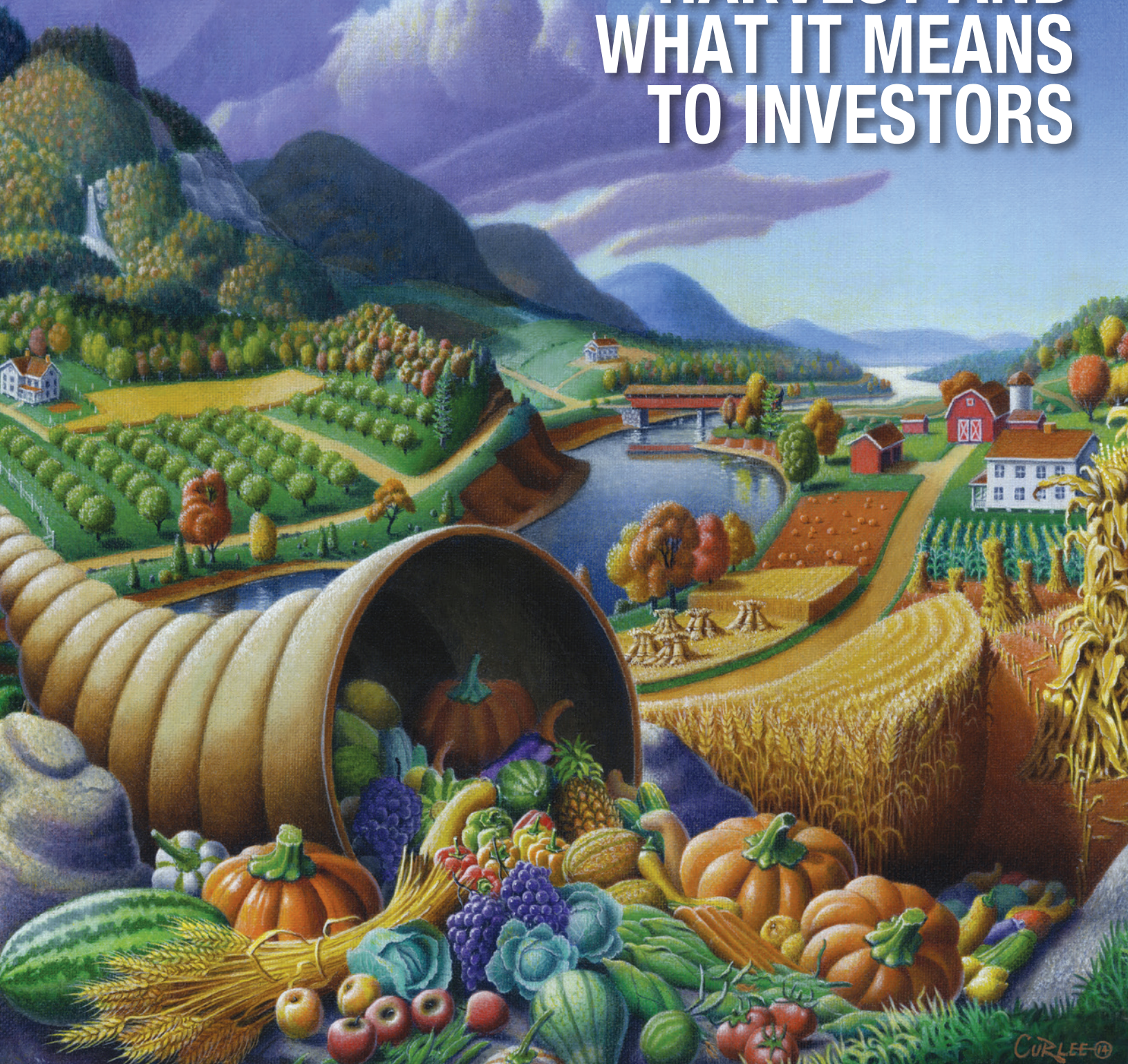


The Solari Report

BY CATHERINE AUSTIN FITTS / 2016 ANNUAL WRAP UP VOLUME 2017 / NUMBER ONE

THE GLOBAL HARVEST AND WHAT IT MEANS TO INVESTORS



The Solari Report 4th Quarter 2016 Wrap Up

The Global Harvest and What It Means to Investors

by Catherine Austin Fitts

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

I. Introduction



“You open up your mail. The first letter says your health insurance premium has been raised 30%. The phone rings – it’s your father. His pension benefits have been cut 50%. You parents are going to sell their house. They want to know if they can move in with you while they figure out what to do. Your company is downsizing and is offering you a buyout option, so maybe they can kick in with expenses and help around the house. Your neighbor stops by. There is a town hall meeting tomorrow night to discuss a plan to raise property taxes 25% to meet increased municipal obligations and prevent a bond default. Your monthly grocery and utilities bill are up 5% so far this year. Government statistics insist that inflation is running at less than 2%... Welcome to the pressure cooker as the slow burn accelerates.”

— FROM SOLARI REPORT 2016 ANNUAL WRAP UP,
“WHO’S WHO IN THE TRANSITION?”



Every year since the Solari Report began publishing our Annual Wrap Up, our scenarios said that the developed world economies would likely continue to “slow burn” through the next year. Not so in 2017.

The year 2017 will bring profound change – the slow burn is accelerating into a pressure cooker as thousands of pension funds, insurance companies and private businesses will not be able to continue policies or meet their full legal and financial obligations. The result will be a wave of “controlled demolitions.” Many sovereign governments that can still increase taxes, issue debt or print currencies with the assistance of their central banks may not be forced into controlled demolitions. However, they will be obliged to re-engineer, often in ways that have dramatic or unexpected consequences.

During 2016, the Brexit referendum in the United Kingdom and the US election of Donald Trump along with clear Republican majorities in national and state houses stunned the world and rocked the global financial markets. Europe will hold a series of important national elections in 2017. Now even the German Vice-Chancellor is conceding that the future of the European Union is uncertain. Centralization has often been uneconomic, save for the oligarchs enjoying the benefits. Now a productivity backlash is sweeping the globe as the debt growth model can no longer ease the pain with financial methadone.

Election results will bring significant geopolitical policy changes and with them a reordering of government budgets, laws, rules and regulations. If these changes are sound, there could be good news on the horizon. If they are not, dire circumstances in numerous places and increased chances of war and violence will result. As developed countries draw resources back to center, the impact on growth and stability in the emerging markets could trigger numerous unintended consequences, including increased migration.

While 2017 will be a transition year, expect unprecedented variability in what could happen over the next three to five years. It was highly unlikely at the beginning of 2016 that many Indian businesses and municipalities contemplated that Modi would seek to replace the cash economy with digital payment systems at the behest of the US and the Davos crowd using shock tactics that would result in a devastating impact on both employment and small business viability. There are thousands of businesses that have failed and an

enormous amount of suffering as a result.

Each of us is unique. Our circumstances differ widely. How the specifics impact you or me vary tremendously. What we share in common is that we will be called to “rock and roll.” We are inventing our future now. As one of my deputies once said, “In the destruction of the old, let there be the creation of the new.” It is imperative that we each take responsibility for creating and nourishing the human culture and society we desire.

The Solari Report 2016 Annual Wrap Up was written to help you navigate your path in 2017. As you read it, here are some of the issues you may want to consider:

Who’s Who

In “Who’s Who in the Transition,” I describe leadership profiles for the transition underway. Now is a good time to think through which profile you will be adopting and supporting in 2017 and how to approach a governance structure that is under stress and in transition.

Bottom line: Here’s how it works during periods such as this as a lot of folks head for the hills: “Tag, your it. You’re the leader.” You need to support those good local leaders who have chosen to stay in the fight to help grow the pie and withdraw support from those individuals and institutions that are shrinking the pie.

Reliable Maps

Reliable maps are few and far between. We have many factions in the governance structure – some competing others collaborating. But they all set goals. However, their process for achieving those goals is very organic and opportunistic and often creates more problems than they solve. Increasingly, they are making decisions and mistakes that shrink the pie, proving my point that “people who win in a rigged system get stupid.”

It is critical therefore to be able to filter out disinformation – it wastes a great deal of time and can cause you to make serious mistakes. This includes “fear porn” – if it is consistently making you afraid, it is not helping you to create the coherence you need to be effective. The corporate media has lost significant credibility. Increasingly you will need to look to high-quality alternative sources for information that

respects your time and money and helps you create better maps.

Bottom line: Be exceptionally discerning about your information sources during 2017.

Slow Burn

The G-7 establishments will make every effort to keep the slow burn going to protect themselves and the basic financial infrastructure.

What you experience, however, will depend on how the thousands of controlled demolitions and reengineerings impact you personally and those around you. For most of us it will just be a matter of time before we experience their effects first hand.

For example, some of us live in states that have large debt and unfunded pension and related health care liabilities. I live in Tennessee which is ranked as the state with the second least unfunded liabilities = 2.4% of personal income. States with the largest unfunded liabilities are Alaska (53%), Hawaii (46%), and Illinois (32%).

If you are considering a move to Alaska, Hawaii and Illinois, you may want to evaluate what your assumption of underfunded liabilities will mean to your finances. In the meantime, if you live in the United States, you may want to check out your state debt and unfunded liabilities here:

[Fiscal 50: State Trends and Analysis – Long-Term Obligations Vary as a Share of State Resources](#)

Bottom line: Now is the time to understand the hidden liabilities around you and what impact they could have on you and your community – whether they relate to governmental jurisdictions or family obligations.

Controlled Demolitions & Re-Engineerings

Go through sources of revenue for you and your business. Identify which ones could be impacted by potential controlled demolitions and re-engineerings.

For example, are you dependent on income from companies or organizations likely to fail, outsource or go out of business over the next five years? If so, are there opportunities for you to improve your skills and network for a successful transition?



Do you or people you love receive income from assets subject to counter party risk? For example, annuities and pension funds – what would you do if policies failed or benefits were cut? Have you checked the ratings and credit standing of annuity and insurance providers? Have you checked the fiscal and financial health of the municipal and state governments for which you are liable as a taxpayer and property owner?

On the expense side, are you at risk of higher state and local taxes? One colleague recently told me of a home in his area which had lost approximately 50% of its appraised value as a result of rising property taxes in recent years.

As municipalities seek to raise funds from enforcement actions – parking tickets, speeding tickets and civil money penalties – have you thought about what you need to do to enjoy good relations with your local enforcement and government officials so that misunderstandings are unlikely? We have a great Solari Report “Know Your Sheriff” – it’s good advice to do so. Make sure you maintain complete legal, tax and financial records and attend to important compliance requirements.

Finally, do you have a rainy day fund in case there is a sudden or abrupt change in your income or expenses?

Bottom line: Now is a time to increase your situational financial awareness to understand and do some “what if planning” regarding counterparty risk and direct and indirect liabilities that normally are not on your radar. Start to learn how the money works around you. You are in the midst of a dynamic financial ecosystem and as change accelerates there will be rising numbers of risks and opportunities.

Decentralization

For quite a while government resources and regulation have been used to centralize in extremely uneconomic ways. If economic logic prevails (and sometimes it does not), decentralization of numerous tasks and responsibilities is in order. Consider what decentralization might make sense and keep an eye out for an opportunity for you, your business and your family.

Bottom line: There are tremendous opportunities for you and local small business to be found by digging into the government money and resource flows in your county and

being clever about re-engineering those flows in ways that increase the pie and the positive return on investment to you and yours as well as the taxpayers. See “[Open Letter to My Congresswoman.](#)”

Get Out of the Expendable Part of the Budget

In 1998-2005, I spent a great deal of time driving around America. I visited all fifty states. I made it a habit of estimating the cash flows of every business and most communities on my route. What I discovered is a whole new way of looking at the world – according to productivity.

A cleaning lady at Motel 6 added value to the economy – and was paid very little for her efforts. A lobbyist on K Street in Washington DC was harming the economy – he or she was shrinking the pie by shifting a portion into client pockets. They were paid handsomely for destroying the market economy, bit by bit.

Since then I try to associate entirely with people whom I believe add actual value to the economy at a fundamental level. In terms of economic energy, they grow more than they eat. As one of my colleagues said, “we bake pies instead of stealing other people’s pies”.

As I was writing up the list for my Christmas cards last November, I reviewed my Christmas card list when I was on Wall Street. Everyone who wasn’t family was a CEO of a major company, a partner at a law firm or an investment bank, or a senior government official. Almost everyone lived within 100 miles of New York City.

I laughed when I looked at my current list – needless to say, it’s a much more diverse list. It is also a group of people who add a lot more muscle to the economy and their communities. I figure when the music stops my current list will all have chairs in which to sit – no doubt they will build more too.

Bottom line: If your income comes from something that shrinks the pie or is expendable, consider shifting to a function that adds real value or developing skills that can get you there. Just keep learning and believe that you can. We are coming into a period when many unnecessary positions will be re-engineered out. What is not yet re-engineered will become an increasingly nightmarish place to be.

Incoherence & Shadow Work

I have written a lot about the importance of maintaining coherence (see our great Solari Report with Dr. William Tiller, the “[Scientific Support for the Power of Intention](#)”) as well as avoiding shadow work (See: https://solari.com/00archive/web/solarireports/2015/What's_Up_9-21-2015.pdf) that drains your time and money. This is one of the reasons why I am constantly pounding the drum about integrity.

Twenty years ago, it was reasonable to assume that most of the people and institutions around you were going to keep their contracts. The deterioration in integrity since then has been significant. Given the number of controlled demolitions and re-engineerings ahead, it is more than possible that even the best people and companies will be challenged to maintain a high integrity.

Bottom line: The personal character of the people around you matters tremendously. The higher the integrity, the greater chance that your time and money will be respected. Protecting against low integrity can be the difference between life and death. For example, consider this story from the head of media relations for the Drug Policy Alliance in 2015:

“Research indicates that up to 80% of all drug cases in the U.S. may be based on information from informants, and 60 Minutes estimated that 100,000 people are currently working as confidential informants. The piece starts with Andrew Sadek, a college student who was caught selling \$80 worth of marijuana. Chief Jason Weber, head of a four-county drug task force in eastern North Dakota and Minnesota, warns Andrew that he is facing up to 40 years in jail unless he wants to “help himself” and work as an informant. Andrew is forced to set up and buy drugs from three other people. Before he is able to finish his assignments, he is found in a river with a bullet through his head.”

One of the reasons that I insist that my clients and subscribers are impeccable about obeying the law is because entrapment is a serious problem in many areas. You and I are surrounded by people who can make money snitching or setting us up while every word we say across the phone lines and through the Internet is tracked and available.

Globalization

Development of legitimate global markets makes sense because, as a rule, there are benefits when folks can communicate and trade freely. Jack Ma is right, “War starts when trade stops.”

But globalization that creates a win/lose dynamic and shrinks the pie for all but a chosen few does not make good economic, political, environmental and cultural sense. Now that the debt growth model is over, subsidies are diminishing and security concerns are rising, efforts at globalization that are uneconomic will be harder to rationalize and sustain, while those that make economic sense and increase the pie for the majority are more likely to emerge.

As markets become more global, you will need to be able to interact globally. Learn other languages. Get to know people from other places. Travel. Read. Become a person who can function successfully in the global market environment.

Bottom line: In the shift to a multipolar world, economic globalization will keep on going – embrace those opportunities.

Automation

Significant automation is underway. It will impact numerous jobs and roles in the economy. We are likely to feel the impact of artificial intelligence increasingly in all aspects of our life. One one hand, the de-humanizing potential is significant if it serves more centralization. However, there will also be opportunities to learn and apply technologies that can help new and small businesses.

Bottom Line: Please research how automation can help you and your business be productive and how it might impact your time and cash flows. Think big and small. For example, I am waiting for a Consumer Reports recommended robot vacuum cleaner to become available at \$100 or less.

McKinsey recently looked at the impact of automation on a wide variety of business functions:

Where machines could replace humans – and where they can’t (yet): <http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/where-machines-could-replace-humans-and-where-they-cant-yet>



In this environment, new jobs will often require new expertise and skills. Let that inform your thinking for your own education and skills development.

Health

Staying healthy is critical to success in this environment. Health is another risk issue associated with places. It is worth understanding the general risks of the place in which you live.

World Life Expectancy:

<http://www.worldlifeexpectancy.com/usa-cause-of-death-by-age-and-gender>

For example, if you are a 35-44 year-old female living in the United States, your #1 cause of death is poisonings – that is an approximately 30% greater chance of death from breast cancer and more than a 50% chance from heart disease. Since I spent almost four months in bed at the age of 42 as a result of a poisoning, I can relate. I wish I had known then how common poisoning is as a business tactic. I would have saved a lot of time and money.

Nutritious, fresh food and clean water are at the core of staying healthy. The more you do to encourage and support your local food system, the healthier you and your neighbors will be. If you have time to explore, check out the Weston Price club in your area, get a subscription to [Edible Communities](#) or start planting fruit and nut trees, even start a garden.

Bottom Line: Get serious about investing in your health. For some inspiration, check out our ongoing Food Series with Harry Blazer on the Solari Report. Food will be at the heart of rebuilding local economies and of political and economic success in 2017 and the years beyond – one of the reasons we are providing you with a briefing on the global food harvest in the 2016 Annual Wrap Up.

Invisible, Invasive Technology

One of the great opportunities before us is to apply new technology in a manner that significantly increases our productivity and reduces our harmful impact on our environment. Unfortunately, new technology also presents significant new risks.

We are paying for a growing number of invisible technolo-

gies, which are compromising our health, our finances and even our minds. Our phone bill, our cable bill, our utility bill are increasingly funding “surveillance capitalism.” Taxpayers are paying intelligence agencies to collect and spy on us. Because these technologies are invisible, we tend to ignore them. We do so at our peril.

Bottom Line: Take some time this year to listen to our Solari Reports on entrainment technology with Adam Trombley, EMF radiation with Jason Bawden-Smith, and smart meters with Blake Levitt. Or read our ongoing book review series by Jason Worth and me about businesses using these technologies to create addictions. Keep an eye out for brawls like the kind happening in shopping malls and Chuck E. Cheese and make sure you have seen the movie *The Kingsman* to understand the risks involved in these situations.

Global 3.0 Rising

No matter how wild things get, the reinvestment in Global 3.0 is rising. We have not focused on Global 3.0 in this Annual Wrap Up – we did so last year in our 2015 Annual Wrap Up – *Space Here We Go!*. Given recent elections, it was time to talk about the end game in Global 2.0.

Bottom Line: There are sectors and industries throughout the world that are growing. You want to find the opportunities for you in them – whether as customer, investor, employee or entrepreneur. Keep looking – they’re there.

“Got To Be In It To Win It” – Old Wall Street Expression

While it certainly makes sense to find the best place for you to live and work and people to associate with, it is important to remember that many of the phenomena that we find most chaotic are global in nature. Leaving this place and going somewhere else will not necessarily change anything. Hiding from the challenges will not solve anything. In fact, I have always believed that my highest and best use was to walk straight into the center of the turmoil with the intention of discovering what I could do to help steer the ship in a more positive direction.

Bottom Line: Stay engaged by finding a pathway that is energizing for you. Sometimes the greatest security in this world comes from staying in the flow and being useful. The

people I know who are happiest are in the thick of things, no matter how crazy things get.

Turtle Forth

I use the word “turtle” as a verb a lot. It refers to a way of proceeding that involves continuous action and momentum no matter what is going on. I described it in a commentary called “[Turtle Forth](#).”

Once upon a time, I was a person who planned. I had life goals, a one-year plan, and a five-year plan. So did my business. I still have goals and an annual budget. However, there is a greater need more than ever to remain flexible and adapt to changes at speed. Having a principle-based intentionality is important as I embrace uncertainty and continuous action/ learning to navigate an environment that is under substantial flux and stress.

Bottom Line: Now is a time to learn how to “turtle” through no matter what is going on around you.

For US Citizens: Never Agree to a Constitutional Convention

If we allow the powers that be rewrite the US Constitution, they will make changes that will give them the flexibility to abolish or steal private property, mandate vaccinations nationally, mandate micro chipping and re-institute slavery. No, I am not an alarmist. This is serious and dangerous. Do not let it happen. We need to enforce the Constitution, not change it. The reason the powerful want to change it is they are worried we may want to enforce it.

Bottom Line: If you are a US citizens, you are part of a very powerful covenant. Remember the words of the Declaration of Independence that described the values inherent in this covenant:

“We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.”

Please appreciate what you have – do not break it or allow others to break it, let alone rewrite it. Enforce it.

Choose the Divine

Patrick M. Wood wrote in his recent book *Technocracy*

Rising, “Society is built on three legs: economics, politics and religion. These three must be mutually compatible or the society will not last long, and the dust bin of history has plenty of examples of societies that failed when the division set in.”

Our society is indeed deeply divided. Ultimately, when you peel back all the layers, there are two factions. One is committed to an inhuman society, one in which the sacred is not invited or welcome and which believes in and practices pedophilia, tyranny and slavery. This faction has rallied many people in their service who do not understand what they are supporting. The other is committed to a culture in which human life is sacred – a culture with human values and meaning – a culture that creates vibrant and joyful societies. This includes those, such as yours truly, who are deeply rooted in a Judeo-Christian tradition and the moral values of Western Civilization.

Bottom line: each of us will have to choose. The middle of the road will continue to slip away in an accelerated fashion. In my opinion, there is only one choice. It can be found in Deuteronomy in the Old Testament:

“I call heaven and earth to record this day against you, that I have set before you life and death, blessing and cursing: therefore choose life, that both thou and thy seed may live.”

Don’t play it smart: burn your boats. Choose life without reservation. Indeed, that is when the pathway opens.

—Catherine Austin Fitts



Catherine Austin Fitts