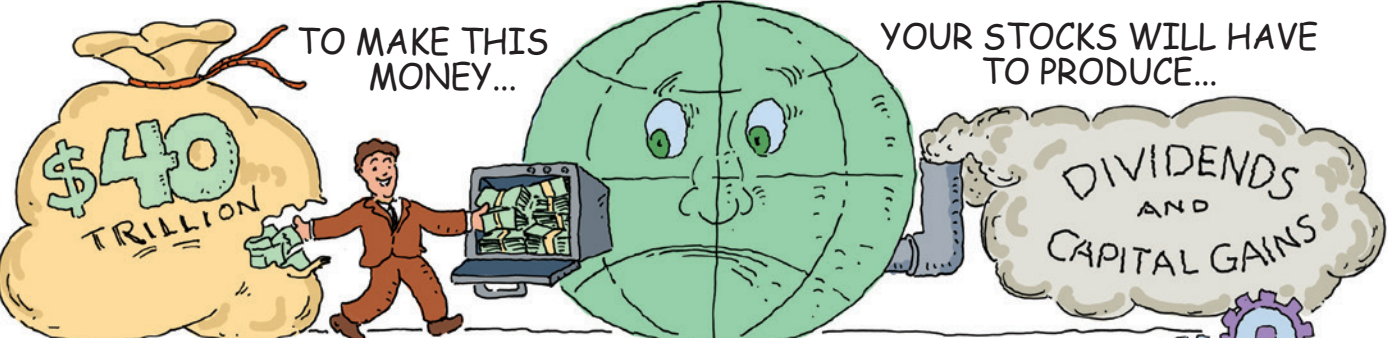
THEY PULLED IT OFF DUE TO: ✓ FINANCIAL ENGINEERING ✓ SPECULATION ✓ FRAUD



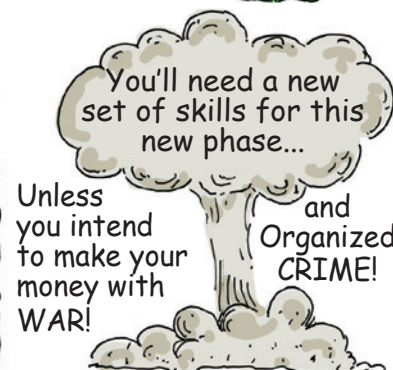
THEY RAISED HUNDREDS OF BILLIONS OF DOLLARS IN NOT-FOR-PROFITS AND FOUNDATIONS IN ORDER TO ENGINEER A "SOFT REVOLUTION" FOR GLOBAL CONTROL.



**NOW** YOU NEED TO REINVEST THE \$40 TRILLION TO GENERATE \$2 TRILLION MORE EACH YEAR TO RUN GLOBAL OPERATIONS



**THINGS WILL HAVE TO WORK!**



**IV. The Wildcard: Technology**

The wildcard in any discussion of productivity is new technology. Let's break the discussion down among different types of technology.

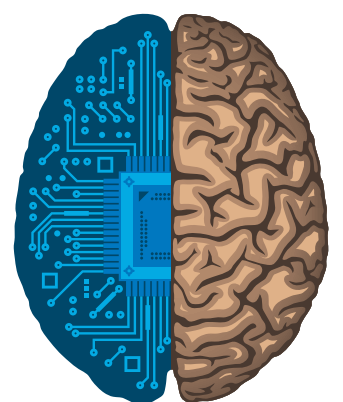
*Warfare & Centralized Control:* There are many indications of the existence of invisible weaponry and surveillance technology well beyond the knowledge of the general population. These include weather control, weapons that trigger what appears to be natural disasters (such as tsunamis and earthquakes), as well as highly invasive mind-control technology. Such technology makes it possible for a negative return on investment economy to continue without government debt growth. This return occurs through extraction of subsidy by force or mind control or both. Dominant parties can – in essence – command subsidy through force, resulting in feedback loops that progressively lower human productivity or destroy selected populations in a negative return on investment spiral. My question for many years is whether the dollar reserve currency system in combination with “natural disaster warfare” has worked as such a subsidy machine. Delivery of such weapons from space or their dependence on space-based surveillance makes the issues of becoming a multiplanetary society much more complex.

*Cyber Insecurity:* Many of our plans to increase productivity involve digital systems – the “Internet of things.” However, the reliability of these systems is deteriorating as social media and corporations focus themselves on “surveillance capitalism” and government and corporate competitors engage in escalating cyber warfare. Will digital systems bring greater productivity or simply a new, more invasive battle zone that lowers human productivity and extracts wealth for the players who control the technology or are good at cyber warfare?

*Breakthrough Energy:* A survey of long-standing breakthrough energy technologies as well as recent improvements in the efficiencies of renewable energy and battery technologies indicates that we can radically reduce our cost of energy.

Doing so could have significant implications for the dollar as the reserve currency inasmuch as the dollar has operated on an oil standard for decades. Cheaper energy would also significantly reduce centralized control unless the legal, financial, and technological infrastructure were in place to maintain tight central control. A question often asked on the Solari Report is whether centralized control is being implemented to permit the controlled introduction of breakthrough energy technology. Regardless of whether centralized or decentralized, a significant reduction in the price of energy will generate explosive improvements in both labor and human productivity. It is worth noting that fracking technology and innovations in the traditional oil and gas industry have made a significant contribution to lower energy prices and increased energy self-sufficiency in the US economy in the last decade, albeit at a controversial environmental cost.

*Robotics, 3D Printing, Driverless Cars, Drones, & Artificial Intelligence:* We are in the midst of a new and significant round of automation that has the potential to significantly improve labor and human productivity. This will leave many existing workers without a role in production and squeeze many existing companies, corporations, and banks out of business. This is one of the reasons that the role of government as well as productivity in government, education, and health care are critical issues. In the United States, the federal government has been an inequality creation machine. This role will have to change if we want a successful transition. For example, if government uses automation to significantly reduce government employment while continuing to engineer the financial and enforcement system to enforce centralization and monopolies, inequality will increase dramatically. Addressing productivity in the health care system is not just a matter of making health care processes more efficient or using on-line systems to reduce labor costs. It will require revisiting the industrial food supply and GMOs, vaccination policies, and uncompetitive practices by pharmaceutical companies.



“ If government uses automation to significantly reduce government employment while continuing to engineer the financial and enforcement system to enforce centralization and monopolies, inequality will increase dramatically. ”



“ Globalization is contributing to a significant increase in our investment in space. ”

*The Space-Based Economy:* Globalization is contributing to a significant increase in our investment in space. We are becoming a multiplanetary civilization. This process has the potential to significantly divide the population between those who are participating in this process and the technology involved and those who are “in the dark.” In short, we could evolve into populations with radically and “inhumanely” divergent realities and productivity rates.



“ Media, social media, and telecommunications also come with entrainment and subliminal programming that have a powerful, trance-like impact that draws attention, but lowers productivity. ”

*Genetic Engineering, Biotech & Transhumanism:* Jay Dyer recently joined me on the Solari Report for a discussion about what movies tell us about the mind-control technology to which we are increasingly subject. We realized during the discussion that we are watching an effort to use artificial intelligence to make robots human and at the same time an effort to re-engineer human DNA and integrate digital machinery into human bodies. There appears to be prototyping to see which is preferable – human robots or robotic humans. It is a chilling thought, one that raises deeply important questions about goals and objectives. If the goal is transhumanism, then why should I facilitate my own demise? I should care more about increasing transparency and promoting a governance system that respects me.

Media creates a significant challenge. Our media are organized to sell an “official reality,” typically designed to make sure we do not see beyond our particular niche and do not see our world whole. Divide and conquer memes are constant. They make us easier to control. They also wage war on many of the most productive members of our society and discourage cooperation.

I live in a small farming community. When the harvest is ready, the cooperation can be extraordinary. If there is a problem, such as bad weather, everyone pitches in. Grudges get put aside and everyone goes to work to help those in need – to make things go. It is a lesson in deep economic cooperation and teamwork. Cooperation is deeply imbued in the culture. Divide and conquer media destroy such cooperation.

Media, social media, and telecommunications also come with entrainment and subliminal programming that have a powerful, trance-like impact that draws attention, but lowers productivity. The result is that our current media creates mind-boggling worldviews that diverge widely from reality.

I used to be amazed by the frustration of the intelligence and enforcement operatives and Special Forces soldiers who implemented covert operations. They were regularly offended when listening to the leaders of organizations in the overt economy. Such leaders would describe their success based on explanations entirely ignorant of any appreciation for the covert forces that had contributed significantly to their success, including black budget technology and low-cost capital generated by illicit means.

I once listened to a Silicon Valley venture capitalist interviewed on a TV talk show. He explained that he had made his fortune on a private basis and wanted nothing to do with politics.

I could hear in my imagination two Special Forces guys, hoo-ha:

*“Does this a\*\*\*\*\* know how much money and work it took to engineer the technology into these companies in the Valley from Area 51? Does he have any idea the people who died or flipped out in*

*the underground bases to make this happen?”*

*“Does he know the years of work and risk it took to bring in all those drugs from South America or to set up and teach kids how to make the meth labs? Where was he while thousands of people died or filled up the jails?”*

*“Does he know how much work it took to launder the cash and leverage it with all that mortgage fraud? Does he have any idea how many buildings had to be blown up or burnt down to cover up the transactions files to cover the tracks?”*

*“Millions of people were sacrificed and thousands worked our b\*\*\*s off in secrecy to pour billions of cheap capital into this place and to pump and dump it to shake out the youngsters and activists. And this bozo thinks he made his money in a private market!”*

*“Will someone please take this guy down to South Central LA and rub his nose in a little reality s\*\*\*!”*

How do we use new technology to create productivity if the people who develop and control new technology understand so little of reality?

Making someone a multi-millionaire or billionaire and keeping him or her immersed in an adult fairy tale is simply another way to maintain control. New technology can be used to centralize control and limit productivity increases to labor in narrowly scripted ways while entertaining and distracting the general population in a manner that drains human productivity and prosperity overall. I cannot refrain from including the following link as an example of some of the issues involved:

**Personal Stupid-People Consultant: A Personal Perspective on Why Corporate Culture in Decline**

<http://www.zerohedge.com/news/2016-08-16/professional-stupid-people-consultant-personal-perspective-why-corporate-culture-dec>

I am not the sole person to see the divergence between dazzling technology creating Silicon Valley billionaires and the failure to translate new technology into broad-based productivity and prosperity. The *MIT Technology Review* just published a new article by its editor, David Rotman,

“Dear Silicon Valley: Forget Flying Cars, Give Us Economic Growth.” Let’s hope Silicon Valley listens. It’s worth reading.

**Dear Silicon Valley: Forget Flying Cars, Give Us Economic Growth**

<https://www.technologyreview.com/s/601682/dear-silicon-valley-forget-flying-cars-give-us-economic-growth/>

As the productivity debate intensifies, Silicon Valley and related corporate sectors are likely in for a rude awakening.

The potential impact of technology means that we must be prepared for a wide variation of possible future scenarios. For example, we could experience a crash up in the stock market as energy prices continue to drop. Alternatively, we could experience a *Kingsman* economic collapse if incomes are consolidated into the billionaire class through legal and financial force and surveillance and mind-control technologies literally drive society mad.

So, technology can pull the rabbit out of the hat, or it can drive us insane.

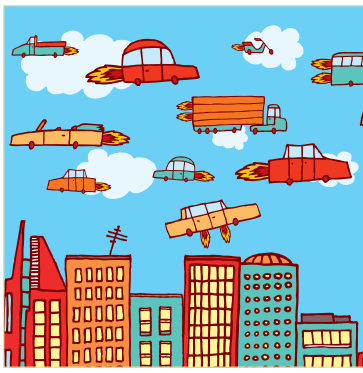
## 5. The Deflation Trap

One of the challenges we face is the possibility of deflation. The debt growth model depended on steady inflation. Debt was manageable through a steady debasement of currency. Monetary inflation helped to offset the labor deflation occurring through globalization.

There are many methods to increase labor productivity significantly:

We can **re-engineer government** by reducing labor in the manner that private corporations have done. When I ran the Federal Housing Administration in 1989-90, I estimated that I could run my operation of 7,000 people with 250 people if I was free to redesign our products and automate. There is no reason to send federal taxes to Washington and then send the taxes back in a very paperful process between Washington, the states, and the local levels. The bureaucracies can be simplified and reduced readily.

We can **automate** significant numbers of func-



“ Dear Silicon Valley: Forget Flying Cars, Give Us Economic Growth. ”





“  
The growth of Amazon’s equity capitalization is not sufficient to offset the defaulted debt of the shopping malls now going bankrupt.”



tions with robotics, artificial intelligence, new fabrication technologies, and driverless autos and drones. Indeed, significant production can be decentralized: shifted back to the village, small business, household, or individual level.

We can **reduce the cost of energy** through implementation of breakthrough energy or increased efficiencies in renewable energy and battery technologies.

As we implement these “increases in productivity” we will collapse the demand for millions of businesses and significantly increase unemployment. We have been funding the growth of unemployment in the G7 countries by providing government benefits. Can we continue to do this? Furthermore, the growth of equity is not offsetting the losses created by debt, which can no longer be sustained. The growth of Amazon’s equity capitalization is not sufficient to offset the defaulted debt of the shopping malls now going bankrupt.

In other words, inflation “inflated” our income statements – both revenues and expenses – and our balance sheets – swelling asset prices and debt. If we “deflate” our income statement and asset values (assuming we are clever and reduce our expenses in sync with reductions in our revenues), how exactly are we going to shrink debt?

A second question relates to the “secret dividend.” It is a lot easier to siphon off trillions when nominal tax revenues are rising as a result of rising individual and corporate revenues. When tax revenues are shrinking, the fixed or growing overhead of a secret dividend makes the overhead more evident and in turn presents significant financial and political risk. This political risk helps to explain some of the gridlock in Washington.

**Special Solari Report: Coming Clean Beyond the Fiscal Cliff**

[http://solari.com/articles/beyond\\_the\\_fiscal\\_cliff](http://solari.com/articles/beyond_the_fiscal_cliff)

For those trying to manage this situation, the combination of deflation with the inelastic demand for secret funding can be lethal. This may help to explain the commitment of the G7 central banks to extraordinary liberal monetary intervention.

How do you increase labor productivity if the result is a deflationary trap that throws you into war or collapse?

One of the interesting phenomena in the deflation trap is that some of the greatest constituents for maintaining the average income are the corporations that retail to the general population. If the general population has little income and becomes increasingly self-sufficient, the market for many large corporations will shrink or disappear.

It is a reminder of a story Martin Ford tells in his excellent book: *Rise of the Robots: Technology and the Threat of a Jobless Future* <https://solari.com/blog/book-review-rise-of-the-robots-technology-and-the-threat-of-a-jobless-future/>. Walter Reuther, the union official, told the story in a 1956 speech as follows:

*“I went through this Ford engine plant about three years ago, when they first opened it. There are acres and acres of machines, and here and there you will find a worker standing at a master switchboard, just watching, green and yellow lights blinking off and on, which tell the worker what is happening in the machine. One of the management people, with a slightly gleeful tone in his voice said to me, “How are you going to collect union dues from all these machines?” And I replied, “You know, that is not what’s bothering me. I’m troubled by the problem of how to sell automobiles to these machines.”*

**6. Prosperity**

Prosperity has been tracked globally by statistics on GDP and Per Capita GDP or Income. We include summary statistics for 14 countries in the financial section of our Money Maps in the Annual Wrap Ups

**Annual Wrap Up 2015 – Money Maps of the World**  
[http://solari.com/Library/2015/money\\_maps.html](http://solari.com/Library/2015/money_maps.html)

**Annual Wrap Up 2014 – Money Maps of the World**  
[http://solari.com/Library/2015/Q2/q4\\_money\\_maps.html](http://solari.com/Library/2015/Q2/q4_money_maps.html)

Finance														
	Australia	Brazil	Canada	China	France	Germany	India	Italy	Japan	Mexico	Russia	SAfrica	UK	US
<b>GDP (trillions, 2013 est.)</b> <sup>2</sup>	\$1.0T	\$2.4T	\$1.5T	\$13.4T	\$2.2T	\$3.2T	\$5.0T	1.8T	\$4.7T	\$1.8T	\$2.5T	\$0.6T	\$2.3T	\$16.7T
<b>GDP Per Capita (2013 est.)</b> <sup>2</sup>	\$43,000	\$12,100	\$43,100	\$9,800	\$35,700	\$39,500	\$4,000	\$29,600	\$37,100	\$15,600	\$18,100	\$11,500	\$37,300	\$52,800
<b>Debt (% of GDP, 2013 est.)</b> <sup>2</sup>	32.6%	59.2%	86.3%	22.4%	93.4%	79.9%	51.8%	133%	226.1%	37.7%	7.9%	45.4%	91.1%	71.8%
<b>Exports (2013 est.)</b> <sup>2</sup>	\$251.7B	\$244.8B	\$458.7B	\$2.21T	\$578.6B	\$1.493T	\$313.2B	\$474B	\$697B	\$370B	\$515B	\$91.05B	\$813.2B	\$1.575T
<b>Outstanding Equity (2012)</b> <sup>10</sup>	\$1.3T	\$1.2T	\$2.0T	\$3.7T	\$1.8T	\$1.5T	\$1.3T	\$480B	\$3.7T	\$525B	\$874B	\$612B	\$3.0T	\$18.7T
<b>Gold Reserves (tonnes, 2014)</b> <sup>3</sup>	79.9	67.2	3.0	1,054.1	2,435.4	3,384.2	557.7	2,451.8	765.2	123.1	1,168.0	125.2	310.3	8,133.5

You can find a wealth of prosperity and quality of life statistics at the IMF, World Bank, and CIA websites.

**IMF – Research**  
<https://www.imf.org/external/research/index.aspx>

**World Bank – Research**  
<http://www.worldbank.org/en/research>  
**CIA World Factbook:** <https://www.cia.gov/library/publications/the-world-factbook/>

National statistics are available at sovereign government and central bank websites.

**Bank of International Settlements: Central Bank and Monetary Authority Websites**  
<https://www.bis.org/cbanks.htm>

Regarding the United States, check out the Department of Treasury, the Bureau of Labor Statistics, the Federal Reserve, and the National Bureau of Economic Research.

**Department of Treasury Resource Center**  
<https://www.treasury.gov/resource-center/Pages/default.aspx>

**Bureau of Labor Statistics**  
<http://www.bls.gov/>

**Board of Governor of the Federal Reserve – Economic Research & Data**  
<https://www.federalreserve.gov/econresdata/default.htm>

**National Bureau of Economic Research**  
<https://www.nber.org/>

Whenever I spend time with US government statistics, including those that inform prosperity, I go to the John Williams website, “Shadow Government Statistics,” often referred to as “ShadowStats.” I have been a ShadowStats subscriber for many years. John does a great job of sorting through the various “adjustments” in government statistics.

**John Williams’ Shadow Government Statistics**  
<http://www.shadowstats.com>

Within the United States, official statements for state and local bond issues often include an appendix with a wealth of economic statistics. You can find bond official statements for US, state, and local issues at the EMMA system of the Municipal Securities Rulemaking Board

**EMMA – MSRB**  
<http://emma.msrb.org/>

Government finances are available in budgets and financial statements for all the governmental jurisdictions, agencies and public corporations that relate to a particular location as well as their Comprehensive Annual Financial Reports (CAFRs)

**Comprehensive Annual Financial Report**  
[https://en.wikipedia.org/wiki/Comprehensive\\_annual\\_financial\\_report](https://en.wikipedia.org/wiki/Comprehensive_annual_financial_report)

As numerous economists have grappled with how to capture prosperity statistically, there has been some very interesting thinking on how to improve the way we measure prosperity and quality of life.



**ShadowStats Newsletter**

“John Williams’ Shadow Government Statistics” is an electronic newsletter service that exposes and analyzes flaws in current U.S. government economic data and reporting, as well as in certain private-sector numbers, and provides an assessment of underlying economic and financial conditions, net of financial-market and political hype.

*The Economist*: “The Trouble with GDP”  
<http://www.economist.com/news/briefing/21697845-gross-domestic-product-gdp-increasingly-poor-measure-prosperity-it-not-even>

“Gross domestic product (GDP) is increasingly a poor measure of prosperity. It is not even a reliable gauge of production.”

I recommend the work of the Legatum Institute in London. You can start with their annual reports on the Legatum Prosperity Index.

**2015 Legatum Prosperity Index**  
<http://www.prosperity.com/#/>



Top 10 overall rankings 2015		
1	Norway	
2	Switzerland	
3	Denmark	
4	New Zealand	
5	Sweden	
6	Canada	
7	Australia	
8	Netherlands	
9	Finland	
10	Ireland	

[View full ranking list](#)

“Given the extent of the corruption in the United States and the world, breakthrough increases in productivity will need a spiritual and cultural revolution.”

When I delve into the statistics on prosperity, here is what they say to me:

- Globalization has increased the size of the middle class globally and, for that group, its quality of life;
- The middle class in the G7 countries is feeling the squeeze of competing in the labor market and for resources with the growing global middle class. Polls show that Amer-

icans are depressed about their children’s future whereas Chinese are heartened.

- Centralization of control and nonalignment between the financial system and living systems has a very significant externalized cost. The deterioration of our natural ecosystems is an obvious result.
- Inequality is growing as a result of black budgets, organized crime, and government corruption, although every effort is made to blame technology.

My conclusion is no different from 20 years ago when I built a relational database infrastructure to map out assets, income, and equity flows and to identify opportunities by county in the United States, in order to increase productivity and prosperity. If we can sort out the governance issues creating inequality (big if) and align the financial system with living systems, the potential for exponential increase in prosperity is remarkable. If you integrate new technology at the same time, the potential for increase is even greater.

This is why I keep coming back to the governance question – what is really running things and what are its goals?

## 7. Creating Productivity and Prosperity

Creating breakthrough productivity and prosperity in America involves many different areas. Let me touch on some of the most critical.

Given the extent of the corruption in the United States and the world, breakthrough increases in productivity will need a spiritual and cultural revolution. In essence, we need to cleanse ourselves and return to a higher mind than the one that created the problems. I have explored these ideas in several Solari Reports on spiritual warfare and “coming clean.” Among other things, this change will require turning off mind-control technologies currently being applied. At this point, America is beginning to feel like a scene from “They Live.” If you have seen the movie, you will understand what I mean – we need to

put on sunglasses, turn off the broadcast tower that induces the collective trance, and get our minds back.

Creating productivity is a people issue. It requires raising and educating people who have the character, knowledge, intention, and skills to be productive. It requires building broad support for the leadership and members of the establishment who are focused on win-win and market-worthy economic solutions. This support includes shifting our business and bank deposits to the financial institutions, companies, organizations with excellent, trustworthy governance and management and paying attention to our local representation and policy issues rather than wasting time being entertained by the national campaign media circus.

With the right leadership and talent available, resources need to be allocated in a manner that encourages people and capital to engage in those activities that create the most prosperity and leave behind those activities that create the least or are destructive. Part of doing so will require creating attractive decentralized opportunities for young people as automation reduces centralized employment opportunities.

If we are going to move to a more productive economy, we need a clear, coherent picture of where we are. That means taxpayers and citizens need clear, coherent information about how their tax dollars are spent. They need sufficient intelligence to understand how to convert government spending, credit, regulation and investment from a negative return on investment to taxpayers to a positive return on investment to taxpayers – and to continuously improve the positive.

Using America as my example, here is the letter that I recently wrote to my congresswoman:

### Open Letter to My Congressman

March 16, 2016  
 Hon. Marsha Blackburn  
 US Congressman  
 7th District of Tennessee  
 2266 Rayburn Building

Washington, D.C. 20515  
 202-225-2811  
 202-225-3004 fax

128 North 2nd Street  
 Suite 202  
 Clarksville, TN 37040  
 931-503-0391  
 931-503-0393 fax

305 Public Square  
 Suite 212  
 Franklin, TN 37064  
 615-591-5161  
 615-599-2916 fax

BY FAX, E-MAIL AND MAIL

Dear Congressman Blackburn:

Thank you for your service to the people of Tennessee. It is much appreciated.

I am writing today to offer a suggestion of something you and your staff can do to help revitalize local markets, create private jobs and income in Tennessee communities – and communities throughout America – and reduce our national budget deficit.

This suggestion will require no new laws or regulations and no new appropriations. It can be done within the existing administrative resources of federal agencies. Despite the minor expense involved, it can make an important contribution to reviving local and regional markets and economies.

In Latin America, when the economy was restructuring and government budgets had to change, citizens implemented a process called participatory budgeting. The first full participatory budgeting process was developed in the city of Porto Alegre, Brazil in 1989.

### Participatory Budgeting

[https://en.wikipedia.org/wiki/Participatory\\_budgeting](https://en.wikipedia.org/wiki/Participatory_budgeting)

The idea was for citizens to take responsibility to ensure that precious government resources were well used.

One of the challenges of implementing a



“Creating productivity is a people issue. It requires raising and educating people who have the character, knowledge, intention, and skills to be productive.”

participatory budgeting process in the United States is that it is difficult to find and aggregate the necessary data about government resources (tax and fee collections, appropriations, credit programs, asset inventories, mandates and regulations) in any given county or Congressional district.

Currently, in addition to the US government publishing a national budget and financial statements, states, municipalities and other government entities are required to publish the Comprehensive Annual Financial Reports or “CAFRs.”

**Comprehensive Annual Financial Report (CAFR)**

[https://en.wikipedia.org/wiki/Comprehensive\\_annual\\_financial\\_report](https://en.wikipedia.org/wiki/Comprehensive_annual_financial_report)

However, there is a great deal more that the federal government could do to ensure that citizens can access, understand and aggregate tax, financial, credit and program data about their communities.

Items essential to such an effort include:

1. Accessing the federal tax collections, budget and financial statements for each federal agency on a place-based basis – by state, county and congressional district.
2. Accessing data on outstanding federal portfolios of assets and credit liabilities on a place-based basis. For example, this would permit community-wide strategies to deal more effectively with federal defaulted loans, mortgages and foreclosed asset dispositions held by numerous agencies and funds.
3. Accessing program data on a place-based basis. Combined with (1) and (2) above, this helps analyze performance and identify opportunities for re-engineering.
4. Accessing contract budgets for each agency, including scope of work, data on where the relevant work force is located and for what places services are produced. What the data will show is that there are numerous re-engineering opportunities where decentralized

local businesses can compete effectively to do contracting at a lower cost than current centralized contracting. This includes services that when done locally will reduce the cost of government unemployment compensation, housing subsidies and food stamps.

5. Making data available in GIS and other graphical software that makes financial and quantitative data and program impact more intuitive and understandable to busy citizens.

If you look at the resources in the offices of agency chief financial officers or the budget offices as well as the webmaster function, the agencies have the capacity to provide this if the political will exists to bring transparency to federal finances. Certainly, the Office of Management and Budget has the capacity to encourage or require such efforts.

This idea has been proposed and tried before, including when I worked in the Bush Administration and as an advisor to the Federal Housing Administration in the Clinton Administration. Among other problems at that time was that federal government financial transparency would have prevented the housing bubble at a time when federal mortgage credit was creating an increasing amount of economic activity.

However, debt growth by sovereign governments and quantitative easing by central banks are coming to an end. This presents an opportunity to refocus on fundamental productivity. Consequently, the pressures now facing the federal finances and the need to re-engineer the US budget to reflect changes in our economy may create an environment more open to federal financial transparency and citizen participation.

Federal financial and program transparency organized contiguous to the world that citizens experience personally in their day to day lives or the areas from which they vote for legislative representation— their county or their Congressional district – will provide essential raw material for citizens and local enterprise

to dig in and work together to revitalize local economies and build family wealth.

If I can answer any questions for you and your staff or provide examples and greater detail, I would be happy to meet with you by phone or in your Tennessee offices.

Again, thank you for your service to the 7th District and the people of Tennessee.

Best regards,

Catherine Austin Fitts

CC: Hon Marcy Kaptur, US Congressman, Ohio 9th District 2186 Rayburn Building Washington, DC 20515 Tel: (202) 225-4146 Fax: (202) 225-7711

With a clear understanding of how government money is spent and government resources allocated, local leadership can participate in the re-engineering of domestic federal expenditures to improve government productivity, including the re-engineering of health.

**Mapping Your Local Ecosystems**

<https://solari.com/blog/mapping-your-local-financial-ecosystems/>

Some critical opportunities will include local telecommunication and media systems that protect local privacy and screen out entrainment and mind-control technologies, local control and reinvention of public schools and curriculums, implementation of local currencies, local equity vehicles and crowd-funding, increased local organic and fresh food supply with the help of significant reductions in food safety regulation, local energy self-sufficiency, re-engineering of the local housing stock and small-scale manufacturing.

The importance of our organic and fresh food farms both for reducing health care costs and for building economic resilience led us to launch the Solari Food Series with leading food consultant Harry Blazer.

**Introducing the Solari Food Series**

<https://solari.com/blog/introducing-the-solari-food-series/>

One area that offers significant opportunity is

federal government contracting. The federal government is currently funding a significant contracting budget, which we need to make transparent by company and agency. One significant re-engineering opportunity is to identify where we can provide comparable services locally on a much more economic basis. I suspect that government contractors are re-engineering their operations in anticipation of these pressures:

**Lockheed Cuts & Runs**

<https://solari.com/blog/lockheed-cuts-runs/>

Our recent Solari Report discussion with Sally Denton about Bechtel Corporation underscores the importance of realigning the corporate incentives of strategically important companies. We need what is good for them to be good for the taxpayers who pay them, depend on these operations and are liable for related risks.

**The Bechtel Corporation with Sally Denton**

<https://solari.com/blog/the-bechtel-corporation-with-sally-denton/>

For an excellent overview of more local and national opportunities see a new book from the leadership team at the Strategic Innovation Lab at the management school of Case Western Reserve:

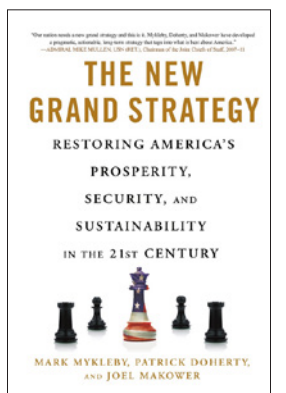
**Book Review: The New Grand Strategy**

<https://solari.com/blog/book-review-the-new-grand-strategy/>

What if the federal government will not allow for transparency or local participation to re-engineer federal flows in a manner that will improve productivity and return on investment to taxpayers? What if the government is focused on using taxpayer resources to implement central control in violation of the US Constitution?

One option is to create state and local escrows under the state court system for federal tax payments. Citizens within the jurisdictions can file their tax returns with the IRS and then pay the action payments due, if any, into an escrow account created locally for such purposes. The creation of such an account would be citizens exercising their authority under the US Constitution to assert the financial equivalent of a “citi-

“ Debt growth by sovereign governments and quantitative easing by central banks are coming to an end. This presents an opportunity to refocus on fundamental productivity. ”





“  
The health care sector in the United State is currently learning what the Soviet Union finally came to understand in 1989 – that centrally planned economics ultimately collapse of their own complexity and expense.  
”

zens arrest.” The federal government has refused to obey US Constitutional requirements in the management of spending and is not in compliance with significant laws and regulations requiring audited financial statements and professional management of financial resources. The purpose of the escrow would be to assure that funds were spent in accordance with the Constitution and financial management laws. Funds for the military and the national debt could be forwarded to the Treasury on the stipulation of audited accounts. Funds for domestic application would simply be used locally for domestic purposes. This spending would be re-engineered to ensure that spending was as productive as possible. Consequently, if \$50,000 could buy and rehab an FHA foreclosed property to create a new home, there would be no obligation to instead spend \$250,000 to build a public housing unit, as I saw happen when I worked at the Department of Housing & Urban Development.

I am consistently told that insisting that government taxes be spent lawfully is not possible in the United States. I am not saying it would be easy. I am saying that this must happen if we are going to create a productive society and economy.

In theory, we can also make the economics work through depopulation or slavery. I don’t know about you, but I would prefer organizing with my neighbors to re-engineer our government spending, regulations, and resources.

Assuming we can rebuild our local economies, the next step is to rebuild our infrastructure and proceed through the items on McKinsey’s recommended list and the other recommendations in Section III.

Proceeding with radical re-engineering of our economy for breakthrough increases in productivity will raise a number of important issues.

**Government employment:** We have been re-engineering corporations for decades using automation and digital technology to significantly reduce labor costs. We have never applied this type of re-engineering aggressively to government. One reason was to simply maintain employment. One of the problems with re-en-

gineering labor in this manner in the United States is that we have engineered a wide variety of inputs – student loans, small business cost of capital, small business regulation, farm safety rules – to significantly reduce small business and small business opportunity. Much of this was to ensure various advantages and market share for large corporations. In theory, this gave them a broader base to compete globally.

If we want now to re-engineer government to increase labor productivity, we must free small business and farm creation to occur according to market economics. Otherwise, the productivity we gain by re-engineering government will be lost by literally making it impossible for local entrepreneurs, businesses and farms to transition the available labor in a manner that creates employment and prosperity.

**Health Care:** The health care sector in the United State is currently learning what the Soviet Union finally came to understand in 1989 – that centrally planned economics ultimately collapse of their own complexity and expense. It is important also to note that it is unconstitutional for a government to mandate citizen-payments to private monopolies. In our case, that mandate also wiped out a great deal of what was left of middle and lower class discretionary income.

If we want to “fix” health care in the United States, we need to reinvent our farming, food, and nutrition, convert our health care delivery to focus on preventative health on the most economic basis, encourage as many highly economic natural solutions as possible and subject pharmaceutical products to transparency and market economics.

We also need to end the actions being taken to significantly increase heavy metals and other toxicity in the general population (or provide a reasonable justification for them along with protocols for detoxifying) and to identify the causes of and return the incidence of autism to 1 in 10,000 or less.

If American health care went to a cash system (no health care insurance, we just pay cash) tomorrow, we would probably be better off within

5 to 10 years. It would, however, be quite a shock.

**Education:** We need to be globally competitive. We also need to be locally resilient. This means that local communities need plenty of support and input to know how to educate children and provide them with the tools and skills to thrive in this environment. At the same time, the problem is not solved with robots, invasive on-line systems that compromise child and family privacy, corporate schools, and non-stop testing. Education needs to start with local control, responsibility, and accountability that can choose competitively in an open market from a rich offering of product and services from the educational corporate and not-for-profit sector.

Property taxes do not exist to support government mandates for corporate educational software empires that view our children as natural resources to be chipped and tracked for their harvesting. Our children are humans and citizens – not inputs.

There is a reason that the home school movement continues to grow in the United States.

**Place-Based Equity:**

It is essential to permit small business, local farms, and real estate to create local equity markets and investment vehicles. This creation will improve the flow of equity financing locally so that we can align living systems with our financial systems. If investors finance local equity vehicles, they have the ability to generate capital gains from improving the conditions that improve equity valuations. This includes lowering the energy prices locally, healing the environment, improving the landscaping and beauty of the area and improving local education. This creates an opportunity to profit from NOT stripping the environmental assets and NOT using covert operations to transfer local market share to large, publically traded corporations.

Allowing investment to flow to both place-based equity and other forms of equity organized in non-place-based pools, allows for optimization through fundamental economics and free market

dynamics. This can dramatically improve the benefits of integrating new technology.

With investment in place-based equity accessible, we can move to build an equity system in which capital gains can be generated by reducing consumption and healing the environment. This is an important incentive system that can help the United States to rebalance and reduce consumption in a much more positive and profitable approach than the one contemplated by Agenda 21 (now Agenda 30).

**The Shift to a Multipolar World**

We are shifting from a unipolar world to a multipolar world. That shift means that the financial subsidy is diminishing that America enjoys from maintaining a dominant position with the dollar as the world reserve currency and our military as global cop. Combined with the end of the debt growth model and the near exhaustion of quantitative easing monetary policies, this change will require a massive reconsideration of what is productive and what is not.

The results may surprise you. The cleaning ladies at Motel 6 are economically productive. They create more real value than they are paid. The \$500,000 law partner on K Street who lobbies for corporate sugar subsidies, transgender bathroom policies, or GMO food is not productive. He helps keep a system going that has a negative return on investment. This means that not only does he not create more economic value than he is paid, he destroys value. In real economic terms he is worth less than nothing.

This does not mean that the shift will be logical or the productive people will immediately rise in importance. I once did a study of the Salem Witch Trials. Salem was faced with serious problems. England was threatening to pull its charter. The colony was threatened by local Indians. There were two groups in Salem – one older established group and a new, more entrepreneurial group. They could not work out a governance process to address their real problems together. In the meantime, they recruited a new minister who failed to get the tithes that he was promised.



“  
Property taxes do not exist to support government mandates for corporate educational software empires that view our children as natural resources to be chipped and tracked for their harvesting.  
”



“There is a reason that Americans buy and own guns at an unprecedented pace. We believe that someone is trying to kill us.”

He was struggling. The children in one faction accused the women of another faction of witchcraft. The minister sermonized on it. His tithes went up. He sermonized some more. And the older faction addressed its political problems by killing the women of the other faction. The trials ended because the Salem leadership finally realized that they needed to stop going to trial and plant food, otherwise they would starve the next winter.

I fear sometimes that Washington is suffering a similar governance breakdown. It lacks transparency around real problems and potential solutions. We have media that makes money from encouraging unproductive behavior. So, we must start to address productivity at the individual, family, community, and business level. The system is currently too centralized to address the problems and make the necessary changes.

We need to take action and build productivity and prosperity on a decentralized basis wherever it is economic to do so.

## 8. Safety & The Popsicle Index

I want to make a pitch for the Popsicle Index.

I don't know anyone in America who feels that his or her Popsicle Index is 100%. If asked, I consider mine to be 0%, particularly now with “surveillance capitalism.”

I don't know anyone who has said, “It's a free country” in the last 20 years. I don't know anyone who feels that is safe for a child to roam freely in his or her local neighborhood. I do, however, know many people who will pretend that everything is fine. It is imperative to appear positive and “chipper.” That pretense is often fear talking, and wastes a lot of unproductive time.

You cannot address productivity and prosperity of any kind – whether labor or human productivity – without creating the conditions of safety.

In every family, in every community, in every business, we need to start talking honestly about what we can do to create the conditions of physical safety and personal trust.

In one sense, the fury of many parts of the US population about immigration reflects a deep seated reaction to an endless series of events over the last 70 years that reflect at best an indifference, and at worst an intentional targeting, by the US leadership of the physical safety of the general population.

There is a reason that Americans buy and own guns at an unprecedented pace. We believe that someone is trying to kill us – whether the local real estate developer is arranging arsons and home invasions to accelerate his accumulation of property, whether the local drug dealer is targeting our children, whether New York bankers are stealing our retirement savings with a financial coup d'état, jets are spraying heavy metals over our heads, or state governments are mandating vaccines that turn our children into zombies.

If you want to reduce the number of guns in America, you must simply create the conditions of authentic safety and a shared commitment to respect for individual human and property rights.

This warning brings us to back to the fundamental issue that economies develop based on shared “standards and protocols expressed in the form of culture and law. Trust in the integrity of these standards – whether cultural or legal – is the basis of functioning markets. Sound money, the rule of law, and transparency are enablers. Productivity is optimized for the individuals and also for the network as a whole.

Lack of prosperity correlates strongly with lack of integrity in the transactional systems (except in times of widespread scarcity caused by external factors) and in respect for individual and property rights. In one sense our current financial system is an experiment in how far we can go replacing trust with force, government subsidy, quantitative easing and mind control.

Without high integrity in the rule of law and conditions of physical safety, you can kiss trust goodbye. Without conditions that promote persons to trust, you can kiss productivity growth and prosperity goodbye too.

**1** Make your mind your own.

**2** Strive to improve your character and habits.

**3** Skate to where the puck will be: Develop skills and generate income that reflects where the market is going.

**4** Beware the risks of mandated productivity destruction:

**5** Chose your location carefully.

**6** Practice Financial Prudence: Stay out of debt or minimize it.

**7** Do Business with the Ethical, Competent and Productive.

**8** Associate with the Ethical, Competent and Productive.

**9** Plan: Create goals and time and money budgets.

**10** Turtle: Put your head down, move forward and never, ever quit.

# 10 STEPS TO IMPROVING YOUR PRODUCTIVITY

## 9. Improving Your Productivity

You and I cannot wait to see how the productivity debates and policies work out at the government and corporate level. We need to optimize our productivity now and continuously.

**1. Make your mind your own:** Throw out your TV, avoid corporate media, be careful about electromagnetic pollution and dirty electricity, minimize use of smart phones, opt out of smart meters if you can, beware of entrainment on the Internet, minimize exposure to wifi. Use the Solari Report to learn about mind control, entrainment, subliminal programming and techniques used to manipulate you. Pray and meditate to access divine intelligence.

**2. Strive to improve your character and habits:** Productivity and prosperity reflect our integrity, our habits and our time management. If the world is debasing around you, invest to

ensure that you are headed in the opposite direction – to excellence. Government money has funded a lot of bad behavior that markets will not tolerate.

**3. “Skate to where the puck will be:”** Develop skills and generate income that reflects where the market is going. This is a global world – travel, embrace other cultures, learn other languages. Live in a state of continuous learning. Develop entrepreneurial skills. Read the Solari Report Wrap Ups and think about what the shift from Global 2.0 to 3.0 means to you. If you can, avoid dependency on government-funded activities that reflect highly subsidized and negative return on investment activities. The Department of Justice announcement recently that it would not renew the Bureau of Prison private prison contracts is an example of more to come. Government budgets are going to be subject to productivity analysis and cuts for years to come.



Wayne Gretzky, New York Rangers. Source: Iris Kawling at en.wikipedia.





**4. Beware the risks of mandated productivity destruction:** The truth may be inconvenient, but it is economic to face it as early as possible. If your doctor insists on vaccinating (they get bonuses from the insurance companies accordingly) or your state mandates heavy schedules of vaccinations, changing doctors or moving is cheaper than caring for a severely autistic child for the rest of your life. If Common Core curriculum and testing will ruin your children's chances in Global 3.0, you need to consider home schooling or private schools. Junk food can kill you. Don't eat it. Travel with a cooler.

**5. Chose your location carefully:** Choose to live and spend time in areas that are experiencing economic growth, where the population enjoys above average health and physical safety and where there is political support to protect natural resources and invest in infrastructure. Look for jurisdictions with strong local leadership and prudently managed finances. A good sheriff committed to the Constitution is a big plus.

**6. Practice Financial Prudence:** Stay out of debt or minimize it, live modestly, keep your overhead low, and save. tithe, donate, volunteer, and help others. Be useful.

**7. Do Business with the Ethical, Competent, and Productive:** Keep criminals out of your life as much as possible. When you make exceptions, appreciate the risks and take precautions to manage the risk. So if you have a predatory mortgage servicer, put protocols in place to check your statements carefully. Do background checks. Check references. Take the time to get to know people and their services. Make sure you are compatible.

**8. Associate with the Ethical, Competent and Productive:** Keep untrustworthy people out of your life and seek out and find inspiration in associating with people who are productive and create prosperity. Prosperity rubs off on those around them.

**9. Plan:** Create goals and time and money budgets. Estimate your Popsicle Index. What

makes it go up and what makes it go down? Ditto your net worth. Make sure your time is getting you the best results. Eliminate from your life people, institutions or activities that are draining your Popsicle Index, your time, or your finances. Eliminate anyone who makes you feel guilty. If someone or something is not giving you energy, you are not on a productive path. Your success, possibly your survival, depends on staying on a productive path.

**10. Turtle:** We are in a high-friction economy. The variability of possible scenarios is high. Put your head down, move forward and never, ever quit. Look for opportunity as the future unfolds. It is always there. Keeping the accomplishments rolling day-by-day creates productivity. Avoid anger if you can – it is very energy-expensive in this environment.

I often quote my great ally, Thomas Hupp, “the bigger the break down, the bigger the break through.” The end of the debt-financed growth model, the strain on natural resources, and falling productivity growth are signals that the existing economic order in the United States and some other parts of the world is not working. At the same time, we are experiencing the potential for explosive value creation from new technology. Alternatively, we could also use this new technology to destroy ourselves.

Ultimately, the question before us is whether we can emerge a global culture that practices the golden rule and does so economically. “Do unto others as you would have them do unto you.” With globalization, it was bound to happen that the American subsidy from military dominance would diminish. The covenant the developed countries shared internally or with each other needs to be replaced with a new, powerful covenant shared globally.

At the Solari Report, we are proceeding with a sharp eye to protect you from the risks involved, to hunt for the opportunities that emerge and in the faith that it can and will be done.

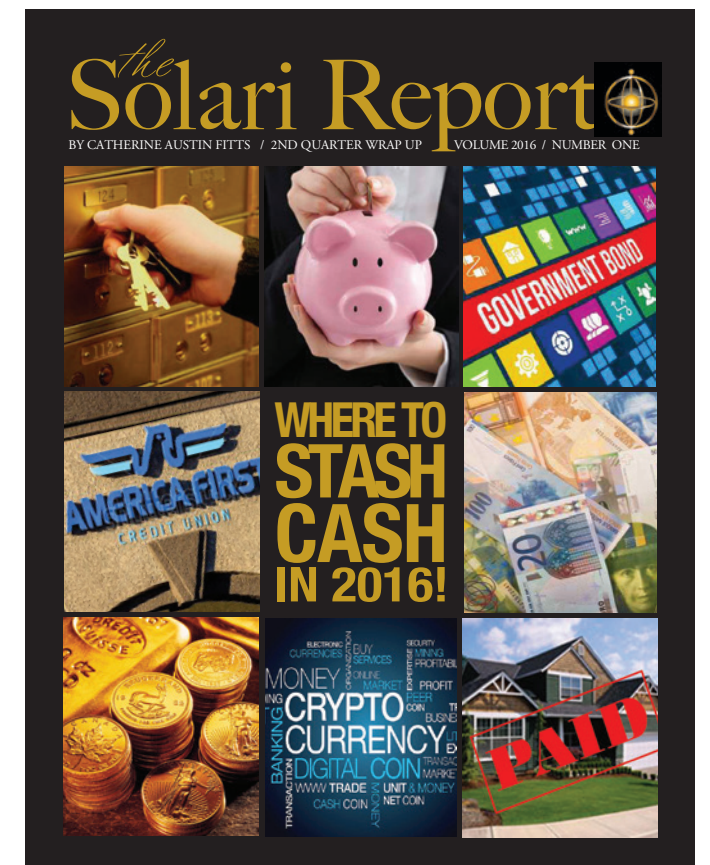
—Catherine Austin Fitts



“Ultimately, the question before us is whether we can emerge a global culture that practices the golden rule and does so economically. “Do unto others as you would have them do unto you.””



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— Catherine Austin Fitts

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*“Joined the Solari Report last week and have been spending the last several evenings listening to past calls. SPLENDID SPLENDID. If there's anything better out there I don't know what it might (be) and I'm telling a number of my friends to sign up. Thanks for this GREAT service!”*

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