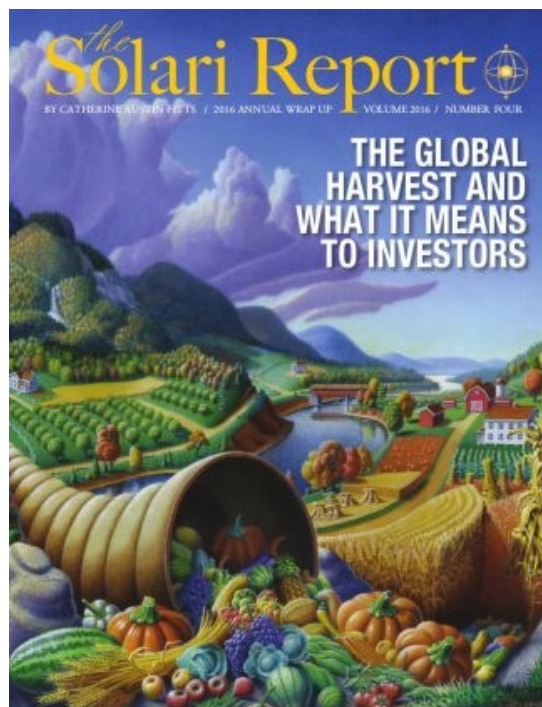




The Solari Report

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The Annual Wrap Up - News Trends & Stories Part I





Annual Wrap Up – News Trends & Stories Part I with Joseph Farrell

C. Austin Fitts: Ladies and gentlemen, it's that time of year for the Annual Wrap Up, and of course, our first session is News Trends & Stories. We have six sections this time. They are all presented on your web presentation. I would encourage you to follow along as Dr. Farrell and I chew through the stories.

This News Trends & Stories took much longer than it normally does because there is change everywhere. So we have a great deal to talk about, and as you know, when I'm trying to figure out and chew through things, it is Dr. Farrell that I turn to.

It is always a privilege and a pleasure to have him join me for these conversations. We learn a lot, even though we've gone through it several times before. Joseph, thank you so much for joining us for the Annual Wrap Up: News Trends & Stories.

This is Part I. We're going to talk about Economy & Financial Markets and then Geopolitics and Culture. Next week we will be talking about Science Technology, the Unanswered Questions of 2017 and Inspiration. So there is much to cover and many interesting things happening.



Joseph, welcome to The Solari Report. Aren't you glad 2016 is over?

Dr. Joseph Farrell: Oh boy am I! Thanks for having me back, but you said it all right there. I thought we would never slog through that election. It just seemed to drag on and on, but thank you for having me back.

C. Austin Fitts: If you study the statistics, consumer confidence is up a great deal and small business confidence is up. There is another indicator that shows mood morale is up. I think they are all so happy that there is no Presidential election this year!

Dr. Joseph Farrell: I think that is a large part of it, I do. It's not so much the Trump effect as it is that the election is over and we don't have to endure Hillary. I think that is a large part of it.

C. Austin Fitts: I think people are just relieved that they don't have to go through the whole process anymore.

For many years, since I started doing the Annual Wrap Up, Joseph, I've said in my scenarios that we put in the 'Get Ready, Get Ready, Get Ready' section, that it is a very high probability that it will be slow burning for another year. This is the first year where I've done an Annual Wrap Up where I'm going to say that there is less than a 50% chance of the slow burn happening. That's because we are coming into a very serious and significant change.

Dr. Joseph Farrell: I agree.



C. Austin Fitts: Economy and financial markets is what I want to focus on because we're coming into a turn, and the reality is that no one knows what is going to happen. If you review the scenarios that we did this year, the horizontal axis shows whether or not we can turn taxpayer money into a positive return versus a negative return or, of course, it could go more deeply. That is the axis.

Then the unipolar and the multipolar world is on the vertical axis. If you look at the four quadrants, the variability of what could happen here is just astonishing.

Dr. Joseph Farrell: All four quadrants are up for grabs.

C. Austin Fitts: Right! Exactly. The good news on this is that this is the time where you can make a difference.

In the Economy and Financial Markets section, I want to go through some of the things that are changing or causing this change. You and I have been talking about it in the Quarterly Wrap Ups all year, but now that the election is over there is much that has been held back, and now it is going to roll out.

Let's start with, what I call, the Global 2.0 from slow burn to pressure cooker. Global 2.0 is my expression. In fact, you helped me invent it when I came and threw myself at your mercy. I said, "I can't figure out what is going on in the economy. You have to help me figure this out."



That's when we came up with this idea of Global 2.0 and Global 3.0. It's the financial coup moving assets out of Global 2.0 that includes the traditional government. They're pulling the assets out but leaving the liabilities behind. We always knew we would come into this time when the liabilities would become current expenses and the assets would be gone. The question was: What was the end game?

I think the end game is now beginning.

Dr. Joseph Farrell: Yes.

C. Austin Fitts: The first thing I wanted to talk about was what I call 'controlled demolitions accelerating'. I think we're coming into a tsunami of different institutions whose liabilities are coming due. The assets are gone, they're short funding, they've kicked the can as far as it can go, and now they have to face the liabilities and don't have the funding to meet them.

I don't know if you saw the latest news from CalPERS, but for the first time in their history, they cut pension benefits for the municipal employees of one town in California. That is an enormous bellwether event.

Dr. Joseph Farrell: Oh, yes. I saw that. You had it linked in the materials that you sent me. I looked at many of the articles that you sent, and that CalPERS decision was one thing that I perceived. You also referenced the Dallas police and firefighters' pension fund is suspending pension withdrawals.



The thing that really grabbed my attention, Catherine, was something that you and I talked about privately. This is the story that you linked about Britain where the pension age may be about to rise again.

C. Austin Fitts: Right.

Dr. Joseph Farrell: I began to think about that regarding your model of controlled demolitions and why they would do that. There is another story that may be connected to this controlled demolition model. We haven't linked it before, but I think it's worth tossing out for people to be aware of, particularly concerning possible investment strategies and so on.

We have been seeing for the last year – and this began two to three years ago – many stories accelerating in various articles and scientific journals and popular journals about medical technology getting to the point where they are talking very, very seriously about human life extension longevity by diverse means.

We see all sorts of genetic technology. They are 3D printing human organs from tissue that donors donate. They're doing this in a laboratory now, but I suspect that this is going to roll out very soon. This will mean that you no longer have the transplant part of the medical industry doing quite the business that it has done so far when you can simply 'grow' or 3D print the organs.

If you examine the necessity of extending the eligibility age for various pensions in the last few years – particularly government-sponsored pensions –I think the hidden part of this is longevity.



The longevity medical technology is another way that is going to be introduced to extend the demolition and quite literally, to use your expression, ‘harvest’ the wealth of people for a much longer period of time. That will offset some of the bad paper, if I can put it bluntly, on their ledger books and take some of the squeeze off these pension funds.

That is something that people need to look at and consider as they are watching these stories of longevity. There is a financial aspect that I think is driving this, and that is why these stories are now being circulated so much in the Western media.

C. Austin Fitts: Right. Technology is the big wild card because technology has the ability to solve many of the problems before us. The question is: Can we use technology in a manner, which promotes a human civilization as opposed to an inhuman one?

I would say that in the last 20 years technology has been used for the forces of inhuman more than human but clearly, it’s been both. So controlled demolitions are coming.

We talked about pension funds. We also have insurance companies that have been hit hard by the drain from the various strategies in the government mortgage market and also by lower interest rates. So we see insurance companies leaving the long term care industry or failing. Obviously, we see a lot of insurance companies leaving Obamacare.

One of the stories I mentioned was a second Zurich Insurance executive committing suicide. You wonder, “Oh, dear. What do they know that we don’t know?”



Then, of course, there is bankruptcy. I've been looking through the portfolios and businesses of many of the different people who have been or will be nominated by the new Administration for cabinet and subcabinet positions, and you're seeing, Joseph, that many of those businesses are businesses that were harmed both by the diminution of the middle class and Obamacare grabbing such a big portion of middle class discretionary income.

Dr. Joseph Farrell: Right.

C. Austin Fitts: One of the reasons Obamacare is so high on the list is because you have this whole world of businesses that have been slaughtered by the grab of discretionary income.

Dr. Joseph Farrell: Yes, this is another crucial thing. We have already heard indications from Senator McConnell that it's going to be front and center when Congress reconvenes. Trump obviously ran part of his campaign on the repeal of the thing.

What we can expect to happen – or my way of approaching it if I were in Congress and in a position of leadership within the Congress – would be to repeal the penalty aspect of Obamacare, which effectively repeals Obamacare. It leaves it sort-of in place, but it rips the guts out of it. That one act alone would put a large amount of discretionary income back into people's pockets.

I go back to my model that Trump, being a real estate developer heavily involved in the casino business, and I was in the casino business myself and I know people to this day who are still in it in Las Vegas and other places in the country.



They have been hurt very, very badly by the whole thing.

It's a measure of people not having the discretionary income. I think that this is a reflection, too, of what we see happening in consumer confidence being restored. I think people are sensing that they are going to have the discretionary income that they used to have before that fiasco was foisted off on us – thank you, President Obama and Nancy Pelosi.

I think that is part of the reason you are seeing a rebound. Now, that could evaporate if Congress does nothing or just tinkers and fiddles with it. For the moment, I think it's front and center on the new Administration's agenda.

C. Austin Fitts: The second point after controlled demolitions was something I've been talking about all year. As I talk with subscribers, I continue to find that they still don't necessarily understand the importance of this, and that is that the debt growth model is dying. We have gone through a period of, not only explosive increases in debt, but the cost of debt dropping.

Interest rates have come down for three and a half decades, and now it looks like they are starting to turn up. It means we've had cheap capital for decades and decades and now our capital, instead of getting cheaper this year, is starting to get more expensive.

There are so many people who are alive who have never lived in a world where the cost of capital was rising; they don't know what that world looks like.



They haven't experienced it. They don't even realize they've been in a world where the cost of capital has been falling.

Dr. Joseph Farrell: Right. I tell people who raise the issue with me, to think back to the days of Nixon and Carter if you want to know what that world was like. That's what we're facing.

There is something else that you put in that section that I think is very important to talk about, and that is the war on cash. You have a number of stories about the Indian government confiscating – as we saw Prime Minister Modi do recently – and taking out of circulation large denomination rupee notes and so on.

I suspect that there is some geopolitics behind the scenes going on here, as well. If you turn the clock back a couple of years, you will recall that Iran and India made a mutual bilateral currency swap arrangement for India to buy Iranian oil in rupees and bypass the dollar completely. We've seen a number of these types of bilateral currency arrangements emerging as the Shanghai BRICS block was attempting to try to bypass the US dollar as a reserve currency.

I suspect that move in India was pressure from Washington from the Obama Administration to make that move. It robs India of the ability to conduct their trade with Iran and be a part of that emerging block in the Chinese Silk Road project. It takes away from them the ability to trade with Iran in rupees. So there is something going on and I'm almost certain of it behind this Indian move. Ultimately I don't think this was coming from New Delhi; I think this was pressure being put on them.



C. Austin Fitts: If you look, there are two links in the War on Cash section of the web presentation that describe actions coming out of the January 2016 Davos meeting. Suddenly, within 30 days, you have multiple countries' institutions moving against cash.

It is interesting because there is a guy who used to work at Davos who said that everybody at Davos loves government because they can always think of more ways for government to spend money to make their businesses money.

Dr. Joseph Farrell: Right. Exactly.

C. Austin Fitts: What I think is: If Davos is going to keep their 'print money and get rich' scheme going, they are going to need to have more control over the economy. This is an issue where, with the debt growth model dying, they are trying to drive the model deeper into the cash flows so that they can find the juice to keep their game going.

Dr. Joseph Farrell: Exactly. I think so, too.

C. Austin Fitts: This is more central control, and if you see what is going on in India, some big Harvard expert saying that what Modi had done was genius and it was the genius of great monetary policy. From everything I can see, it's destroying the economy. It's shutting it down, and people have to go back to barter with rice. There is sizeable growing unemployment from it.

It's a complete disaster.



Dr. Joseph Farrell: It is a disaster, and it is going to do something else I think in India besides barter. Inevitably you are going to see local currencies arise. We have discussed this before. There is always going to have to be a physical medium of exchange simply for day to day transactions.

It's ridiculous if you go to your local grocery market to buy groceries or whatever that you're going to log in and pay them in bitcoin and electronic transactions because at a certain point people are no longer going to trust that.

I agree with you that he has taken a step that clearly is being dictated, not in India's interest, but from somewhere else. It's going to rebound against his government. Anybody trying this is going to find out very quickly that their political futures are to be severely limited. I expect it to happen this year in India, quite frankly.

C. Austin Fitts: I want to bring this up because this means, whether it's pension liabilities or having built up a greater overhead than you could afford, there is so much debt money happening at the Federal level and going down to the states and local areas politically or bond deals being done at the state and local level, during this period I think everyone has built up overhead that is not economic. So there is going to be pressure on governments – whether Federal, state, or local – to try to keep that overhead funded with more parking tickets, speeding tickets, fees, licenses, and fines.



One of the reasons it's crucial to turn the government money to a positive return on taxpayers is when that thing goes negative, it can spiral down and destroy any economy whether it's in America or India. It's something they will need to watch out for as we go through this change.

Dr. Joseph Farrell: The other thing that it is going to do if they pursue that path, eventually they are going to run out of money. Fees and parking tickets and so on are not going to be able to sustain the bureaucratic infrastructure. So you could be looking at a meltdown of local and regional governmental structures as well.

There is a great deal to be wary of with this cashless policy. It's not going to work.

C. Austin Fitts: My fear is not that they meltdown. We saw in Indiana an entire police department quit and leave the town with no police department. It was impossible to implement responsible policy given some of the issues going on, including financial.

Another story that didn't make it into the final cut, but I was tempted, was about those radar handguns that they use to catch people speeding. They're using them in France to hand out fines for speeding bicycles.

Dr. Joseph Farrell: Oh wow!

C. Austin Fitts: If you're speeding on your bicycle, you're going to get a ticket in the mail.



Dr. Joseph Farrell: For crying out loud!

C. Austin Fitts: Clearly the debt growth model is over. That means that the centralizers are going to be looking for more money. So there is a predator out there in our midst, and we all need to be wary and make sure we're prepared to duck the consequences.

One practical thing I can say is that I think it behooves you to know what the unfunded pension and healthcare liabilities are for your state and local government and what it means to your pocketbook and your property taxes.

Dr. Joseph Farrell: Hear, hear! Absolutely.

C. Austin Fitts: Another thing that I wanted to mention, particularly with Trump talking about rebuilding America, is seeing the US dollar skyrocket. It's been strong since the summer of 2014, but the US Dollar Index has now broken through the 100 ceiling.

If you look at where it's headed and at the charts, we could be talking about 106 or 110. That is a possibility.

During the bailouts we had many of the emerging market countries borrow a large amount of dollars. We had been very liberal with loaning dollars.

Now that interest rates are rising and if we are pulling the dollars back to North America, is that going to put them in a dollar bear trap?



Dr. Joseph Farrell: I think so. The other problem is that it going to be another bumpy, rough road – at least through the next year if not longer. If the dollar remains strong, then how do you reshore the manufacturing – which clearly Trump has made an issue? He made it an issue during the campaign. After the election, of course, he went out and talked Carrier into staying in the United States.

How do you mix these two things together? It's going to be very interesting to see if he can come up with a solution to that. This is the problem. We're in such uncharted waters in just about every area of the four quadrants that you mentioned. We're reading tea leaves. How is all of this going to work?

It's true. Part of the problem is that everybody has to be prepared for what I call the 'dissolution of ideological labels'. We can no longer talk in terms of Keynesian solutions or laissez-faire solutions because we're trying to feel our way forward to some new paradigm for financial and economic organization. No one, I don't think, has a clue as to what is going to go on, so it's going to be rather rough.

Solutions in one area might not work in another area. This is going to make his first Administration rather bumpy, and it's certainly going to be even more difficult outside of North America.



C. Austin Fitts: One of the things I published today, along with News Trends & Stories Part I, was having our amazing graphic designer make cartoon characters for three of the characters that we talked about when you and I did the Trump Transition. They are the Titanic Turners, the Piggies, and the Scaredy Cats. But we also added a fourth character which is the scorpion.

Let me go through this again. The Titanic-turners are the people who say, “You know something? I’m going to take responsibility. I’m going to try to see if I can turn the Titanic in time. I’m going to see if I can make things work.”

Then you have another person who says, “This is nuts. I’m going to take my money and run as far away as I can.” That is the Scaredy Cat. The Piggies are, “How do I make money out of the situation?”

You and I talked during the Trump Transition about what happened to Russia when the wall came down. Basically, the Piggies got control, and it went out of control and the place got raped.

I added the Scorpions because I realized that many people are Piggies because they think that is the effective strategy. They can certainly be incentivized with carrots and sticks to become Titanic Turners or help the Titanic Turners or make their money doing things that are good for everybody.

I think one of the most important things we need to do is to make a pathway for them to be successful as Titanic Turners and to do better as Titanic Turners.



But there is no point in talking to a Scorpion – which has a face that looks similar to Dick Cheney. You have to keep them in a cage, and keep them in the corner.

I know you know the story of the scorpion and the frog. The Scorpion will do things that are self-destructive just because they love to destroy. That's what they know how to do. It gives them juice.

I think when we talk about the variability; the key issue in your town is who is going to get control. Is it going to be the Piggies and the Scorpions or is it going to be the Titanic Turners?

Dr. Joseph Farrell: Right. I'm cautiously optimistic on that point because in this last election, I'm one of those people who still thinks that Trump probably did win the popular vote because there was so much illegal voting fraud being committed for Hillary Clinton. We will get to that later because I have some things to say on that score. But I'm cautiously optimistic because there was such widespread support for Trump from almost every demographic group that you can think of. He put together a very different kind of political coalition at the grassroots level.

What I am optimistic about is that he is continuing that kind of direct use of social media since the election to communicate little soundbites or little thoughts and so on. In other words, he is continuing to stay in contact with that group of people.



Just in terms of sheer numbers, I think that the Titanic Turners, although us ordinary people might not be the rich and powerful, there is enough mass that the Titanic might, in fact, turn. But it has to be sustained. I think that is one reason Trump has been hammering away continually since the election through these social media outlets – tweeting and so forth.

I'm cautiously optimistic there.

C. Austin Fitts: I think that is one of the reasons he wants Bannon in the White House. He wants to have a way of communicating which is very immediate and direct, and he wants to continue that. We will definitely get to that because we have much to say on it.

One reason I think the dollar is going to continue strong is there are some real issues now about the future of the Euro. We'll talk in geopolitics about the European Union, but it's fair to say that we have big elections coming up in 2017. You're looking at that and saying, "What happens to the European Union?"

If you can't answer that question with confidence, how are you going to deal with what in the world is going to happen with the euro? We see the euro almost at US dollar parity now. It's almost there.

There are two other things I wanted to mention on this: one is inflation. We did a great Solari Report with Charles Hugh Smith who made the case that inflation is running in the United States at 7%.



John Williams of Shadowstats came out slightly after that and said that his calculation was 9.2%. The official calculation shows inflation going down to 1.2% this year. So the US government to Shadowstats spread is ever widening. It certainly seems that inflation has been quite significant for the average consumer in the developed world. I think if you consider the cost of capital going up, Joseph, it is likely to continue.

Part of the debt growth model being over is that when you issue more paper and debt, instead of being able to float it around the world, it simply debases the currency which creates an inflation effect.

Dr. Joseph Farrell: Right.

C. Austin Fitts: I don't know about you, but I think inflation for staple goods is in our future over 2017.

Dr. Joseph Farrell: I totally agree. I think we can add to that another possible scenario with the rising interest rates. I mentioned Carter and Nixon earlier. If you were alive in that period, you will recall the expression 'stagflation' because that is what we were having back then.

This is another one of those variables that is going to be very hard to predict because it's going to work against the kind of infrastructure projects that we have heard Trump mentioning from time to time. It's going to be a countervailing force against any efforts to increase productivity.



We're entering some very, very uncharted waters here. I don't know about you, but I haven't listened to any financial expert who really grasps the totality of all of this like you do. That indicates that we might be in a huge paradigm shift concerning economic theory and regarding fiscal theory and so on. I don't think anyone has a grasp on a wide enough dataset to make sense of all of this.

C. Austin Fitts: Right. That brings us to the US budget because the number one challenge is that there is a secret cash flow. You and I refer to it as the secret dividends, but it's more than just secret dividends. Talk about overhead – the black budget, the hidden system of finance, the secret dividends – the covert side has a major tack on the overt economy that no one is allowed to know about, no one is allowed to talk about, and it is the 800-pound gorilla in the room. How are you going to re-engineer everything to become more efficient and more productive but still provide funding for that enormous amount of covert operations?

We need to come up with a name. It's planetary rent, and the planetary rent payment is due.

It makes it impossible to go to the invention room and figure out how you make things productive when you can't admit that that is really there.

Dr. Joseph Farrell: This is where I am cautiously optimistic. I think that Trump is an astute enough man concerning fiscal policy, at the numbers themselves, that once he gets in there, it may occur to him that there is an aspect of all of this economy and budgetary considerations that is not being adequately reported.



I don't think it will take him very long to figure that out. So I'm cautiously optimistic that we might have someone who is capable of understanding the fact that you cannot look at the overt economy because you're only looking at 50% of the picture. There is an immense hidden aspect to it.

I think the clue here, Catherine, that this might be a possibility in the works was his refusal to buy the new Air Force One at the costs that were being proposed. That was a clue that he may know that something is up with all of these inflated prices in the Federal budget.

I would imagine between now and the Congressional elections in two years that we are going to see more and more in the public arena this idea that there are aspects of the budget that we don't have a clue about, and we have to get a clue if we're going to be able to manage our fiscal affairs wisely. I think this is in the cards.

In other words, what you and I have been talking at conferences and on our blogs about for the past few years, I think this is going to become much more of a mainstream topic of discussion in the next two years. That is good. It needs to be done.

C. Austin Fitts: Here is the interesting thing: You have people on the covert side who are providing necessary operations and functions. You have people on the overt side who are providing necessary functions and operations.

Maybe they can be re-engineered and made more efficient; maybe they can't.



What we do know is that we have many people on the overt side who are providing unnecessary functions – even harmful functions – and I’m sure there are some on the covert side as well. To a certain extent, when Trump attending the Army-Navy game decided to spend half of the game sitting in Oliver North’s box, I figured, “Okay, my theory that the Matt Damon and Joe Pesci scene in *The Good Shepherd*, is that Joe Pesci just got his candidate elected to President.”

Look, the guys who are doing the necessary hard work on the covert side are sick of paying for the people on the overt side who are completely unnecessary.

Has Trump nominated a lawyer yet other than White House Counsel and head of the SEC? I don’t think there is one lawyer in the bunch otherwise, is there?

Dr. Joseph Farrell: I don’t think there is. That in itself is fascinating. What is changing in Washington with Trump – and he gets poo-pooed a lot for this – is you don’t have a politician in any classical sense of the word; you have a businessman. He knows how the game is played, he knows where the loopholes are, and more importantly, he is able to look at a balance sheet or a ledger sheet and see if there is something wrong.

There is not going to be the same old games and tricks working.



This is why I'm fully expecting that in the next two years we are going to see the black budget and Federal finances come under much more scrutiny as people edge closer to the idea that you and I have been talking about for so many years – that there is a large hidden aspect to financial affairs – and it is going to become more mainstream.

That is good because what it is forcing into the open is an issue that you and I have talked about so much, and that is the lack of transparency in these things.

For the Trump Administration, it's going to be an interesting policy wrangle of how to balance the genuine and legitimate needs of national security on the one hand and the genuine and legitimate needs for some financial transparency at every level – Federal, state, and local – on the other. This is another aspect of the bumpy road, in other words. What I'm suggesting is going to happen as we're going through controlled demolitions and everything else is that this is going to be forced into the open. It's inevitable.

C. Austin Fitts: Let me tell you why it's so bumpy. There is nothing uglier than a person whose success depends on privilege but whose mythology says that they have earned it through performance. That's about the meanest, orneriest Scorpion you have ever met.

Dr. Joseph Farrell: And they are going to be very nasty over the next through years.

The problem is that their power is diminishing. The nastier they get, the more it diminishes.

It's going to be bumpy, but I think we'll get through it.



C. Austin Fitts: That brings us to negative versus positive return on investment. Can we turn the negative return on investment to a positive return on investment? And can we start productivity growth? Labor growth has started to fall. I would say that what I call ‘human productivity’ has been falling for quite some time. The question is: Can we turn that around?

I’ve been looking at that very long and hard for quite a while, Joseph, and the politics of this are remarkable. What is interesting is that most of the people I talk to are convinced that it’s absolutely hopeless. I think they don’t begin to understand how extraordinary the opportunity is and how much wealth could be created.

Dr. Joseph Farrell: There are going to be huge geopolitical opportunities that I want to mention when we get to that section, but I agree with you. I think the other problem that people can’t wrap their minds around still is the notion of human productivity. We are dealing with an intangible here.

People who go to business schools or economic schools and study these things know that there is an aspect of the economy – the soft production, the arts, and so on – that don’t really get counted in when you’re dealing with producing steel or automobiles or what have you. This is the area where I think we are going to see – by the nature of the case – an explosive growth in human productivity.



The reason I say that is because if you look back at history, every time that humanity goes through these immense, wrenching cultural changes that change almost every aspect of our institutional paradigms, including finance and economy, what happens in those periods is you see an explosive growth of arts as a mode of human productivity in the form that people pay for these things. I think we're looking at that.

The arts are going to be the natural way that humans express themselves as they're going through a bumpy road. I think that is going to increase, but I don't think anybody that I've looked at is factoring this into their calculations of what is going to happen to the economy. I think it's going to be enormous. I could be drastically wrong, but that's my take on things.

It could be that area that is the most stable financially and economically over the next decade or so as we work toward a new paradigm. I think that area is going to be crucially important just from a financial standpoint for people.

I know more and more people, Catherine, who are supplementing their income precisely by going back and doing creative, artistic things and making people pay for it.

C. Austin Fitts: Right.

Dr. Joseph Farrell: I think there is going to be a big increase in arts.



C. Austin Fitts: That is how you get together and reinvent your world; you just do it with music and poetry and theatre.

I always wanted to do a Chautauqua – buy a bunch of school buses and travel the country doing impromptu and theatre to help us reinvent our whole world.

Somebody once asked me to estimate globally what the current wealth was versus what it could be. I said that our current wealth was one percent of what it could be if we were willing to conduct ourselves as the civilized society.

We wrote the 2nd Quarter Wrap Up this year on productivity. If you look at the waste and the money that is spent to do things that make people unproductive like war or surveillance, it's an extraordinary amount of money.

I do want to talk a little about piratization because I think it is one of the big risks that we face. If you look at some of the politicking in Congress, I am particularly worried about where Congress may try to force things.

“Piratization” is when you privatize something at a below-market price. You transfer an asset or an operation to a private sector where they are getting a windfall benefit because it's not done at market, or transferring a liability back into government without providing a market compensation for it. You are using these changes to subsidize and create windfall profits to the private sector in a way that we know Congress loves to do.



That's how they get campaign donations from capital gains to private investors, corporations, and private parties.

The reason I bring up privatization and the reason I'm particularly nervous about it is because, if you don't have a lot of experience in Wall Street and Washington, it is hard to figure out what is legitimate privatization versus what is privatization. It's hard to track and see and prevent.

Needless to say, the pirates are paid millions of dollars a year to be very clever at figuring it out. The thing that concerns me the most on this is that we are seeing pushes on the Republican side for a Constitutional Convention, which you know I think, is a very, very bad idea.

Dr. Joseph Farrell: I am in 150% agreement with you there. I think it is a colossally bad idea.

My lesson from history is that the 1787 Philadelphia Constitutional Convention was supposed to tinker with the Articles of Confederation, and what they gave us was a whole new Constitution.

The current political class, quite frankly, is just plain too stupid. There is not a one of them that has the stature of a Hamilton or a Maddison or a Jefferson who can think through the long-term political consequences of the proposals that the current political class would put forward. So I am totally in agreement with you there.



This is a colossally bad idea because if they did this, I suspect that what you would get out of it is precisely some sort of constitution that would legitimize and legalize piratization at every level – not just Federal, but state and local.

C. Austin Fitts: Exactly.

Dr. Joseph Farrell: In other words, think of post-Soviet Yeltsin Russia on steroids. This would be a disaster for the country, and it would be a disaster for the world economy. There is no way that I trust the Jeb Bush's and the Republican leadership that is pushing for this to come up with anything that would be a legitimately needed Constitutional change for the welfare of the people of the country. No way.

C. Austin Fitts: Depending on which estimate you use, we are up to \$17+ trillion of money missing from the Federal government. Here is what you do for Constitutional change: You enforce the Constitution, which we haven't been doing. There is a law that says that you can't spend money that isn't envisioned in an appropriate act and approved by Congress. That means that there is at least \$17 trillion documented by Federal financial statements that has been spent or has disappeared or mis-accounted for in violation of the Constitution.

If you want to do something, enforce the Constitution and go figure out where that \$17 trillion dollars is and get it back.



If you are going to have pension funds going through controlled demolitions because we don't have \$2 to \$4 trillion to make good, that \$17 trillion is four or five times more than what we can't make good on. We can make good on it if we get that money back.

The other thing is that if you're not going to enforce your Constitution, then clearly you don't need to change it.

Dr. Joseph Farrell: Bingo! I was just going to say that.

The other thing that this brings this back is an idea that we tossed around in the 3rd Quarter Wrap Up. That is that if, we as individuals want to make a contribution, we need to start urging our states to appoint special district attorneys whose sole job is to entangle the Federal government with Federal mandates – with all their financial mandates on states – in litigation. That is number one.

Number two, states need to start asserting themselves and put some of that Federally mandated money in escrow accounts and demand an accounting for that missing money before they spend one dime.

It's time for pushback for all of these bureaucrats and lawyers in Washington who have been getting away with this.

So, number one, no Constitutional Convention. I think there are approximately six states short of a Constitutional Convention. That is number one.



Number two, we need to have state – particularly the states that are smaller and that have been suffering under the thumb of New York and California and the other big states – to start asserting themselves. Things cannot continue as they are.

It's like Senator Dirksen said, the old Senator from Illinois. I remember him very well saying, "A billion here and a billion there, and pretty soon you're talking about some serious money."

We've added three more zeroes to the end of that amount, and now we're dealing in trillions. It has to come to an end.

C. Austin Fitts: It comes down to whether or not we pay our taxes in the end. That's why I think the idea of tax escrows is very appealing. If the money that we are giving to government is being used illegally outside of the Constitution and they refuse to obey the laws related to financial management and Constitutional appropriation laws, then it relies on us for enforcement.

I'm not a great believer in not paying your taxes because I think they're legitimate obligations the government has to be met. If we're going to enforce the Constitution, I like the idea of putting your money in escrows.

I'm always told, "We would never be able to organize and get that done." I think that unless you organize to get that done, you are going to continually be harvested. At some point, we have an obligation to do something about it.



If there are any lawyers out there who want to help us investigate tax escrows, we would love your help. Contact me at *Ask Catherine*.

The expense of the national security state is out of control – needless to say that since 9/11 one of the ways that companies have generated revenues and stock market value is to create national security make-work. If you look at the expenditures and the contract, it's out of control. I think that is what you were referring to with Trump saying on his ongoing tweets – which I love – “We want Boeing to make money, but not *that much* money.”

Dr. Joseph Farrell: Yes. You put it very well earlier when you said that we're in a conflict ideologically between the inhuman and the human. As you also put it, the national security apparatus that George Bush put into place and that Obama has expanded is really a drain on production. This is a non-productive activity; it doesn't do anything. It gives these people a paycheck, and that's about it.

That is a very lousy way to circulate money, and it's certainly not a way to circulate money to generate any actual human productivity or hard industrial productivity.

The thing that interests me about the Trump statement regarding Air Force One when he said, “We're not paying that much for this aircraft.”

If you review the American military expenditures for things like Air Force One and the F-35 fighter, this big multi-trillion dollar boondoggle, with very poor performance characteristics;



the USS Zumwalt, this ugly-looking, new-fangled navy ship that doesn't work; the aircraft carrier, the Gerald Ford, that is having problems; we're seeing a lousy return on our investment for hugely expensive weapons systems that don't work.

You can't tell me that Russia spends the same amount of money to get an equivalent weapons system. It's not there. So this is the other aspect that the Administration is going to have to watch. I suspect that if they're going to look at this and examine it in a comprehensive way, they are going to have to study the whole structure of the way contracts are bid and awarded.

The way it is currently structured favors these big defense companies. If they want to get a return on investment, they need to open up the whole bidding process and make it transparent. They need to make it a genuine bidding process rather than a favored company.

C. Austin Fitts: I'm going to be much more difficult because I've dealt with government contracting a lot in my career.

First of all, you have a much larger bureaucracy than you need doing the current functions. When I first took over the FHA I did a calculation. I had 7,000 employees, and I figured that I could run the whole thing with 250.

We have a very paperful Federal, state, and local process. While companies have been re-engineering for 30 years, government has done remarkably little.



That's because, as corporations have been laying off, the government has been expanding employment to create jobs.

Here is the other thing: Let's say you and I were to downsize the bureaucracies as dramatically as we wanted. The thing I would say is that there are plenty of government jobs for those people because what we need is to stop using the contractors who are selling goods and services to the government to control and operate the government information and payment systems.

Dr. Joseph Farrell: Hear, hear!

C. Austin Fitts: We need long-term civil service to do those jobs. I for one think it is a terrible conflict of interest for the government to concede its sovereignty to private banks and private corporations. I think if we are going to have a sovereign government and we are going to pay taxes to have a sovereign government, then we are going to need to get private corporations and banks out of certain functions. We're going to have to regovernmentize in all these different areas.

Dr. Joseph Farrell: I totally agree. This is the flip side of the coin, Catherine, as to why the Constitution is not being followed. Corporations don't have to follow it.

The other thing that I think the Trump Administration is going to have to do in order to make return on investments to the taxpayer positive is to restructure the government precisely along the lines –



as you suggested – to restore sovereignty to Federal agencies. This is going to have to happen at the state level as well as where you see much of the same thing going on.

You are going to have to do that for the sole reason of restoring sovereignty. When that happens, I think you are going to see a return of Constitutional function.

This is the other thing: If you take corporations out of that mix, you are also curtailing the power of the lobby groups. Congress is going to have to step up to the plate and be a Congress again rather than a special interest group of people shelling out privileges through legislation.

Trump has to have a comprehensive view, and there are certain signs – and you and I have discussed this before with Jon Rappoport – that some of his appointments are kind-of leaning in that direction.

If he doesn't succumb to the privatization impulse, I think it could be a good thing and it has to be comprehensive. Reagan tried it and failed. If that is in the cards, that is going to take at least two administrations to do it and to do it effectively and it is going to be a bumpy ride.

C. Austin Fitts: Here is why I think that change is inevitable: We saw in 2016 a lot of different symptoms of 'cut and run'.

We saw Lockheed Martin spin out its information and payment systems division to a smaller company that SAIC had set up for that purpose to spin out some of its operations.



That is an enormously powerful control position, and if Lockheed is going to give up that kind of control position, it tells me that the liability has reached the point where they're willing to give it up.

Dr. Joseph Farrell: Exactly.

C. Austin Fitts: We also saw an enormous amount of record mergers and big mergers in 2016. One really stuck out in my mind, and that was Bayer buying Monsanto. As you know, at the same time that the Department of Justice was squeezing both Volkswagen and Deutsche Bank. My question is: Why are the Americans trying to get the Germans to buy them out and protect them from the liabilities on Monsanto? At this point, I think the liabilities are enormous.

Dr. Joseph Farrell: Oh, yes. I do, too. I am so in agreement with you there, Catherine. I have a blog coming up by the time this broadcasts.

In the last two weeks before the New Year there were some astonishing stories about GMO backlash – what I've been calling 'GMO geopolitics'. There was a paper published in *Nature* questioning the whole concept of substantial equivalence. This is the concept that was put forward by Monsanto and some agribusiness companies, and picked up by the FDA under George Herbert Walker Bush and used as a way for them to leverage the acceptance of GMOs on the basis of some very wanting corporate science.

That paper was followed by bans in Italy. Russia, within days, proposed to the Eurasian economic community a GMO labeling law.



C. Austin Fitts: It's strange because the Democrats engineered Sanders out. If you look at the election fraud in the primary, just from what I saw anecdotally when I was there during the primary, they destroyed Sanders. He was rigged out, not voted out.

Dr. Joseph Farrell: Yes.

C. Austin Fitts: Then they made a concerted effort to get the media to promote Trump because they thought they had a better chance of winning against Trump, which I think was a legitimate thing. But if they lost to Trump, it was their fault. I don't believe that without their help Trump would have ever been the nominee.

Dr. Joseph Farrell: This is the other thing that I can't understand, Catherine. They're doing this push for all these recounts. There is no doubt in my mind that it is Hillary Clinton behind Jill Stein demanding all these recounts.

They did the Wisconsin recount, and Hillary increased by one vote from some sources in the free media. From what I can gather and from what I have seen, the fraud in this election was predominantly for Hillary. There is good indication that so much fraud occurred that Trump may have even won the popular vote, which he just recently tweeted.

C. Austin Fitts: I'm a little bit more skeptical because I think the fraud on both sides was bad.

Dr. Joseph Farrell: I do, too. I think that this was the case, but my point here is:



A Federal district court overturned that decision in Hawaii. Basically the decision of the Federal Court was that, “Yes, localities do have the legal right to determine what can be grown and not grown, and what they want and don’t want, and what they want to label and don’t want to label.”

So the backlash against GMOs was growing. The buyer buyout and merger of Monsanto is very, very suspicious because if this continues, there are going to be all sorts of lawsuits. It is going to be in the form of class action against a lot of these agribusiness companies, and buyers can be left holding the bag. I think you are seeing the beginning of a rush away from GMOs.

The other interesting story that emerged in those last two weeks was that a province of China that borders Russia passed a provincial legislation that was very, very severe on GMOs and contrary to the policy in Beijing.

The revolt is growing. To my knowledge, the central government in Beijing has not overturned that provincial legislation. So it’s growing everywhere and it’s going to hurt these big agribusiness companies.

I think your interpretation here is correct. I think it’s a form of long-term economic warfare against Germany by letting that merger go through. I’m very suspicious of that whole thing.

C. Austin Fitts: There are many other signs of ‘Cut and Run’. I only put a few of them on the web.



What it tells me is that everybody is getting ready for the next phase, and they don't want liabilities hanging over them. Global 2.0 is coming to the end game, and they don't want to be liable for anything in that end game. Change is here.

One of the things that is most cutting into productivity that you and I have talked about is corruption. I don't want to spend a lot of time on corruption, but I think if there is any difficulty that we face in the developed world, it's how are we going to shift out of corruption into productive governments, leadership, and society? The corruption is everywhere; it's top to bottom.

I think the example I wanted to use – because it was so extreme – was pedophilia. There have been many headlines this year about pedophilia. The number of people arrested for pedophilia globally, or just in the developed world, over the last year just turns your mind.

You are going to have all sorts of scandals coming up, but of course, what has come out so far from the Anthony Weiner laptop has been unbelievable. When people say that this has reached epidemic proportions, it really has reached epidemic proportions.

It's been hard for many people to fathom that this is going on. One of the questions I have is: Will 2017 be the year when you get a more widespread understanding of how bad this epidemic is?



I don't know the truth, but one of the things as I'm watching Congress steadily try to pull out the rug from under the new Administration is that it sure looks like the Anthony Weiner laptop and the related control files have too many people in Congress compromised.

Dr. Joseph Farrell: I would agree with that, and I would add my own suspicion, Catherine, which has always been that these local stories of pedophilia are linked. The problem with the whole Anthony Weiner 'Pizzagate' complex is that what it is suggesting is something that I have long suspected, and that is this is a global phenomenon. It's a global network.

In other words, it's not just this locality or that locality experiencing it; it's everywhere. There is a deliberate entity or force or whatever you wish to call it behind all this, and I think that it's getting to the level where this aspect of it cannot be ignored anymore.

I suspect that you are right; I suspect the reason you see the Congress "Trying to pull out the rug from the Trump Administration," is because, quite literally, they have no leverage of that sort, at least from what we can see now, against Trump. So this makes him a Maverick or a loose cannon that they cannot control in this respect.

I think you are going to see in the coming years and beginning this year more and more of a focus on this. I think that it is going to get to the point that whether he wants to or not, Trump may have to appoint or order the FBI to make a major investigation into all of these things. At this point, it's just not going to go away.



We've seen a story in Canada about a pedophile ring. There have been reports of this in Norway and so on. It's everywhere. There is going to have to be an international effort here, I think, to clean all of this out. It's something that we have to get rid of if we are going to restore some confidence and trust in the government.

That is the other thing that we are facing. We've seen this whole business with the corporate-controlled propaganda media organs just shooting their trust and confidence in the foot during the last election cycle. So trust in government and corporate institutions is at an all-time low. Are we going to believe anything that they say anyway?

This is a real epistemological philosophical problem that Trump is facing. I think this is part of the reason that he is continuing his use of the social media to make direct contact with people and bypass that whole swamp to begin with. I think that he is under some extraordinary pressures, and he knows where it's coming from and why it's coming. I do think this is partly behind why he has kept that whole thing going.

I don't know how he is going to deal with the corruption. It remains to be seen. Like you and I and Jon Rappoport discussed in our conference call recently, he has made some interesting appointments. I think Carson at HUD is a sign that he knows how deep the corruption is, and that he means to do something about it. I think that is a good sign. We will see.



C. Austin Fitts: I think he is still going to have to have a black budget; there is no way that you are going to be able to shut that down. I think whatever the constituency behind Trump is, they are sick of the waste.

Dr. Joseph Farrell: Yes.

C. Austin Fitts: They may not be on board to end all the corruption, but certainly they are on board to end all of the waste. They can't keep that going.

My guess is that Trump is going to use his access to the Anthony Weiner laptop information to get his agenda through Congress.

Dr. Joseph Farrell: I think so, too.

C. Austin Fitts: The other people have control files, but now he has a copy of many control files. He is going to try to play it bottom-up, not top-down. If he can't play it bottom-up, you're right. Then I think he goes public.

Let's turn to Global 3.0 rising. Last year was very focused.

Dr. Joseph Farrell: Are we skipping voting fraud? I had a couple of things that I wanted to say about the voting fraud.

C. Austin Fitts: Yes, let's touch on voting fraud.



Dr. Joseph Farrell: You had an interesting article that you linked, the first being ‘Soft Coup Attempt: Furious Trump Slams *Secret* CIA Report that Russia Helped Him’. I have to be honest here, Catherine, I never bought into the Russian hacking meme to begin with because I’ve said over and over again that Russia had no good reason to hack the election. The risk was too high for them to do that. The reason is that Russia clearly wanted Trump over Hillary. If they were caught, this could rebound against them in a major way. I didn’t see any geopolitical reason for them to assume that risk.

Another problem here is that we haven’t seen much proof that they did it other than a few URL addresses in Russia, but hackers are sophisticated enough to use fake addresses.

The other problem I have with this whole hacking meme is that we’re not told what kind of hacking the Russians really did. In the absence of details, I have to think that the evidence is so flimsy that there is nothing to this story. It’s another ‘soft coup’ attempt here and I just don’t see this. This is more evidence of the corruption that we were talking about rather than anything else. The problem is that I think it’s also a bit of misdirection.

You know the recount that Jill Stein lost backfired because in most of the recounts, Hillary ended up losing votes. I think the real key question is California. There was a California lady at one of the polling stations who noticed a large amount of what appeared to be voting fraud. We do know that millions of illegals voted in the election.



I suspect that California may not have been the strong Hillary state that they're making it out to be, and that they need this as a way of deflecting attention from the fraud that occurred for Hillary. She may not have won the popular vote. If, indeed, her support in California is soft, that is such a Democratic stronghold that they have to keep that by hook or crook, and I think they would be willing to lie to do it.

This whole corruption meme is not just confined to the pedophilia stories that we saw last year; it's also hovering around the election and the fraud that took place during the election. I think her support was much, much softer than even the final results show.

This is something I expect, Catherine, that we might see the Trump Administration start looking into once it is in office. It is going to do so very quietly, but I fully expect that the Department of Justice under Trump is going to start looking into some of these things – the Clinton Foundation, the voting fraud, Weingate, and all of this. If that starts to happen, he has some control files now on Congress, and that will be another pressure point that he can use.

C. Austin Fitts: Here is the problem; traditionally both sides have been terrible.

Dr. Joseph Farrell: Oh, yes. Absolutely.



C. Austin Fitts: But the Republicans were in the lead on computer voting fraud before the Clintons came up to speed. The Clintons got the Democrats back in the game.

I watched the voting fraud in the primary very closely, and regarding the primary voting fraud in California, I absolutely believe Bernie Sanders won the California primary. I really do.

Dr. Joseph Farrell: I absolutely do, too. This is why I think California was soft for Hillary and why they have to cover it up: With all the support that Senator Sanders had there and with all of the Sanders supporters, many of whom went for Trump, I tend to think that there is a lot more going on in California.

Again, this is going to be a stick that Trump can use – not just the Weingate control files, but also the use of the Department of Justice – and launch investigations into some of these things.

Everybody stands to lose if he does that. As you say, he has the Republican elite involved in the same thing. Just think back to the year 2000. So, yes, this is another big stick that he can use to go after some of this corruption.

C. Austin Fitts: One of the things that I do want to mention, and we'll talk more about it when we get to geopolitics, is more about the Russian accusations. If I understand the White House correctly, they are accusing the Russians of hacking the DNC and providing the information to WikiLeaks.



If you look at the information provided to WikiLeaks, we have a retired British Ambassador who said that he was the intermediary between the whistleblower, and it was basically an inside job, inside to the Americans.

He was the intermediary. So we have him giving the equivalent of an affidavit in public on the record, and we have WikiLeaks on the record as saying that they did not get it from the Russians.

Dr. Joseph Farrell: Right.

C. Austin Fitts: So we have absolute evidence that the accusation is false from reputable parties on the record, but we have no evidence on the record from the CIA, the White House, or anybody else as to what proof they have.

Dr. Joseph Farrell: Exactly.

C. Austin Fitts: So on one hand you have a nebulous concept. On the other hand, you have hard testimony and evidence. The other thing we do know is that one DNC staffer who had access to the information was assassinated in cold blood in what appears to be a professional hit right before the DNC information was posted by WikiLeaks. We know that WikiLeaks put out a \$20,000 reward for any information leading to the arrest and conviction of the assassin.

What subsequently followed was that Julian Assange's attorney "committed suicide" and a few other suspicious things, including a cat burglar trying to break into the Ecuadorian Embassy.



If you look at the fact pattern around the Seth Rich assassination and the evidence given as to how WikiLeaks got the information, I have to tell you that the White House story looks like one of the biggest busts I've ever seen.

Dr. Joseph Farrell: Oh, yes. It does to me, too. This is why I wanted to talk about the voting fraud. I think this hands Mr. Trump a huge political amount of leverage because being in control of the Department of Justice, he can launch investigations into all of these things. I suspect, quite honestly, Catherine, that he is going to. That is another reason they are trying to derail him as fast as they can, and I don't think they are going to be successful.

He can launch investigations into all of that, and that could roll just about everywhere – not just the Clintons. It is going to roll to the RNC, to the DNC, and go everywhere. It can catch a lot of people. He can use this – just the mere threat of investigations – as political leverage, so his political capital is very, very high.

I think we're going to see some resolutions to some of these things. I certainly don't expect Mr. Trump to be the Messiah and go in and make Washington DC be the shining city on the hill. On the other hand, I do think that a lot of this corruption is headed for some difficulty. I really do.

C. Austin Fitts: More on this when we hit geopolitics. You have a whole world of people who have been on the payroll who are not productive, and this represents one of their efforts to fight hard for their turf.



Dr. Joseph Farrell: Exactly.

C. Austin Fitts: Let me turn to Global 3.0 Rising. There are a few things I wanted to note. This year in the Wrap Up we're focused on the end game and Global 2.0 because I think we've come into the real change in the end game.

Last year we talked about "Space: Here We Go." Joseph, when we did it, I never in a million years realized the explosion of space and investments that would happen so quickly this year. Needless to say, there is much going on. We'll talk about more of that in Science & Technology, but it is clear that space now is in the investment and financial world a very big business.

Dr. Joseph Farrell: Absolutely. There was an interesting story last year that caught my attention, and that was Luxemburg. We may have talked about this briefly in the last Wrap Up, but Luxemburg has approved a law that allows space companies that are based there to have the right to whatever they find out there. This is huge because Luxemburg is following suit of the Congress in this country recently doing, basically, the same thing.

What I find very interesting about Luxemburg is, of course, it is an international banking hub. So this means, the way I'm looking at it, that the international financial community has more or less agreed that whatever treaties may say, this is what is going to happen in outer space. Corporations going out there and finding asteroids are going to have the right to whatever they recover.



This was a huge piece of news, and I fully expect that you are going to see other banking hubs following suit and using the Luxemburg law as their own template for similar laws.

So, yes, I am in agreement with you. I think we have only begun to see the explosion of things happening in space. There are other things that we will talk about when we get to the Science & Technology segment.

C. Austin Fitts: If you grab an asteroid and create a server farm on the asteroid, you can create an off-planetary financial jurisdiction.

Dr. Joseph Farrell: Precisely. This is what I was getting at, and I've mentioned this before. Mr. Global appears, for the moment, to have been thwarted in their effort to build a global government here on Earth. I think they have changed their long-term strategy and decided to do this top-down – quite literally – beginning in space, and then down to Earth. This is the reason we see all of these moves by legislative bodies in countries like Luxemburg that are big financial hubs. I think this is a trend. That is what the story represented; it is the first of a trend that I think we are going to see more and more of.

I think you're going to see the same thing come out of the EU. If the EU falls apart, watch for France and Germany to do this at lightning speed because they fundamentally represent the European space program. It's going to happen; there are no two ways about this.

This is going to spread, and it is going to spread very, very quickly.



C. Austin Fitts: One of the book reviews that we did this year was Martin Ford's book which was very good. It is called *The Rise of the Robots: Technology and the Threat of a Jobless Future*. We haven't seen a lot of discussion of this during the election for obvious reasons, but one of the policy issues we are all facing is that automation is taking employment in the opposite direction.

Dr. Joseph Farrell: Yes.

C. Austin Fitts: We are seeing enormous waves of automation coming in 2017 and on out. I just wanted to mention that. I think we are all scratching our heads, not sure what that means.

If you are automating all of the jobs but, at the same time, cutting all of the pension funds, I keep scratching my head saying, "How exactly is this supposed to work?"

Dr. Joseph Farrell: It can't work on a conventional model, and I'm glad you mentioned the robots because this brings us back to the human productivity aspect of things that we talked about earlier.

If we're looking at the standard economic models of jobs – Wal-Mart clerks and so on – automation is quickly replacing them.

I try to avoid shopping at Wal-Mart whenever I can, but I went in there a couple of weeks ago. Usually I shop late at night since I'm up at night, and I go into these 24-hour stores to avoid crowds.



I went into a local 24-hour Wal-Mart, and they had no human-manned cash register lane open. They had the self-checkout lane open only with one person trying to manage all nine self-checkout lanes. What I think this means, Catherine, is that the human productivity that I talked about earlier in the arts is going to have to take up the slack, and no one is talking about this as a means of gainful productivity and as a means of making money.

I think in a certain sense, we are going to have to do it. In another sense, it is going to be necessary to preserving our humanity during this period. So it's going to be culturally driven – as I mentioned earlier – but it is also going to be driven by some hard economic reality. It may be that part of our economic future is going to be the teenagers getting together with their rock bands in their garage and composing some songs and going out and performing them and making a little money. I think we are going to be looking at that kind of thing over the long term, and have to look at similar things.

I think it is a good thing because the arts have traditionally been a means of dissent and a means of critique of the social order and of the political order. I think we are hopefully looking at – if things fall out as I think they might – a revisitation of the 1960's with the explosion that occurred in music and in some of the other arts.

This is the only way I can think out of this paradox that you've mentioned because the only other alternative is a massive expansion of the welfare state.



C. Austin Fitts: Oh, I see tremendous ways out of this. Government has gone to great lengths to make it almost impossible for small business to start up and succeed. That is a handicap which is government-engineered. You take that off, and there are explosive jobs and income that can be created with small business and small organizations including arts and culture; but you have to take that boot off.

I would much rather see you take the boot off than to have a welfare state. But if you leave the boot on, then people are pushing for the welfare state.

I forget how many pages of regulations just came out in the last 30 days, but the boot continues to pile up.

I'm going to quickly go into 5G. 5G is coming and, with it, virtual reality. We are seeing – with the improvement of the technical bandwidth – a skyrocketing of both EMF radiation but also the enormous multimedia and three-dimensional things that can be done with the technology.

I put on the web presentation my favorite link, which is the whale hologram jumping out of the school gym floor. Needless to say, the ability to create and manipulate reality is headed onto steroids, and it is going to start this year.

I also wanted to mention surveillance capitalism because the invasiveness of the technology just gets more and more terrible.



Every time I go to Europe I go through all sorts of machinations to keep my smartphone working with a new sim card every time I switch countries. The last time I travelled, I so had it with this technology that I said, “I’m not going to bother. I’ll just use Skype from my laptop to call. I won’t even bother to have a phone with me.” I’m so sick of this technology and how invasive it is.”

I noticed the Facebook accounts keep going up, which I can’t fathom.

Is there anything you wanted to add to those accounts?

Dr. Joseph Farrell: Yes. I think the surveillance capitalism is another aspect of human productivity because this is not productive in any ordinary sense, and the other thing is that robots can’t produce art. Robots can’t produce music that is human and that appeals to us at a basic emotional and passionate level.

The other thing about getting the boot off small business – and I really do hope that Mr. Trump implements an executive order and regulatory clean sweep to clear all of this stuff away to allow some small businesses to prosper – is I would much rather shop at a small business that is locally or regionally owned or a bank with a bank that is locally or regionally owned than with any of these large corporations for the very simple reason that they respect my privacy and I respect theirs.

C. Austin Fitts: Right.



Dr. Joseph Farrell: I think if that happened, Catherine, and you saw the boot come off and some small businesses rise, I think you would see a consumer rush from people who are aware of how invasive and intrusive this is getting to be. They would rush to those types of businesses and I believe that. I encounter more and more people who are fed up with the corporate surveillance, not just government. They are just fed up with it.

This is why I hate shopping at Wal-Mart and these big chains. I don't like them, I really don't.

C. Austin Fitts: The last thing that I wanted to mention in the economic section was how investors handle this much uncertainty. Without delving into it too far, when you look at the scenarios over the next five years, we are talking about extreme variability where you could see the Dow go up to 100% or go down 50% or even more than 50%.

You're looking at extreme variability both in the economy and in the corporate economy. Needless to say, the difference between organized crime and corporate America is that corporate America trades at a multiple of ten to twenty times earnings because people believe that the rule of law is relevant. If it doesn't, if it's just organized crime, then it is going to trade at a multiple of one.

Dr. Joseph Farrell: Right.



C. Austin Fitts: What I can't figure out is this: How do you maintain financial liquidity and leverage if everything is going to be lawless? It's one of the things that, when you work with an individual investor, they are trying to figure out how to protect their assets from the lawlessness. It's a big, big question mark.

It's one of the reasons I, for one, am glad to see business people in the Administration. We need people who understand how unbelievably destructive some of these things are to equity, whether it's a small business or a big business.

Frankly, the way to create equity in this society is to stop destroying it.

Dr. Joseph Farrell: Yes.

C. Austin Fitts: If you can get people who understand business to engage with the citizenry to stop destroying equity, given the controlled demolitions, we've got to create a lot of equity fast if we want to match the liabilities that are being destroyed and the human productivity that is going to be destroyed by that.

Anyway, I would just make a plug for a concern for the private investor.

That is the economy and financial markets. Needless to say, it sounds like we are coming into something more than just another year of slow burn; we are coming into real structural change. That's why I call it 'From the slow burn to the pressure cooker'.



Let's turn now, Joseph, to geopolitics. It's very interesting. We did the 2nd Quarter Wrap Up a day or two after Brexit. I remember you and I talking about how this was the story of the year. Well, the year had hardly begun in geopolitics.

Dr. Joseph Farrell: That's right.

C. Austin Fitts: So my bad call of the year was saying we should only spend ten hours on the election because you could figure it all out in the last week. Well, this election, interestingly enough, turned out to be something that inspired a real conversation.

Dr. Joseph Farrell: Yes.

C. Austin Fitts: There was real discussion of real issues, and if anything I would say that the big loser in the 2016 election was the corporate media. Whatever credibility it had left – and from the Gallup Poll we know it was low – it almost certainly got destroyed.

Dr. Joseph Farrell: Yes, it did.

C. Austin Fitts: It really did. I think that is one of the reasons we had a real conversation. The whole campaign conversation left the corporate media and entered into all sorts of independent media and direct, intimate discussions between people.

Dr. Joseph Farrell: The way I look at it is that this election – and I think I said this in our 2nd Quarter Review or at some point – was really a referendum.



It was a referendum of several things. It was a referendum on globalism versus national culture, or multiculturalism versus national culture. It was a referendum on national sovereignty. It was a referendum on what financial model we are going to follow – whether it is going to be finance capital or the equity capital. It was a referendum on a lot of things, but I think that was a major part of it, Catherine. It was a referendum on corporate-controlled media propaganda versus the new and rising Internet media.

On all these counts the globaloney crowd was just drugged; they were handed a resounding defeat.

I'm right there laughing with you, too, because the other thing about this election – and it began with the Brexit vote – was that it was an interesting phenomenon to watch. People all over the world were watching that vote and discussing it. So even though it was a vote that occurred in Great Britain, it was an international vote on precisely the same things: It was a vote on their corporate media versus the social media. It was a vote on globalism versus nationalism.

In other words, all the things that Brexit was, the recent US election was. I think this is a big clue as to what we are going to see happen this year. We have major elections to watch coming up in France, and then Germany and the Netherlands. These are all large economies. The rising opposition in those countries to the same sorts of things that we've seen here – the multiculturalism, the immigration crisis, and so on – are playing out in almost exactly the same way over there.



The Dutch courts convicted Geert Wilders of hate speech, which is totally nonsense. The only thing that did was make him rise rather dramatically in the polls in the Netherlands.

The way I'm looking at this is I think we're going to see the same thing that we saw with Brexit and with the American election. I think we are going to see the same things play out in France. We've already seen indications in France with Nicolas Sarkozy attempt to run again and capture the nomination of the French Republican party and, of course, was handily defeated. Marine Le Pen, conversely, now stands at about 44% in the last poll I saw, which in French politics is huge.

So it looks like Mr. Global is suffering everywhere. If Merkel wins her election attempt, Catherine, I think we are going to see a very weak government from her. I don't expect it will last. It all depends on whether the social Democrats are going to try to remain in her coalition government or if they are going to put up someone to run against her. Right now it's looking like they plan to stay in the Merkel government, but I suspect we are going to see some major policy shifts from her. In fact, we are already seeing signals of it. The German Defense Minister recently went to Saudi Arabia and flatly refused to wear any Islamic garb or anything similar.

I think we are in for an interesting year geopolitically. I think we are going to see the same issues play out all over again in those European elections.

C. Austin Fitts: I was in Europe from late October through the election. It was amazing to me how intensely interested the Europeans were in the American election and how closely people were following it.



It shows you what a significant impact the Federal budget and Federal credit has on the entire global economy; it is very much a global empire in terms of its financial and economic impact.

I was looking at a map, and saw that when you unpacked the numbers on the election, the Democrats won Washington, Wall Street, Silicon Valley, Hollywood, and places that the Democrats had flooded with immigrants and people who were getting government subsidies in those areas.

Dr. Joseph Farrell: Yes.

C. Austin Fitts: Essentially, people on welfare in the urban areas, Wall Street, Washington, Silicon Valley, Hollywood, and the immigration that they swung in over the last 10-15 years was all the Democrats received. Geographically, if you look at the United States by acreage, what is interesting is that Wall Street, Washington, Hollywood and Silicon Valley all deal with products, which are invisible. They skim their profit from the work of the people who do concrete things.

The truckers, the farmers, the people who do oil and gas, the grocers, the electricians and the plumbers, and all of the people who do the concrete functions and who build the roads and maintain the bridges, all those four mentioned groups are skimming these people.

Dr. Joseph Farrell: It's a demographic trend. We've seen it growing in this country ever since the first Clinton Administration where the so-called red counties and blue counties show you the massive divide in the country.



Geographically by sheer land area, the country is predominantly red. By sheer population centers and so on, the blue counties hover and cluster in these little pockets around the country.

The interesting thing that I think we are going to see, and we have already alluded to this in our comments about the voting fraud, Catherine, is that the traditional democratic coalition – the demographics that support the Democratic party – are now incredibly soft because you saw people getting in the Trump campaign across almost every demographic group. He had young people, old people, women, minorities, and so on. It was really an immense change and shift. I think this is also what they are afraid of.

Bill Clinton himself came out and said it during the campaign that the Democrats cannot continue to ignore the constituencies of the red counties; otherwise they are going to go down in massive defeat. If I recall correctly, President Clinton even advised Hillary to go to some of the states that she thought were secured in the Democratic column – Pennsylvania and so on – and they turned out not to be. So they are in a world of hurt.

The geopolitical aspect of this is what fascinates me because this election, I think, is going to rebound across the oceans. I really do. I think this is another reason that you see the confidence you find in France with people backing Marine Le Pen.

C. Austin Fitts: I agree.



Dr. Joseph Farrell: I think it's the reason you see the confidence of people backing Wilders in the Netherlands, and the reason you see Angela Merkel looking like a sorry sack of potatoes every time she is on TV now. She is having to change her policies faster than particles in the Hadron Collider, and she looks to be doing this, too.

Whether or not the Germans are going to see if this is a sincere heartfelt change or just a change for getting back in office, that is another matter. Even if she does get back in office, I think we are looking at a very, very weak government out of her in the future. I don't even expect that that will last.

There is something else you mentioned in your introduction to the geopolitics, and it is something that I have noticed, too. I did my News & Views video on December 29th about this thing that you've noticed. You stated in what you sent me, "Assassination as a tool of statecraft was not to be missed in 2016."

I have to be honest with you. I think what we're looking at is what I've been calling a new international mafia war, and it has just begun. We've seen the murder of the Greek ambassador to Brazil, Mr. Amiridis. We had Yves Chandelon, the NATO auditor general, murdered three days before Obama made his retaliation against Russia's statements. Then three days after that we saw the assassination of the Russian ambassador. In Turkey we saw the downing of the Russian airliner carrying the choir to the Russian soldiers in Syria on Christmas Day.

I think that what all of this represents is that Mr. Global has now decided to start playing rough. Not that we haven't seen these types of covert operations before, but what makes this qualitatively and quantitatively different is the size and scale of it and the targets.



Ambassadors are now fair game, and what I think this means – and I’ve said it for years – is that covert operations are a game that two can play. Don’t expect the Russians or the Turks to sit back and take this lying down. That is number one.

Number two, I think what you are going to see in the coming year, if not for a much longer period as Mr. Global has resorted to these means to retain power, is what I’ve been calling a full-scale mafia war of international extent. It is gradually going to not just snipe at the underlings and the family, but eventually it is going to go all the way up to the capos.

C. Austin Fitts: Right.

Dr. Joseph Farrell: This is what I think we are going to see, and we need to understand a very, very profound thing here. If I’m correct in this high-octane speculation, this is going to transcend national boundaries. This is going to be something where the alliances are going to be peculiar. There was even a story that the Saker put out that was speculated on by somebody else. I put up a blog about this as well. Russian GRU Spetsnaz agents may be running security interference for Trump.

I personally don’t doubt this. It’s not that I’m thinking that Trump himself is personally aware of it, but rather that this is something that the Russians may be doing simply to protect someone who they think would be much more amiable to them than the Mr. Global crowd.



This is going to be a period where the alliances and patterns are going to seem very, very strange. You have the globaloney crowd in every one of these countries, and the national culture sovereignty crowd – for want of a better expression – in all of them. You are going to see some very, very strange patterns and alliances that are going to defy conventional labels and modes of thinking over the next few years as we watch these international mafia wars play out.

I really do think that this is a pattern that we've seen in the final weeks before the transition of administrations that is not going to go away; I think it is going to increase. They've tried everything else, and now they're trying this. Eventually, by starting that kind of war, they have put themselves up on the target list. So don't be surprised if you see some very interesting things.

C. Austin Fitts: I do look at this from the prism of productivity. I think the national crowd is not just nationalists. If you look at the global crowd, they are sitting at their desks skimming, and the national crowd is responsible to make sure that things work bottom-up so that the trains operate. If the military gets sent to war, I think the military wants to make sure they can win. They feel that the globalists are living in la-la land and are pushing policies that are not possible in the material world; they don't make sense in the material world.

They are watching productivity fall, and they are saying, "The time has come to assert adult supervision here because this is not making any economic or cultural sense." It's completely defiant of common sense. I think the globalists have gone mad together.



Dr. Joseph Farrell: I'm in total agreement with you. I'm absolutely in agreement with you here because this is the other thing that I think we have to understand about these elections that have taken place – Brexit and now the American elections. I'm relatively certain we're going to see some surprises with the French and Dutch and German elections.

You're looking at yet another contest that these elections represent, and that is between sanity and insanity, between human and inhumanity as you've very astutely observed about this. This is really what the contest is about.

The global people, by launching these kinds of covert operations, have done nothing but paint a huge target sign on them.

We discussed the other point. You mentioned the hand of the deep state is becoming much more evident as the corporate media loses its influence. This brings me to the domestic aspect of this warfare, which is, in large part, ideological. I'm quite convinced that there is a deep state faction behind Mr. Trump.

It's not only the businesses that have suffered from the loss of middle class discretionary income, but it's also a faction within the US military that has been looking at these failed policies of the last 30 years seeing the same thing – the waste in the Federal budget and getting these weapons systems and paying billions of dollars for them and they don't work.

I think that there is a strong intelligence faction behind Trump. I think probably based in agencies other than the CIA, the NSA, the Department of Energy, and DIA and so on; his military picks have been very, very interesting.



They represent this faction – Tillerson for Secretary of State and on and on we go.

The deep state is behind him. There is no doubt in my mind. I think you're going to see this sort of thing reflected much more on the international field. I think we can fairly safely assume that when we look at France or the Netherlands or Germany that we're seeing similar deep state factions in those countries questioning the current leadership and its policies and adherence to the same globaloney group of people who we saw behind Hillary Clinton.

This is going to be a huge paradigm shift as we're restructuring everything. The politicians, who don't get it and can't live with that, are going to go the way of Nicolas Sarkozy. They're going to go down in flames before they even get near an election.

C. Austin Fitts: What's interesting is when the elections started, I was appalled that anyone would vote for Donald Trump, having lived in New York and shared the same PR communications company with Donald Trump. I was furious that anybody would seriously consider voting for Donald Trump.

Then as the election went on and he continually made a good deal of sense, I would listen. The people who persuaded me to vote for Trump are the people who came out against him. It was the Republican establishment that persuaded me to vote for Donald Trump. The more I listened to them, the more I was appalled at their complete indifference to the harm that they had done to people all over the world, including in America.



The stupidity and the privilege and the hubris of the American establishment – I’ve been lucky because I left Washington many, many years ago. The hubris has done nothing but continue to get terrible.

I finally realized that if there is no way that you could change a negative return on investment system, then blow it up. It was Michael Moore who gave me the expression, “Donald Trump is a Molotov Cocktail.” I said, “Terrific! Let’s throw it!”

Dr. Joseph Farrell: I had the same reaction to Trump that you did, Catherine. The more I listened to the opposition and the more I listened to the Republican elite and the Democratic elite, the more I thought that this was insanity that was born of hubris. It’s living in its own virtual bubble, and they don’t care what they do to other people.

Ultimately, of course, that hurts them. If they don’t have people to sell their cars and iPhones and everything else, then they are cutting their own throat. So the insanity of it is what gets me.

We’re seeing the same things in Europe. Sweden is falling apart because of insane policies that are insane. We’re seeing similar reactions in other countries.

Renzi in Italy is suffering the Constitutional Referendum defeat that he experienced. The signs are all there. People are fed up.

I’m quite certain that with these factions that we see behind Trump that you are seeing the same thing.



Let's go back to the fact that prior to the Brexit vote, the Queen summoned the Vice Premier of Great Britain to Buckingham Palace for tea and dinner. She began to query the Vice Premier on the benefits of the EU. It was clear that the queen didn't like this.

I stopped and thought, "This is the British monarchy here; this is the most powerful and one of the wealthiest families not only in Great Britain, but in the world."

In the EU, what happens to their privileges? They go right out the window. So I have no doubt that even very conservative institutions like the British monarchy are looking at these globaloney policies and calling them out for what they are: They are anti-people, they are anti-human, and there is nothing about them that makes any sense.

I think we're going to see some monumental upsets in the coming elections, particularly in France. If France votes Marine Le Pen in and Germany votes Merkel back in, I think that the EU's days could be numbered. I really do.

The other thing that we need to note about geopolitics as far as Europe is concerned – and I have a lot to say about the Pacific, too, so brace yourself – is: I read an article, Catherine, that someone sent me from Germany about German businessmen doing a complete runaround of Berlin and continuing to do all sorts of deals with their Russian counterparts. Then, a couple of days later, someone from France sent me an article about how France is making all the quiet moves to start doing some real business with Russia once again.



In other words, there are little clues already that these European countries are going to bolt from the globaloney agenda. What that means for the future of the EU is the really important question. Like you pointed out earlier, if the EU does effectively become nothing but a paper entity, what does this mean for the euro? If that happens, and if Merkel doesn't get her Trans-European army like she wants – and we all know who is going to be in charge of that – and under Marine Le Pen I have my doubts about her getting the army. She, in that sense, could be viewed as a traditional Gaullist.

If this happens, then the euro is in deep, deep trouble. Deutsche Bank is already in serious trouble, and I don't expect that the rest of Europe is going to rush to bail them out. So we may see a return to the d-mark. This may be the ultimate reason behind Germany trying to repatriate its gold. There are all sorts of ways that this could play out. We're reading tea leaves but I think the Merkel government is weak. If it gets back in, because it's weak, I think the EU is correspondingly weak. It's a shame that Great Britain doesn't have a stronger Premier right now than Mrs. May, but things are going to be very, very interesting in Europe in this next year. It's going to tell us much about where the direction of things is going to go.

C. Austin Fitts: We'll shift into the multipolar world, but one thing that I wanted to mention before we finish the election is that at the end of the election over Christmas time, I noticed that one of the top viewed videos rocketing through the internet was Trump's granddaughter reciting a Chinese poem in Mandarin. I think it's very telling that Trump's grandchildren, whose grandfather is a billionaire and their father is a billionaire but they are learning Mandarin at a very young age.



That signifies much about where the world is going and where we need to go if we want to be part of it. I thought I would mention that because I thought that was a nice little giveaway.

Another thing that was interesting was a post by Robert Steele, as a former CIA operative, who sent a Christmas message to the new Administration. One thing he pointed out was that it was a relatively small percentage of the electorate that voted for Trump. It brings up the question: If we're going to get back to productivity, we have to find a way to build alignment. I think the only way to do that is at the local level.

If we are going to get back to productivity, it means we all to have to start communicating it. It's tough. I recently came from a discussion with a local group, and we are a population that has been worked over by many different ideologies. There are a lot of 'divide and conquer' operations that have been going on, and people are still hurt and angry. That is why I think it is so important that we get a better map of what is really happening.

Let's shift to the multipolar world now. I was astonished this year to see Brzezinski come out with an article saying, "Okay, it's over. It didn't work. Let's move on to a multipolar world."

So even the people promoting the unipolar empire have given up.

Dr. Joseph Farrell: I noticed the same thing, and it is interesting. You mentioned Putin's warning – the full speech at the St. Petersburg International Economic Forum in 2016. You later mentioned the shift back to a Judeo-Christian basis of the civilization.



I recently put up President Putin's Christmas message. Have you watched that?

C. Austin Fitts: Yes, I have.

Dr. Joseph Farrell: I would urge everybody who is listening to our discussion to go online and watch that five-minute Christmas message that President Putin gave because it's very clear that he is trying to emphasize precisely those types of things. He did so in a way that took direct aim at some of the phenomenon that we've seen emerge in Western culture, particularly in the recent administrations in this country and various governments in Europe in the last 30 years.

He takes direct and deliberate aim at these trends. What this represents regarding our big picture and the shift to the multipolar world and the geopolitics is that I've been saying for many, many years that Russia was going to play the soft power card. We see evidence of this with the use of the Patriarch of Moscow to go around the world and meet privately with political leaders and so on. We've seen the Patriarch of Moscow emerge as the orthodox equivalent of the papacy in so far as the use of it as a symbolic political soft power institution. Certainly the Patriarch doesn't claim nor want any papal powers or privileges or prerogatives or doctrine or anything like that, but we definitely see this pattern emerging.

What I think it represents, Catherine, is this is so incredibly Byzantinely clever of the Russians. What they're doing – as far as I can tell – is deliberately trying to appeal to more conservative and traditional cultural and political elements in the West that think more or less the same way.



I go back to my international mafia wars. As we discussed earlier, we are going to see some very, very strange alignments coming up in the next decade where our conventional labels and our attempts to pigeonhole people into various ideological paradigms – Keynesian versus laissez-faire capitalism or right versus left and so on– are going to become increasingly meaningless in this world. We are watching international alignments taking shape that are very, very different from what we've been accustomed to, and Russia is playing this game very, very well.

The other thing about Brzezinski that strikes me is not that he would come out and state this, but more particularly we've seen someone else reemerge on the world stage, and that is Mr. Kissinger. This began a few years ago. You will recall when he went to Russia and made his statements in quite open and deliberate opposition to Brzezinski that the United States had to quit demonizing Russia and start to try to coexist.

More recently Mr. Kissinger has been reviving something that you and I have talked about in the past, and that is the Peace of Westphalia – the treaties that were signed at the end of the Thirty Years War in 1648. It's interesting that Mr. Kissinger is deliberately invoking this image.

What I think this portends geopolitically as far as Russia is concerned and as far as the possible foreign policy that we may see from the Trump Administration is, Kissinger has it right: The United States is going to have to move very closely to Russia. In fact, we are going to have to get so close to Russia that it offsets China and that relationship.



I think we've seen certain moves in Russia and more recently in Japan that indicate that this might be in the cards. Of course, we just had the Onsen Summit between Mr. Putin and Mr. Abe in Japan. The day after that, they had billions of dollars' worth of deals. This presages some big geopolitical shifts in the future.

I don't think Russia is going to abandon its relationship with China, but I do think that you are going to see the United States try to make up for lost time and move much closer to Russia in terms of trade and so on.

The soft power card is going to be very, very crucial because it's going to be interesting to see how Russia plays that and to the supporters, not only of Mr. Trump, but also in Europe and to the reaction against the immigration crisis there that you see with Marine Le Pen and Geert Wilders and so on. I think you're going to see some openings there with those groups, even if they do not obtain any kind of political power. This is a long-term thing.

C. Austin Fitts: So let me ask several questions now because the Brzezinski grand chess board theory was that you throw up scores of blockages and you make sure that Europe and Russia don't get together. So that was the neocon strategy, if you will. Now what we're seeing instead is bringing, in essence, the Judeo-Christian world back together again, saying, "We have more in common with Russia; let's bring Russia, Europe, Israel, and the Anglo-American Alliance back together again."

Dr. Joseph Farrell: Right.



C. Austin Fitts: It's a world organized around aligned cultures as opposed to geography.

Dr. Joseph Farrell: Exactly. It is a world that is aligned according to cultures. That is a direct challenge to the globaloney dream of their engineered, artificial multiculturalism, which has been – in my estimation – nothing but an attack on Western civilization.

I think it's very important that when we use the term 'Judeo-Christian civilization' that we have to understand those terms in a philosophical sense that is composed of three basic fundamental elements. I've emphasized this over and over again, but I think it's important to refresh our memory.

The first basis of our civilization comes from the Old Testament and from the idea of covenant from the concept of contract. The nature of that covenant began the legal speculations and theories in the Middle Ages that have led to our system of law and juris prudence. Of course, that covenant is what a lawyer would now call an adhesion contract. In other words, it is a contract between two parties who are unequal in their power and status. It's not a normal type of contract, but nevertheless the centrality of the idea of the freedom of individuals to enter into a contract and undertake certain obligations and obtain certain rewards for certain specific performances is basic to Western society. We wouldn't have our economy or even our scientific progress without this central notion.

The other thing is, of course, Christianity and the fundamental role that the conceptualization within theology of the Doctrine of the Incarnation played.



Quite literally in Christian theology, you have a “Logos”, which in Greek is an extraordinarily broad and deep term. It means not only ‘mind’ but rational principle of literally everything becoming flesh and living amongst us.

This has huge metaphysical long-term philosophical implications because, what it does, is breaks down the barrier – the old ancient idea that there are heavenly laws and there are earthly laws that the cosmos operates by. You have a two-track system, but in that conception you are really saying that whatever is true scientifically or philosophically or metaphysically is true in the whole universe. This is a profound metaphysical principle that allows the development of Western science.

The other thing that it sets up is in Latin, the Greek word ‘*logos*’ – rational principle – can be translated by two words: ‘*verbum*’, which is the word that is used in the Vulgate, or at other times in Latin, it can be translated as the word ‘*ratio*’ or ‘*proportion*’. It is a mathematical term, as well.

The interesting thing politically that this concept at the core of civilization does is sets up the idea of a reasoned faith. In other words, you’re setting up the possibility of a reasoned opposition or a reasoned disbelief in that principle, and therefore you are also setting up the potential for humanism, which is the third essential core to Western civilization – the renaissance humanism when you began the long philosophical process of the examination of some of these things like the free and critical inquiry.



There are these components that I think are at the heart of our civilization. If you look at the principles around which Mr. Globaloney has tried to engineer everything, they are completely artificial, they are completely inhuman, and this is why we see the conflicts in Europe with the immigration crisis. How can you import an unreconstructed medieval barbarism into the heart of Europe and expect it to adhere and integrate itself into your culture? You can't.

It is interesting that Putin very deliberately and very subtly, in a non-polemical way, made each of these points the critical components of his Christmas address.

So the soft power card, I think, is going to become an increasingly crucial central part of what we are going to see happening in the next few years – at least in the West, not necessarily everywhere else. But this is at the heart of what we see going on in Europe with the opposition movements to all of this because we need to understand that these movements aren't simply political; they are cultural. That is ultimately what they are about.

The Dutch want to preserve their Dutch culture, the French want to preserve their French culture, the Germans want to preserve their German culture, and Mr. Putin made it very clear that this isn't a crime.

C. Austin Fitts: I've been in the Netherlands for a fair amount of time during the last two years, and when the Dutch say that they want to preserve their culture, it is also very much related to economic productivity. The Dutch culture is phenomenally economically productive.



I'll never forget when I came in from Zurich on the train, and it was late at night. We stopped at the store to get some fruit before I checked into the hotel. It was a store run by immigrants, and they were very rude and very unhelpful.

I would say that however well their store was going to do, if you behave that way, your store is not going to do anywhere near as well as it might. But it was a very unproductive behavior. My Dutch friend just rolled his eyes and said, "A Dutchman would never do that," and I agreed: A Dutchman would never have done that.

Dr. Joseph Farrell: Or a Frenchman or a German or an Austrian.

C. Austin Fitts: Well, a Frenchman might have.

Dr. Joseph Farrell: Maybe in Paris, but not elsewhere.

C. Austin Fitts: Right. Not in the country, but a Parisian would have done it.

This productivity concept is: Culture and Economy are two sides of one coin. I think part of it is true, just like a business needs to operate on a model, a society needs to operate on a model. If you have more and more people coming in who don't operate on your model or operate on a model which you find highly unproductive, that is a very big problem.

Dr. Joseph Farrell: Exactly. Getting back to Putin, it was interesting that in his remarks, he made it very clear that the attempt to demonize people who want to stand up for their culture – and he made it clear that this was the majority.



In other words, he comes very close to saying that it's not a crime to stand up for your national culture. He made it very clear that Russia is going to do this.

I think we are looking at yet another kind of paradigm shift from this artificial model of multiculturalism. This is why I found Mr. Kissinger's remarks so interesting – getting back to a Westphalian model. What that model in effect says, is that you respect and honor the national culture, and that would include, of course, the religious preference because this is what the Treaty of Westphalia did. A Catholic princess had to recognize the rights of their protestant minority subjects and vice-versa.

That ended that long period of the religious wars in Europe when everybody finally woke up and said, “We're really fighting against a common cultural heritage that we both share.”

It is interesting that Kissinger is reviving this idea and is talking about it. What that really is, I think, is a recognition by someone who could certainly be called a globalist and that the paradigm that we've been following hasn't been working.

C. Austin Fitts: Let me play devil's advocate for a second. Part of the tension between Russia and us is that Russia is our greatest competitor, arguably our number one export business globally are weapons.

Dr. Joseph Farrell: Right.



C. Austin Fitts: Russia is our number one competitor on the weapons front, and it's a fierce competition. It's now expanding into space. So there is a serious win-lose kind of competition going on, and I don't know if this Administration is going to change that.

Dr. Joseph Farrell: I don't think in terms of competition over weapons exports for a very simple reason. If you look at the pattern of Russian weapons exports and technology exports going all the way back to the Soviet era, the Russians never export their top line equipment ever. They just came out with their new Armada tank which is probably the best tank in the world right now. Well, they are not going to sell this thing, especially so that we can buy one on the black market somewhere and take it apart and find out what makes the thing work.

They certainly are not going to sell their latest fighters – the Mig 35 or these types of things. They are going to sell their second-hand “We don't need this stuff anymore. You can have it” items.

I don't think there is going to be that much of a competition there. I think the areas where we have to be wary of Russia is what I've been calling the ‘GMO geopolitics’ because they are very cleverly coupling a lot of these issues to this whole ‘soft power’ card that I see them playing. I think they are trying to position themselves to speak not only for Russia, but to position themselves to be somewhat the example or world leader to the disenfranchised groups that they see elsewhere in the West. That is why I think these elections are so critical and why you see the turn within these countries – the Brexit vote in Britain, the Trump election in this country, and why you see people turning away from the Globaloney crowd. They realize that if they don't turn away from them, they will be disenfranchised completely.



The geopolitical game is going to be very, very interesting to watch and it's going to become very bizarre,

C. Austin Fitts: There are two other things that I want to mention that intrigue me about all of this. I spent a lot of time, as I was preparing the Annual Wrap Up, looking at the unipolar group and what their vision was, and the new Administration and what their vision appears as it may emerge. What is interesting is that they all have one thing in common, and that is that Islam is the odd man out.

Dr. Joseph Farrell: Yes. I've been saying that for many, many years – and don't get me wrong; I'm no friend to Islam the religion. The people are a different matter. I make a very clear separation in my mind between the nature of the thing and the people in it. That's an old Christian distinction – person and nature.

I've been saying for many years that I've had the feeling with events-if you look at the broad pattern of them since 9/11-that Islam was being set up for a fall. You can't have a global world with an entire culture within it that is locked into an unreconstructed, unreformed, unenlightened medieval barbarism. You just simply can't.

The problem is of the West's own making. Islam has been prevented from listening to its own scholars who had been advocating a reform of the religion and of the institutions of the religion for quite some time. This goes back to World War I. We had Max von Oppenheim advocating that Islam and its radical weapons be weaponized in the cause of the central powers in World War I. That is when we had the first fatwah for jihad. The Sultan of Turkey, at the time, issued one.



Of course, under Islamic law, he didn't even have the authority to do so, but he nevertheless did.

The other thing that came out of World War I was voices within Iran that said the same thing, "If we are going to be part of the modern world, we have to go back and take a thorough look at some of our foundational principles."

It was the interference of Germany that quashed that movement, so it has always been the West. Again, in World War I, the British supported the Saudis, the Wahhabis, who were struggling against the Ottoman Empire and ultimately set up Saudi Arabia.

So it has been the West that, to a large extent, has been behind much of these radical movements. Increasingly, therefore, Islam has been set up for a fall. You don't see the West backing any of these voices for reform. As a matter of fact, you see the opposite. We've seen it as recently as the Obama Administration helping to fund and arm ISIS in order to overthrow Bashar Assad in Syria.

We, ourselves, are to blame for this, and now it's looking increasingly like they are going to pull the plug on that whole operation and leave the Islamic world dangling. That is a very dangerous thing, too, in many respects, geopolitically.

Iran could step in to fill the void. The Saudis are under tremendous internal cultural and financial pressure. Their attempts to stabilize the regime by some military adventurism haven't panned out. So it's a dangerous time as far as that goes.



I think that we, in the West, are going to have to own up to our role in this. We have to start supporting and being aware of the voices for reform in the Islamic world. Otherwise that's a powder keg, and it could all blow up. We certainly don't want that to happen.

This brings us back to our Treaty of Westphalia and Mr. Kissinger. Even in Saudi Arabia, believe it or not, there are voices for reform. I read an article last year that really interested me, Catherine. There was a Saudi prince – and I forget what his name was – who wrote an open letter that was a plea to the West that we need some sort of Peace of Westphalia understanding. I think that is an indicator of just how severe the hardline Islamic world is feeling some pressure, and I only think that this is going to increase.

C. Austin Fitts: The next thing that is happening is China reaching a size and a stature in terms of financial flows that they have the risk at any given moment of overwhelming particular situations and markets. A year or two ago, I had the documentary *Red Obsession* about the Chinese buying up the Bordeaux wine market on the Solari Report, and it's a perfect example.

This year we saw a Chinese billionaire going into Hollywood ready to make big investments in the movie industry. If you consider the number of movie-watchers that China has, several years ago they passed us in terms of the software purchases at the Apple store. So we're going into a situation where the risks of getting out-powered by Asia as they converge with us on a per capita basis are growing and we will be feeling the effects of that in 2017.



Dr. Joseph Farrell: I'm so glad you raised the China-USA, rebalancing, the South China Sea, and all of these questions because I think with respect to China, Asia, and the Pacific Rim, we can play this smart or we can play it badly. So far we've been playing it very badly.

I think the United States, if it plays its cards intelligently with the incoming Trump Administration, has a golden opportunity for some good trade deals with countries like Indonesia or Malaysia, and particularly with Vietnam. The reason I think this is because those countries look at China and at this enormous colossus – both financially and militarily – staring down the barrel at them. With those countries, particularly Vietnam, you have a long history of no love lost for China. I think you're looking at a big opportunity here.

The other thing that I think is a very, very interesting development that we've already briefly talked about is the recent summit meeting between Mr. Putin and Mr. Abe. What really intrigued me, Catherine, about that summit was that Japan apparently did not even bring up the issue of the Kuril Islands, which are those disputed islands that Russia seized at the end of World War II.

Instead, what Abe apparently proposed was allowing the Japanese to have free access to those islands. Mr. Putin's response was, "That's fine just so long as they understand that they are subject to Russian and not Japanese law."

A day later, after the summit was over, I was predicting this to happen in a matter of weeks but not the next day. The Japanese and the Russians announced that they had signed no less than 23 trade deals representing billions of dollars of Japanese investment in Siberia.



What I think is happening, Catherine, is that you are looking at Japan and Russia saying, “Okay, the Kuril Islands have been a sticking point between our two countries to negotiate a formal end to World War II”, and believe it or not, they are still at war.

The interesting thing is that they both agreed to use the Kuril Islands as a free trade zone, the ‘interface’ between Japan and Russia, to allow these trade deals to go forward. In other words, the Japanese are betting on economic development of the Kuril Islands with cooperation with the Russians, and that is going to be their template model for how they are going to approach their deals of Japanese investment in Siberia.

This is interesting geopolitically because the United States, of course, was signaling to Abe that they were very displeased with his planned summit with Mr. Putin. The Japanese went ahead and did it anyway. So this was a little bit of a thumb in your face.

Then Abe decides to go to Hawaii. He is the first Japanese leader to do this since the end of World War II. He didn’t say anything, but he was there. In other words, he is playing his own diplomatic game and is becoming very independent.

On Russia’s part, this is even more interesting because I think Russia – and I’ve been maintaining this for several years – is looking at Japan, not only as a source of capital for their plans to expand the infrastructure in Siberia, but, by the same token, as a counterweight to China’s investment in the region.

C. Austin Fitts: Yes.



Dr. Joseph Farrell: This is very, very clever. Now, why am I belaboring all of this? Because Kissinger saying that the United States has to become closer to Russia than to China – and he has come out and said that. In other words, the United States has to be the counterpoise to growing Chinese influence. The way to do this is to cozy up to Russia.

Look at what Mr. Abe has just done. Mr. Abe has just positioned Japan to be the mediator, so to speak, in any sort of rapprochement.

We are looking at a big geopolitical realignment just beginning in the Pacific. If Trump is smart, I think he will see this as an opportunity to expand trade, not only with the up-and-coming nations in the Pacific Rim, but I would certainly include Australia in that as well. I think you are going to see some very interesting moves from Mr. Trump in the Pacific. The reason I say that is we had a hint of this when he took the phone call from the President of Taiwan.

C. Austin Fitts: Absolutely.

Dr. Joseph Farrell: Here is what I think could happen: They might apply this Russian-Japanese template to Taiwan in order to assuage Mr. Xi's fears in Beijing and create a dual trade zone and allow the Taiwanese to keep their own sovereignty and laws but have the mainland Chinese with free access and vice-versa.

This is going to be an interesting thing to watch, if I'm correct.



C. Austin Fitts: Here is what Trump is going to have to do: He has to keep control of the sea lanes in the South China Sea because that is the center of the trade routes right now. If he doesn't do it, then the US currency is on its way down. The rise of the US as a naval power and with it the rise of the dollar on the international stage began with our getting control of the sea lanes in the Caribbean Sea long ago.

Dr. Joseph Farrell: Yes.

C. Austin Fitts: I believe the phone call with Taiwan was not an accident.

Dr. Joseph Farrell: No. It wasn't an accident. It was very deliberate.

I listened to some talk show hosts in this country who were absolutely berating him for that. I, on the other hand, think it was a very, very clever thing to do because I think he is trying to position himself as a mediator go-between, and try to follow Abe's lead.

The other thing that I think we are going to see is Japan making a very, very smart move by trying to open up discussions with Russia to the extent that it did because, of course, Mr. Abe has begun the rearmament of Japan. So you are also going to see him use the growing Japanese military power as a means of helping control the South China Sea.

Japan is playing it very smart because, by opening up to Russia, they have a much more secure, much closer energy supply so they are not dependent on the United States to the extent that they were. This gives them a great deal of leverage.



The Pacific is going to be a very, very hot geopolitical area. I think it is going to be very interesting to watch. I fully expect that, because of China's growing menace in the region, you are going to see India get in on this bandwagon, as well, because India and China, of course, have a long history of conflict.

To put it in a nutshell, we may be looking at the breakup of the BRICSA block and the realignment of that whole region around a triumvirate of Russia, Japan, and the United States and possibly India confronting China. It's going to be very interesting.

I don't think that the Chinese are going to be stupid enough to respond in a militaristic way, and there has been another development that we need to mention too, that just appeared recently. There is an article out that China is planning a decapitation move against North Korea. That may sound rather strange since they've been kind-of quiet backers, but I think there is some possibility that this may be the case. There has even been quiet talk of joint Chinese-American-Russian decapitation of North Korea.

The reason is that regime is just about as wacky and nutty as Saudi Arabia. For the Chinese to go through with their plans, they need a stable region. North Korea isn't going to help. I think you are going to have to look in the coming years, very carefully as to how the Korean situation is going to be handled.

C. Austin Fitts: Part of the traditional problem is the Chinese don't want the population moving in.

Dr. Joseph Farrell: Right.



C. Austin Fitts: I want to turn to a subject that is near and dear to yours and my heart. One of the reasons we all love Giza Death Star is because we can bet that we're going to hear it there first. Sure enough, earlier this year, you started to say, "What is going on in Antarctica? What is going on in Antarctica?"

Sure enough, we are seeing a beaten path of world leaders to Antarctica, and very strange questions about what is going on in Antarctica. So tell us, Joseph, what in the world is up with Antarctica?

Dr. Joseph Farrell: You know, Catherine, the more I look at this story, the more bizarre it gets.

When Secretary Kerry went down to Antarctica, I thought, "What in the name of sense is this for?" The state department put out this ridiculous story that he was interested in climate change data. But, he is the Secretary of State! He can make a phone call and have somebody deliver all of the data to his office in Washington, DC. He doesn't need to fly to Antarctica.

He does this primarily on a diplomatic tour. In other words, in the middle of a diplomatic tour, we have this senior diplomat of the United States going down to Antarctica. So that raised the possibility in my mind: Is he going there to study climate change data, or is he really going there for some diplomatic purpose? If he is going there for a diplomatic purpose, who the heck is he talking to?



Then within a matter of days, Buzz Aldrin goes down there. Before Aldrin left he tweeted, “We’re ready to go to the Launchpad.”

You can take that two ways: The most obvious way is he is just being an astronaut and, “I’m about ready to board the plane.” The other way is, “I’m going to Antarctica.” Is Antarctica the Launchpad that he is talking about? Why do we have an astronaut?

This comes within a couple of months of the visit of the Patriarch of Moscow to Antarctica. The Russians put out this story, “He is going down there to bless a chapel.”

Well, if you know anything about Orthodox Church practice, you will know that any orthodox bishop can go down there to bless a chapel; you don’t need the Patriarch of Moscow down there to do it.

I began to think, “Why is he going there and why Buzz Aldrin, Secretary Kerry, and the Patriarch of Moscow?” I started doing more digging, and I had many people send me articles. Apparently King Juan Carlos of Spain, before he died, had been to Antarctica. Prince Harry of Great Britain had been to Antarctica. You have all of these world leaders going down to Antarctica.

The bottom line, Catherine, is that there has to be some other reason they are all going down there other than the ostensibly stated ones that we’ve been told in public. So the question is: What is it?

As far as I can speculate, I think it has to be one of two things.



I noticed in your notes that you pointed out, there is a massive gravitational anomaly lurking between the ice and the surface of the actual continent itself, and that is true. There is a massive gravitational anomaly. Most scientists think it is some kind of large meteor impact that imbedded itself underneath the surface of the continent eons ago. That takes me back to that Martian meteorite they found in Antarctica when President Clinton announced during his first Administration: “We’ve now found some conclusive evidence that there may have been life on Mars because of all of the little fossils that came from this Martian meteorite.”

I’m thinking it has to be they’ve made some sort of discovery in Antarctica that is perhaps cosmologically significant, or significant from the standpoint of human history. My guess would be that it is either something like that, or two other things: They found some type of off-world technology down there, thinking of the *X-Files* scenario, or – and this would be my real bet –t they have found some kind of evidence of a very ancient human civilization, and probably a sophisticated one under the ice in Antarctica.

The reason I say that is, of course, because if there is any place on Earth that would be the location of Atlantis that people have been looking for for millennia, it’s Antarctica. And if there is any one place on Earth that would seem to fit the basic bill of a continent buried or submerged underwater, it would be Antarctica because it is submerged underwater. I think this is partially the reason for the Nazi expedition prior to World War II. I think this had something to do with Admiral Byrd’s expedition after World War II. If that is the case, then they may have found evidence that there may have been some type of off-world contact back then.



I think there is a big secret story in Antarctica that we're not being told. Just the list of people who have visited it in the last decade is truly extraordinary. I'm simply not buying that the chief diplomat of the USA is taking personal time off at taxpayers' expense to go down there and study climate change data. John Kerry has too much on his plate for one thing, and he's not a stupid man for another thing.

I have a great deal of difficulty believing that this is all about climate change. I'm sorry; I don't think so.

C. Austin Fitts: Antarctica is clearly something you want to keep an eye on in 2017.

Now let's turn to the deep state. We've talked about the deep state, including the fact that during the election the Clinton body count was skyrocketing, but I want to focus on one thing in particular because it relates to 2017.

We have seen the application of what I would call 'entrainment technology', and I believe it's triggering and creating brawls like at the Chuck E Cheese franchises, and fights breaking out at the malls. I believe very strongly that this kind of technology is being used.

Another thing that happened during 2016, Joseph, is we did some research to try to determine how entrainment technology is being used. Jason Worth wrote for the Solari Report a great article about porn addiction. From what we can see about the explosion of pornography and pornography addiction, we think that entrainment technology is being used. We think it is being used on gambling and all these addictions across many different areas. We think there is very powerful technology being used, and now we see this at Chuck E Cheese.



Dr. Joseph Farrell: Yes.

C. Austin Fitts: There clearly are stealth techniques and stealth weaponry. My biggest concern is how this is going to be rolled out. Is the general population going to be weaponized?

Dr. Joseph Farrell: I think, to a certain extent, it already has been. I think the other aspect of this entrainment technology is pure and simple greed and consumerism.

C. Austin Fitts: Right.

Dr. Joseph Farrell: I do agree with you that these fights are too bizarre to be completely spontaneous that we see breaking out at Chuck E Cheese and the malls and so on. I think there is a certain level of it at work even amongst those being called the ‘butt-hurt snowflakes’ who just can’t believe that Darth Hillary lost the election.

I think a certain measure of that are some of these entrainment techniques. I even go so far as to suspect, Catherine, that this crazed Turk who murdered the Russian Ambassador may have been under the influence of some of these technologies. It’s fascinating that the Mayor of Ankara, Gökcek, came out after that event and said that as far as he was concerned, this guy hollering, “Allahu Akbar,” and blaming the Russians after he had shot the ambassador before he was gunned down and went on to say, “That is just perception management.”

That was a very astute thing to say because this youngster strikes me as someone severely under the control of some of these technologies and techniques.



You can go back to the Kennedy assassination and to Jack Ruby's murder of Oswald because his behavior changed almost immediately. He was very nervous prior to him being told that Oswald died. After that point, he became very calm. That is a telltale indication of some triggering and external influence on Ruby. Many people have speculated on that.

I think you're right. I think we're seeing the explosion of these technologies, and the key – from what I've been able to examine of these technologies, and I've been doing a great deal of research on them – is to avoid exposure to them. I've been doing this quite often lately, limiting the amount of time that I spend in front of the computer online. I don't spend near as much time sitting in front of my online computer as I used to. The other key is to dramatically curtail your television viewing because I have no doubt that some of those technologies are being pumped through the wires on cable TV. I don't even have my cable TV hooked up; I refuse.

I do think that there is some of this at work in some of these events. The way to curtail it for your own benefit and others is to start talking about putting it out there. Many people still don't believe these technologies are possible, but we're seeing more and more evidence in the open scientific literature that they can now do brain scans remotely; they don't even have to attach the little wires to your head anymore to do an EEG.

They've mapped the brain centers. They've mapped the speech centers. There are patents on record for devices that can use brain waves to modulate voices in your head. So there is no doubt that the technology exists. This is what we know publicly.



When you factor in the evidence that this has been a black project development ever since the 1950's, there is no limit what they might be capable of doing with some of these technologies.

My response to it is to simply limit your exposure to it as much as possible.

C. Austin Fitts: I love technology, but I keep going into avoidance.

Before we leave geopolitics, I want to mention migration and immigration. These are topics where we've seen two pushes towards migration. One is different leadership in different areas doing it for a variety of political and economic means. If you overwhelm people with immigration, they tend to want government and central control. So there are political reasons for it, or because your demographics are falling and there is economic growth to be had by bringing in fresh young people.

The other reason is the tremendous disparity and wealth globally. We have Asia converging on per capita income, but not the rest of the emerging markets. So convergence is really an Asian phenomena. If you look at the discrepancies, particularly in Africa and the Middle East versus the wealthy Europe, or in Latin America versus a very wealthy North America, and examine the population trends, I think the real question is: How do you stop a very frightening and unhealthy level of migration?

Dr. Joseph Farrell: I don't know that it can be stopped. In fact, I think, to a certain extent, that may be an issue that the global crowd –



the progressive crowd – is raising as a red herring. I don't think it can be stopped, but it can, at least, be controlled.

Immigration has done a lot of good things for this country as well as bad things. I think what is at issue behind the immigration crisis is – as you say – economic, and it is also cultural. I think the way to stop it is to start planning real investments in those places that do suffer from low income, and you have to get the boot off regulation.

There is nothing wrong with South America concerning their capability or technology or anything of this sort; it's that they are confronted with such massive central governments and regulation and so on that they face the same problems that we do, and I think it's on an even larger scale. It's really getting the boot off and allowing those economies to develop.

Part of that boot is coming right out of Washington DC because the last thing that the empire wants is real competition from Brazil or Argentina. The booming economy in South America right now is Chile, and for precisely the reason that the government got out of the way and they're not going to put up with any foreign interference either.

I think you are going to see the same thing eventually happen in Brazil and Argentina. Once that happens, that is going to change.

The real spot, Catherine, is Africa. We both know the long history of colonialism there and how that did not do anything to benefit the people in Africa. You have certain countries in Africa that are relatively prosperous and growing, Kenya being one of them.



But I think if we want to stop the immigration crisis and at the same time turn away from the empire, we have to start investing in Africa in a way that benefits those people and benefits the investors.

China is doing this. China is going in there and building roads and hospitals and schools and so on. Why? Because China wants a market, and Africa is a huge, huge untapped market. It has great intellectual capital, it has massive amounts of resources, and China is stepping in there and filling in the bill while we are putting in military bases and drones. Well, where are the Africans going to turn? They are going to turn to China, not the United States.

So this reshoring has to emerge in real trade and real productivity and real items and goods that people can buy. They don't need iPhones and all of this, and the Chinese see this and are stepping in to fill the bill.

I think over the next ten to twenty years, Africa is going to be the place that could make or break us pertaining to our foreign policy and how we approach things. If Africa does take off, that immigration flow is going to stop – both to Europe and elsewhere. It's going to stop cold in its tracks. You have certain countries in Africa that are standing up to the invasions of radical Islam – Angola, for example. We are doing nothing in the West to help these people. The Chinese are the ones stepping in.

If we are going to play the game, we have to take the Chinese model and start applying it ourselves. Absolutely.



C. Austin Fitts: Now let's turn to culture. You were the person who helped me understand that culture is at the heart of the economic and political questions: Can we go from a negative return on investment to taxpayers to a positive? Or: Can we shift from a unipolar to a multipolar world? Can we be productive, whether it's labor productivity or human productivity?

Much of the corruption in the economic or political area follows corruption and debasement in the cultural area. Culture is the model we use and the values we share. The reality is that as you described the covenant; if the covenant is worthless, then nothing works. Markets don't work, businesses don't work, systems don't work, and ultimately financial markets can't work because everything is just the mob.

If you look at the variation in the scenarios that we have this year and if we don't find a way to nourish and maintain a human society, then all of these variables are going to head to a very dire place.

Dr. Joseph Farrell: Yes.

C. Austin Fitts: So culture is at the heart of succeeding at anything we want to do, and I think where I started is: How do we nourish and rebuild the culture? There has been tremendous debasement of the culture in this country over the last 50 years. I never think that anything is hopeless. In fact, I'm a great believer that consciousness can shift in the twinkling of an eye. But if you look at the state of our culture, it's rather bad.



The big question is: How do we rebuild the field because, among other things, the controlled demolitions are, if anything, going to pull it apart?

Dr. Joseph Farrell: That is the central question. If you look at Mr. Globaloney, and at American culture, one reason that this country is so unpopular right now is because our culture is so debased. If you're an average European, you are aware of your own culture and its high accomplishments.

In this country we have effectively bastardized that. We have an almost inherent knee-jerk response against anything that could be considered high culture, and as a result the popular culture has suffered tremendously.

I think that this, in part, is a reflection of certain programs the CIA put in place in the 1950's as part of their mind control/mind manipulation experiments. It has become known that the CIA was a hidden backer of modern 'art'. I think of the splotches and blotches of Jackson Pollock and people of that ilk. I think of certain trends within popular music – not all of them, but certain ones.

Part of this is also a reflection of Mr. Globaloney's culture because Mr. Globaloney doesn't have a real response to high culture. They look and admire the primitive and things that are ultimately dehumanizing.



I remember a friend of mine who worked for David Rockefeller when he was preparing his memoirs. He was telling me that his office was full of the ugliest kinds of modern art and very primitive things, but nothing from Poussin or Velazquez or Rembrandt or anything like that. It was all ugly.

I think this is a reflection of the fact that, for the most part, Mr. Globaloney doesn't have any real appreciation of humanizing things like beauty or the sublime or the transcendent. So I think part of rebuilding the field is that we have to start emphasizing new kinds of heroes. We have to hold up people who have achieved some sort of cultural achievement or creativity.

You pointed out something very interesting in one of our previous interviews, and that was that the NFL attendance at the professional football games is dwindling; it's going down. I think it is because they have become nothing more than these very bizarre spectacles of a kind of jingoistic patriotism and so on. That is all that they've become, and people are turning away from that – and correctly so.

We have a culture that makes heroes out of people who can throw footballs and so on and get paid millions of dollars a year, and we need to start emphasizing different kinds of heroes – people who have accomplishments in the sciences or in the arts and have a humanizing effect on us.

Unless we start emphasizing and appreciating the high culture, we are not going to have a popular culture that is worth anything. This is what the world sees. We export McDonalds and rap music and all of this crud, and yet we don't have a high standard for anything. We don't produce any Bach's or Victor Hugo's etc.



I think we have to start doing this. It is slowly starting to happen. I have a friend, with his wife, play at various restaurants and bars in California, and they make a little extra money doing this. They enjoy it, and people are singing songs with them and so on. That is good because it is a humanizing activity for one thing. I think we have to get back to this. We've got to turn off the computers and pick up books and start reading them – whatever gives you pleasure and whatever your interests are.

You mentioned something else that I thought was very interesting and that was that museum attendance is up. That is an encouraging sign. It's almost as if there is an intuitive response of people who realize that as technology and the globaloney vision increasingly becomes more inhumane, that what humanizes us the most and gives us our sense of emotional balance and purpose and sense of the transcendent is precisely some of these artifacts of high culture that surround us.

C. Austin Fitts: Right. I'll never forget going to the Rijks Museum. The Rijks Museum is the number one attraction to go to in Amsterdam according to Trip Advisor.

Joseph, I had never seen a Rembrandt in person until I went to the Rijks Museum. First of all, it's a mind-boggling experience. I watched several documentaries on Rembrandt before I went – even one documentary just on the *Night Watch*, which is one of his most famous paintings. Still, when you see it in person, it's a life-changing experience.



Dr. Joseph Farrell: It changes you.

C. Austin Fitts: What is amazing was that you have to connive and get tickets and figure out when you're going because it is packed. When you get there, you have never seen that many people having so much fun, enjoying so much beauty. It's unbelievable to see it.

It's unbelievably humanizing. It's right next to the Van Gough Museum, and the whole experience is incredible. It's proof positive when great art is accessible how popular it is.

Dr. Joseph Farrell: It's our innate human desire for beauty, harmony, order, the sublime, the mystical, and the transcendent. In American culture, above anything else, this is what is truly missing. We have unquestionably an ugly, ugly culture if we have any culture at all. Slowly, I think things are turning; we are getting back to the understanding that the West is the best, and that all cultures are not created equal, and that this civilization that was so painfully put together for two millennia is worth preserving.

I think people are waking up to this. I increasingly get people commenting on what pieces of music to listen to or share their music or what performance to get etc. It's an innate human response that is inevitable, and I think we are going to see more of it as we said in the first interview. Just by the nature of the game, I think we are going to see an increase in human productivity and human creativity in the arts. This always happens when humanity – particularly when Western civilization – goes through one of these big paradigm shifts like we are going through.



I am cautiously optimistic that this is going to happen. We cannot look any more to our academic institutions as being preservers and purveyors of a tradition because they have now sold out on what they are purveyors of, which is precisely anti-tradition and ugliness and ‘safe spaces’ and all of this nonsense.

People are increasingly turning away from this, and I think you are going to see more of it. It is going to grow and grow slowly, but I think it is going to grow.

C. Austin Fitts: Before we close on culture, I have to bring up the JP Farrell Pipe Organ Crowdfund because I want everybody listening to understand that this is entirely my idea and entirely my fault. I dragged Joseph kicking and screaming into this.

Dr. Joseph Farrell: I wasn’t kicking and screaming, but I was surprised.

C. Austin Fitts: Anyway, I was visiting you and we started to talk about your playing the organ. I’ve never seen such joy. I thought, “Oh my God!”

I keep engaging with you, “How do we rebuild the culture? How do we rebuild the culture?” I got this image after talking with you, “Okay, the way we rebuild the culture is get Joseph a pipe organ. It’s very simple. And he is going to help us reorganize and elevate our field.”

I told you that I always had this image of you playing the organ, and the pipes are energetically going up through the ceiling.



As we close, I wanted to mention that the crowdfund has been very successful so far. We are about 60% to the first phase, and we had one of the original donors offer a match that we are going to mail this week to everybody through the end of January, which I would like to point out to is your birthday month. We are going to have someone matching us up to \$4,000. Our goal is to raise the other \$4,000, which will get us to phase one.

Sure enough, I predict your big box pipe organ is going to be showing up at CHEZ, Joseph's house, as soon as your organ builder can build it.

Before we close, you have to explain the 24-track.

Dr. Joseph Farrell: That was a remark I made at our workshop in California, and I said that if we listen to modern music, which we are subjected to at every turn – and I'm so grateful to you for playing some classical music for your bumper music. We listen to a musical culture now where essentially all you have is a melody, sometimes some catchy lyrics, and most of the time not. Usually, they are some abominable lyrics with some abominable English.

You listen to a melody, and some chords prop it up with a drumbeat going on – you have to have the beat – in the background. So we're living in a very one-dimensional musical culture.

I pointed out that if you listen to the opening chorus of Johann Sebastian Bach's Magnificat and if you look at the score, there are no less than 28 independently moving lines of music in it.



In other words, that musical culture was listening to music and appreciating each individual line simultaneously. It was a multi-track world. We have lost the ability to listen to music like that.

I was talking with a friend earlier today about that particular piece of music, and if you listen to the whole Magnificat, you know it has choruses and arias and so on. At the very end of the Magnificat-Johann Sebastian Bach being a Lutheran-has the Gloria: “Glory be to the Father, to the Son, and to the Holy Spirit.” Then in Latin: “Sicut erat in principio, et nunc et in saecula saeculorum,” or, “As it was in the beginning, is now, and ever shall be.”

If you listen to the way he sets that particular chorus, he returns to the opening chorus. The music is exactly the same – so it is a pun on ‘as it was in the beginning’ – and for the words ‘saecula saeculorum’ which is ‘unto the ages of ages’ in Latin, he has every line of the chorus holding and sustaining a long, long note. That is a textual way of painting the idea of everlastingness and eternity.

In other words, these were composers who left no detail to chance – none whatsoever. You listen to modern music, and there is really no attempt to paint the text. They don’t even know how. It’s more, “This sounds good. I’ll play this here.”

We’ve even lost the idea of music as, not only something that you get and compose by inspiration, but the idea of music being something that is composed through perspiration and craft.



So the musical aesthetic has even been bastardized and dumbed down to such a significant degree that getting people to pause and listen with intelligent attention to a piece of music – I don't care what music it is: the Beatles or Haydn or whoever – is very difficult. It is also very difficult because, for us, music is simply entertainment. During that time, the aesthetic was rather different; it was for the refreshment of the soul. That could be entertainment or something different, but it had a very different aesthetical purpose.

You alluded to it by mentioning the Rembrandt experience. You looked at these paintings and in person. I've seen a couple. I saw a Picasso at the art museum where I live. I'm not a big Picasso fan, I'll grant you, but standing there and seeing the actual painting – seeing the brushstrokes and seeing the craft and the care and the genius that was put into the painting – I had to stop and be in awe of it. This is very humanizing. It's extraordinarily humanizing.

You stop and think, “This is all under assault from a group of people who have no morality, no transcendental understanding of anything, have no concept or experience of the sublime or the beautiful, and it's no wonder that our culture is a mess.”

C. Austin Fitts: One thing that I noticed when I was working with neocon folks when I was in Washington was that they couldn't deal with the complexity of the multipolar world. They are unable to deal with complexity; are stuck in the one-track mind, and try to make everything one-track. When that doesn't work, they use force. That is why they are so destructive.



We have to educate and encourage people who can deal with a 24-track world if we are going to be successful in where we are going.

Dr. Joseph Farrell: Exactly.

C. Austin Fitts: I had people come over to Hamilton and say, “Why are you so successful at re-engineering when nobody else can do it?”

One of the reasons was because, whenever we did something, we wrote a 2,000-page design book on how we were going to do it and circulate it among the many, many partners and people involved. Everybody who was going to be impacted by it had a say in designing it. The complexity, Joseph, was absolutely mind-boggling. However, there are practical ways to manage that well.

Dr. Joseph Farrell: Yes, but you see, I think there is something fundamental that is going on with that because you are a music lover; you like opera. You go to symphonies and events like that. You’ve been exposed to multi-track thinking.

I think music is essential for this. I really do. It has an enormous impact on me. I tell my website members, “If you haven’t watched them, go watch Leonard Bernstein’s Harvard Norton Lectures in 1973. Talk about a man who is thinking multi-track, not just in terms of music, but in terms of literature and linguistics! As he puts it, he even adds a little physics.



It's a breathtaking lecture series to watch simply because you're seeing how a musician thinks and can deal in so many different levels and permutations and so on. I think music is essential to this kind of multi-track thinking. It doesn't surprise me that you have neocons who can only think in a unipolar world because listen to the music they listen to or look at the art t they pretend to appreciate or look at the books they read.

It's key and crucial. Culture is a soft part of the equation that nobody can really put their hands on, but it's very important. It's what humanizes us. It's our model. When we neglect that, we're lost – quite literally.

C. Austin Fitts: As we sit here and talk about culture, I would encourage everyone of our subscribers and your members to think about what is the culture that can help them build back to the 24+-track and celebrate the 24+-track that they love? You have to find your way of doing it that gives you pleasure.

I remember I dragged one of our mutual friends to the opera for the first time last year.

Dr. Joseph Farrell: I know who you are talking about, too!

C. Austin Fitts: He said, "It wasn't anywhere near as bad as I expected."



Dr. Joseph Farrell: I always look at opera like I look at baseball: They're much more fun to go to than to watch on TV or anything like that because you're part of an experience; you're part of a crowd. You're getting the human emotional response to what you're seeing and what you're hearing.

Culture is participatory, and this is the other thing about our current culture. It is an anti-culture because it makes you passive rather than a participant in what is taking place.

In reviewing the great painters or sculptors or architects or people who have enriched our culture, there is a particular building where I live and love to go into it because you're standing in a product of creativity and you're interacting with it. It's producing a response; you're not just passive in front of a big slab of concrete with glass windows on the side.

We've got to restore this idea of beauty and make it a part of our culture because beauty always activates people. The sublime always activates people.

C. Austin Fitts: I used to have discussions with the people who worked for me when I worked at HUD because there was a belief that if you spent taxpayers' money on subsidized housing, it had to be ugly. I would say, "Look, we would lose less money on it if it was beautiful." But that was not politically acceptable; we needed to ensure that it was ugly.

I would constantly quote to them one of my favorite sayings, "Beauty is necessary for survival."



Dr. Joseph Farrell: Yes, it is.

C. Austin Fitts: How can you expect people to get out of this housing and move up if everything is ugly? It isn't going to work. Obviously, I never made that sale.

Dr. Joseph Farrell: It's even true in our approach to marketing, Catherine, if you stop and think about it. You can go into certain shops – usually they are the locally-owned ones – where they pay particular attention to the detail of presentation of things that they want to market and sell, and they are trying to do so in a way that is aesthetically pleasing. Then you go into the big warehouse – Target or Wal-Mart – and what are you confronted with? You are confronted with a warehouse. There is a certain ugliness to it that is purely utilitarian and nothing more.

I would much rather spend time in a nicely arranged shop where there has been attention to the presentation and they have made things look nice and so on. This is an innate human response. We have to get back to it and I think it's crucial that we do so.

C. Austin Fitts: This has been a fantastic Part I. We're all looking forward to next week when we will be talking about "Science and Technology, the Unanswered Questions of 2017", and also, "Inspiration" where we get our inspiration.

So until next week, Joseph, thank you so much for joining us on The Solari Report.

Dr. Joseph Farrell: Thank you for having me back on, Catherine.



MODIFICATION

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

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