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# The Solari Report

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## The Emerging Multipolar World with The Saker US-Russian Relations & the War Lobby



Catherine Austin Fitts



The Saker



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**C. Austin Fitts:** Ladies and gentlemen, welcome to The Solari Report. I know you've been waiting for this conversation, and so have I. **Talking to The Saker** is how I find out what is really going on in US-Russian relations. Needless to say Saker, we have a great deal to talk about, including your latest piece.

Welcome to The Solari Report. Tell us about the latest publication at *Vineyard of The Saker*.

**The Saker:** Thank you for having me and it's always a pleasure. Last time we spoke, I was warning again and again – as I've been doing for years now – that Russia is preparing for war. This time a Russian diplomat said it in a very blunt way.

What really concerns me is that I don't think that very many people are paying attention to that in the West. The media seems to be dead-set on not reporting about that or dismissing it if it is even reported, and I think that is extraordinarily dangerous.



We are talking about the country who fought World War II and for whom war is a very real thing; it's not an abstract Hollywood concept. They know what it is, they know how terrible it can be, and yet over and over again they are warning that the Empire and Russia are on a collision course.

I think that a warning like that should be heeded with a great deal of concern, and yet there is nothing happening.

**Fitts:** What struck me when I was in Europe for six weeks, there is remarkably little understanding of how serious this is – even in Europe. Europe could literally be destroyed by such a war, and yet the focus of the media was very much on the mid-term elections.

I think that the mid-term elections could affect what happens next with Trump and Putin meeting in Paris on November 11<sup>th</sup>.

Go into a little more detail about what the Russian diplomat said and how it relates to some of the warnings that you have given over prior years.

**The Saker:** Basically, he said very directly in an official meeting, “Recently at meetings the United States stated that Russia is preparing for war. Yes, Russia is preparing for war. I can confirm it. We are preparing to defend our homeland, our territorial integrity, our principles, our values, and our people. We are preparing for such a war. There is a major difference between us and the United States.



Linguistically the difference is just in one word – both in Russian and in English: Russia is preparing *for* war, while the United States is preparing *a* war.”

So, we have two very crucial elements here. First of all, we have an accusation, and that is the US is preparing to wage war. Then we have the warning, which is that Russia is actually preparing to fight.

If it were just rhetoric, you could dismiss it. But the thing that you always have to look at are the capabilities and what a nation-state actually does. The fact is that the Russians have been preparing for a war for at least three to four years now – very, very actively.

It's not just empty talk and promising to 'make Russia great again' or something like this. They recreated what is called a 'tank army' which is a very heavy combat force, which is now directed to the Western strategic direction. Just to give you an idea of how different that is from the 1990's: In the 1990's there were no division level or above units on the western side of Russia. Basically, they had all sorts of different units, brigade and below. You could say that, in terms of conventional capabilities, Russia was almost disarming the Western strategic direction.

Now you have a 1<sup>st</sup> Guard Tank Army, which is something that was resurrected that existed during the Cold War and World War II. That is a very heavy fighting tool. You don't develop that because it's very expensive to do unless you believe there is a real danger. Obviously, they do believe that there is a real danger.



It's not only that they talk about it, but they actually are preparing. They had large civil defense exercises, the banking sector was practicing how to function and keep the money flowing in case of war, and over and over and over we see that they are also doing what they said they would do. Of course, there was the March 1<sup>st</sup> speech by Putin which indicated that the US is not out of reach, and that Russia is preparing to fight the US Navy and Air Force and all of them. So, it is very consistent; it's not just one man who is mouthing off because he's in a bad mood and he wants to say something tough. It's just a very, very consistent message coming out of Moscow.

**Fitts:** I think that we are still in the NATO exercises in Norway. There has been surprisingly little media about what is going on. Maybe you could touch on what is happening with the NATO exercises and how it may dovetail with this.

**The Saker:** Here you have to really separate the political and military level because nearly all the body movements of the United States or the Empire are highly provocative from a political point of view, and that includes deploying antiballistic missiles in Eastern Europe. That is the big exercise that has been conducted now in Northern Europe by NATO. It's sending ships inside the Black Sea, etc. These are very provocative on a political level, but actually militarily they don't mean much.

I think that it is largely an exercise in psychotherapy because I think that Western politicians are trying to create an environment of tension, and then they are trying to prove and show by their actions that they are serious about it. But if you look at what they are actually doing, ——



——— this is not a real military threat to Russia. Yes, these units are very close to Russia – the same thing as the NATO forces in Poland and in the Baltics. Yes, they are within minutes of striking major Russian cities, but in military terms, if you are looking at an actual conflict in Europe, the kind of threat presented by these forces is actually quite small.

It's much more dangerous. What the West is doing is 'huffing and puffing', pretending like there is no risk of war. At the same time, the actual capabilities developed are not commensurate with what it would take to prepare for a conventional war in Europe.

It's a lot of hot air, and it is provocative hot air, which is met on the other side by angry resolve, and it's not only hot air; it's actual capabilities.

**Fitts:** About two weeks ago we saw Mattis announce that the US needed offensive space weapons. I clearly believe that they already have offensive space weapons. How does that fit in?

**The Saker:** We had Mattis saying that, and before that we had Trump speaking about creating space forces. It's a lot of rhetoric, and the rhetoric is very bellicose. I'm not sure that this is militarily significant because, in reality, to develop that kind of capability would take years; it is not something that you do overnight.

If you are preparing to tackle an enemy as large as NATO for Russia or Russia for NATO, this is something that you don't just make a political speech and change course.



**Fitts:** The question is: Have they been doing it for the last 20 years with the black budget? There has certainly been enough money going into the black budget to do some very significant things. The question is: Where has the money been going?

**The Saker:** That I don't know and I cannot answer that. Possibly they have, possibly they just made the money disappear and bought themselves yachts. I don't know.

**Fitts:** It's too much money for yachts and there aren't enough yachts in the world to use that much money.

**The Saker:** I meant that metaphorically.

**Fitts:** We certainly spend plenty on yachts. There is no doubt about that.

So, we see Trump as part of the election, but we see two things very notable on the election. One is that the Democratic strategy of tying the Trump campaign to Russia has completely failed. The only thing that it has managed to do is illuminate the fact that the Democrats tried to falsely frame a case. They basically tried to create such a case.

I would say that the entire Mueller strategy has fallen flat on its face; not to say that it hasn't used up a lot of time and money and made a mess. But the other thing that we have seen – and who knows if this dies after the election or not – is Trump threatening to withdraw from the INF Treaty. Explain what the INF Treaty is, what it means, and what a withdrawal would mean.





**The Saker:** It is a treaty concluded during the Cold War which basically removes land-based missiles – not air- or sea-based – that are short- to medium-ranged in their capabilities. It is the Pershing versus the SS-20, the treaty that was signed between the USSR and the United States.

It is one of those things which I think is very important politically. I am more dubious about it militarily. Frankly, that treaty was not very good for the Soviet Union, and it is not very good for Russia. It has many problems in it with the way that it was calculated, the way that some systems were ignored, and other Russian capable systems which didn't have to be there; but they volunteered to destroy them.

Actually, I'm surprised that anybody in the West would want to get rid of that treaty because I found it more to the advantage of the West to keep it. So, I don't think there is a real strategy behind that; I think the US is now on a long spree of abrogating treaties, withdrawing from international agreements, and withdrawing from international bodies. I see that as a typical sign of weakness where, essentially, you say, "We are unable to negotiate anything for a number of reasons, ranging from the fact that any negotiation or discussion with Russia is assimilated to a treason or Putin being an agent to the fact that our diplomats are incompetent and unable to negotiate," which has been going on at least since Obama.

At the end of the day, when you don't have the ability to conduct meaningful diplomacy, and you don't have the military to fight everybody that you would like to fight, you end up making unilateral decisions which sound tough, ———





— “I withdraw from that treaty; therefore, I am tough on defense.” It actually sounds tough, but you’re not tough on defense and withdrawing from that treaty is to your advantage, and that is what Trump is doing.

Frankly, I think that this is more ‘hot air’. Most of what is coming regarding ‘pretend policy’ from the West is hot air; there is not much substance here.

**Fitts:** What it looks like to me is that when you run a business, and you are trying to bring up new systems, you try to keep the old systems going and run them parallel until the new system is ready to kick in.

If you look at what Trump and the people who put him in power are doing, they seem to be reshoring and rebuilding into North America. They’ve pulled back inside the oceans, and they have projected power with drones and satellites, etc., and they are getting ready to shift to a multipolar world. In the meantime, they are going to do everything that they can to keep the empire, and the reserve currency, and the economics of the existing system going.

It’s a bit like patting your head and rubbing your stomach at the same time. It’s a shell and pea game in the meantime.

**The Saker:** I guess I’m more critical and cynical about that. It’s more of a case of somebody with a hammer who thinks that everything looks like a nail.



The one thing that they are good at in Washington is declaring sanctions, withdrawing from treaties and international bodies, and making unilateralist roaring statement about becoming great and showing the world. That is not really a policy. I don't see that they are preparing for a multilateral world. In military terms, what is being done right now makes absolutely no sense.

I think that, basically, the empire is coming down relatively fast, and is on a confrontation course with most of the planet. It should be a worrisome sign for those who like the unilateral world and the hegemonic order. I think that it is falling apart everywhere.

**Fitts:** It's almost as though people are locked into their model, and they can't envision a way of migrating to a new model. They need the margins this quarter.

Let me just play devil's advocate here for the sake of flushing this out. The military spending is now overtly up to \$2 trillion a year globally, and you have the entire Military-Industrial Complex that I believe engineered 9/11, basically needing to keep the game going, and you can't keep the game going unless you have enemies. Russia and China need to be the enemies of the US, and you need to rattle the drumbeats of war so that everybody buys weapons.

The US is the number one exporter of weapons in the world, and Russia is number two. So, they both have vested interest in keeping the game going. The pressure from the Military-Industrial Complex to keep the game going is absolutely enormous.



It's almost as though everybody makes money from 'almost' having a war, but not having a war. To what extent is this simply a dance that is orchestrated for everybody to keep the game going?

**The Saker:** We can second guess that and is a perfectly reasonable thesis. The Military-Industrial Complex under Reagan was also very powerful, and yet they did that for agreements. The US military was very powerful at that time. The joint chiefs were playing a major political role, and yet they figured out that they did not want to go on a collision course with the Soviet Union, even though it was a fairly weak Soviet Union.

Where you see plan and a policy, I see a lack of plan and a lack of policy. First of all, you don't want to fight on so many fronts at the same time with so many possible risks. The very same day or the day after the Russian diplomat spoke, there was a speech by Xi Jinping in China who told his military, "Prepare for war against the US."

Even if you want to run your Military-Industrial Complex and continue to spend billions and trillions of dollars on the 'defense', you don't want a situation where you might have an actual conflict with Russia and China at the same time, not to mention very severe political problems in the Middle East, which the US largely created. Things were bad, but they were not that bad. Now they are apocalyptically bad.

I really don't have a sense there is a plan behind that. What I see is the Titanic sinking and the orchestra playing louder and louder. The orchestra includes the media and the politicians who seem to be stuck in completely empty rhetoric. That inability to actually tackle the issues at hand is the telltale sign of a lack of a plan. There is no real plan.



To use your hypothesis, let's say that it is a way of keeping 'almost a war' and the military budgets running, but down the road what do you end up with? You end up either having to fold, or a military conflict that you cannot afford. These are not good outcomes.

**Fitts:** Ideally, you have the drumbeats of war beating continually, and you get North America to the point where you can project power through space or robotics. You are energy self-sufficient; you are food self-sufficient; you try to get manufacturing self-sufficient; you are water self-sufficient. If you can project power, you can get your way through the shift to the multipolar world from North America, especially if you make it the offshore haven for oligarchs around the world, which appears as though they are engineering that. So, you make the US the offshore haven of choice as part of the Anglo-American Alliance.

It looks like they are certainly getting ready for a difficult shift, but there is no doubt that they are also trying to keep the empire going. What they are doing to try to keep the empire going makes you shake your head and say, "Where is the beef?"

Let me step back and review what happened right after 9/11. There was a plan to occupy and, basically, bring into obedience seven countries in five years. If you look at the Bush Administration's projections of how much it would cost; at this point it is at about 5% of what it was projected to cost. If you look at that plan – which was really to assert hegemony along the Silk Road – I would say that plan has failed.



**The Saker:** Oh, absolutely. I agree with you, that plan has failed. Furthermore, you mentioned power projection, but I don't think that the US has the ability to project power. I don't believe that the drones or pushing more militarization of space will solve the problem; I think that the problem of the US military is that it has for years developed a direction which makes it now close to useless for the US politicians. There are very few military missions that the US can successfully accomplish. Keep in mind that just flying somewhere and bombing a place is not a success. It should be a means towards the goal, but the problem is that 'means' doesn't work.

You look at the countries that have been subverted since 9/11, and every single time it is a catastrophe that makes things worse and worse and worse. So, I think that is the real big problem, and the big secret that they are trying to hide is: I said that the dollar used to be protected by gold, then it was backed by petro dollars and oil, and then it was backed by aircraft carriers, and now it isn't even backed by aircraft carriers because the aircraft carriers can't get the job done.


You see that by the fact that no countries are willing to actually be successfully bullied into submission. That loss of military power is absolutely crucial because every time the US engaged in a dangerous policy, there was always this idea in the back of the mind of most politicians that, "If it fails, we will bomb the heck out of them." That is the concept.

A perfect example of that as a shield is when they sent the 82<sup>nd</sup> Airborne against the Iraqi Army corps. There was, of course, the question of: What happens if the Iraqis cross the border ——



—— and the 82<sup>nd</sup>, which is infantry, is confronted by a much larger armored force? The idea was: “We tried tactical air. If that doesn’t work, we go for tactical nuclear weapons.”

There was always this safety parachute. “If our policy fails, we will always be able to just hammer somebody into the Stone Age.” Well, that doesn’t work anymore. Nobody is afraid of that, and the US gets slowly but continuously challenged militarily everywhere. That is a loss of capability.

**Fitts:** I agree with you on the conventional side. It’s just that over the last 15 years, every time that the dollar should have really cracked down in value, something happens. Many times, it’s a natural disaster. I don’t know if you ever heard **my story about the Indonesian tsunami**. I watched massive insider trading a week before the tsunami, and I  couldn’t understand what was happening or why. Then the tsunami happened and I realized, “Oh, they knew.”

If you look at some of the trading or economic patterns immediately after the tsunami, they were clearly **indicative of an induced tsunami**.

I have seen too many unconventional occurrences – whether it’s tsunamis, or hurricanes, or other covert things – that suddenly shift the market to where it should be. So, it tells me that there are plenty of covert wars going on. I don’t understand them, and I don’t have the evidence to prove them, but I’ve seen it happen enough **for the last 15 years** that I know **it’s real**.



Frankly, the Americans don't want a war with Russia; what they want is to control Russia. They want to control Russia economically. So, the goal is not to have a war; the goal is to squeeze Russia the way they squeezed Germany, and Japan, and very nearly everybody else. That is what this is about.

I'll never forget talking to an activist who was violently opposed to gun ownership. I said, "I guess you don't want your social security."

They said, "That has nothing to do with it."

I said, "I guess you don't understand the role of weapons in terms of control." Much of this fight is about money.

I don't think that America wants war; I think that America wants to be able to squeeze economically, and that is what this is about. Indirectly, that is why the general population supports the policies more than they want to face or admit because everybody wants their check.

**The Saker:** Let me answer this in the following manner: First of all, I have never seen any evidence of functioning deployed, seismic, or climatological weapons. Even if we were to assume that they exist, there are a couple of points here. You can try a tsunami for economic reasons, but to actually try something like that against a country such as Russia would be suicidal. The Russians would obviously interpret any such use as essentially using a weapon of mass destruction, attacking Russia on a strategic level, so you are exposing yourself to nuclear retaliation. Even if that was the case, I don't think that you can substitute real military capabilities with that kind of technology.





You say that the problem with Russia is they want to subdue it economically. I think that is part of it, but I don't think the major threat from Russia is an economic one. I think the major threat from Russia is a civilizational one. What Russia is doing nowadays is offering a completely different civilizational model which challenges some of the core values and beliefs of the ideology of the empire. One of them, for instance, is Russia is very stubbornly insisting that countries should deal with each other on the basis of complete equality by means of international treaties and organizations, which in a multipolar world is something that the empire does not want.

Going back to the danger of the capabilities of the weapon is that I agree with you; they don't necessarily want a full nuclear war that would be devastating for both countries, but I also think they believe that should it come to that, the Russians wouldn't dare because, dogmatically, the US is number one. "We are the biggest and the most powerful." Their argument is always, "Look at how much the US is spending on defense and how much Russia is spending on defense. It's so much larger in the US. Therefore, we have the biggest capability."

In military terms, that is actually not true. So here is the danger: You think that you are protected and that the enemy cannot fight back, and the enemy, in fact, can. At that point, the game of chicken becomes very dangerous.

When the warnings from the Russian side are being ignored the way that they are right now, it's even more dangerous. The Russians are trying desperately to convey to the United States and the people in the West, —————



“Guys, we won’t retreat any further. If you do cross our fundamental strategic line, we will fight back.”

**Fitts:** Let me tell you why this issue of values is so important in culture. The West trumpets the notion that it is Christian, and it trumpets Christian values, but what the Russians are proposing are real Christian values. So, you have a problem of ‘out-spinning’ the Russians on the values issue, which is why Putin’s Christmas speech a few years ago claiming the pedophilia in the West was so important.

This is really coming down to: This is why you had a piece on the Russian Orthodox Church and the empire trying to split the church. Maybe you could describe that.

**The Saker:** This is another one of those cases where I don’t think the empire realizes what it’s doing. Just as an introductory comment, for those who don’t know it, the Orthodox is not an Eastern rite version of the Western papacy. There is no centralized administration. The Orthodox Churches have their unity coming from their common faith, but administratively they are all independent.

What happened was the West was, basically, trying to engineer and split the Orthodox world into two groups. One would be headed by the patriarch of Constantinople Bartholomew, who is essentially claiming an authority very similar to the one that the Pope has in the Latin church. Those churches that would not accept that, and the prerogatives for him, would be letting themselves behind the Moscow Patriarchate.



I think that is what is taking place today, and that is going to have a major impact because it forces every single Orthodox Church, bishop, priest, parish, and even every single Orthodox individual layperson, to ask the question: Which of the two is right? Which of the two is Orthodox?

In the Orthodox Church, you don't have a teaching church and a taught church; every single Orthodox Christian is responsible for maintaining the traditions and the ecclesiology of the original church. This means that, in the 11<sup>th</sup> century, Rome said, "One man can run the entire church," and that created this schism between Rome and the rest of the Christian world. We are having almost the same thing happening right now. I don't think that it is going to reach the same proportion, but fundamentally it raises the same issues. That is not going to go unnoticed in the Orthodox world; that is a very traumatic and a very important topic for the Orthodox.

Does one person have the right to rule the Church in the name of God? Yes or no? The answer for 2000 years has been, "No", and I don't see that changing today. So, it is going to create a major crisis inside the Ukraine because we already see attempts at redefining who the legitimate Ukraine Orthodox Church is. Some people speak of civil war, but I don't think so. I think that we are looking at a repeat of massacres which took place in Odessa.

There is a very real risk that this is going to happen in specific cathedrals, and monasteries, and very historical churches, which are going to become the place of seizures by the regime of the churches currently belonging to the Russian Orthodox Church.



**Fitts:** They found out that the empire continually sees chaos as in their best interest, and there is a point at which the chaos gets so great that it can't possibly be in anybody's interest. That is the challenge.

Let's go back to the American leadership and how they got themselves in this box and how they might get themselves out of this box.

I essentially stepped outside the establishment in the mid 1990's. I was offered an opportunity to settle in 1998 and I declined. One of the reasons I did that was because I saw in their plans to globalize, and their significant ramp-ups of the black budget was they were on a trajectory that would fail. I thought that this was a losing bet, and I didn't want any part of it. I would rather be in the wilderness working on alternatives.

I don't know if I ever told you this story. There was one moment when somebody asked me if I would join the Council on Foreign Relations, and I didn't want to do it for a variety of reasons. I said, "I just don't want to do that."

He was a wonderful man. He looked at me, and said, "You don't understand. If you do this, you're out forever."

At that moment, I had an image of them taking my number and name off my underground base locker. I realized, "Oh, if it came to that, would I want to be underground with the Council on Foreign Relations or above ground with the general population?" I said, "I would rather be above ground."



Whether it's the culture or the plan, I don't think that it is going to work, and it's not something that I am on board for. It doesn't reflect my values.

It seems that the American elites have lost their mind. My experience with the elites is, not so much with the Clintons or the lower levels of the Bushes; it's the people at the top who are quite strategic in thinking and quite coherent and very, very intelligent.

They will tell you that they are managing an irrational population, including people like the Clintons. They get wildly frustrated with everybody.

The question is: How in the world did the Western elites talk themselves into this mess?

**The Saker:** I can offer a hypothesis that I have observed to some degree. I have been far away from the elites for a long, long while, but I have been around elites in the 1990's for sure. There are a couple of things that happened simultaneously.

First of all, I think that the ideology is extremely toxic. It's a very dangerous thing. If you start stating something for ideological reasons, you then have to act within those parameters. If you say 'A' and you act 'non-A', eventually it comes out. So, you have to act in what you are doing. That was actually true for Hitler during World War II.

In the Soviet Union, they had to do absolutely crazy things for ideological reasons. I don't think that the level of ideological intensity is any lesser here than it was in Nazi Germany or the Soviet Union.



I think that we are living in a highly ‘ideologized’ society where ideology plays a prime role and forces people for conformity reasons to engage in stupid behavior, including the people who you say are very intelligent.

I agree with you that they are aware of what is occurring, but what happens in an ideological society; to speak up and speak up from a point of view of common sense is political suicide and a career-ending action. That is something that we clearly saw in other empires, and we see it very, very clearly today.

For instance, I will never forget during the campaign when Trump started declaring that the US military was in trouble and had problems, and he was instantly accused by Hillary of being non-patriotic. That is the kind of dynamic which is extraordinarily dangerous. Somebody brings up a problem, and he is ‘beat over’ instantly.

The patriotic thing is to do what? To stage dogmatically, never mind the facts and the evidence, and, “We have no problems. We have the best and strongest military.” You do that, but then you have to act on it. You can’t say that and then do something opposite.

Finally, a lot of people leave, which I’ve seen here and in Europe. Very good and competent people who sense that new ideological twists leave in disgust. I think the way that the neocons seize power in the US really changed the kind of people who are in power.

**Fitts:** The shedding of the competent has been phenomenal.



**The Saker:** Absolutely. I am not going to say that these are my ideal people, in terms of morality and ethics, but when I remember the quality of the people around Reagan, for instance, or Bush I, and you look at the diplomats or the military commanders today, there is a huge generational change between them and who we see today.

These people were also empire defenders, no doubt about it, but they were intelligent and competent. The ultimate proof is under Bush I and under Reagan diplomacy, which played a major role. Today it doesn't exist. There is no such thing as diplomacy today. It is more sanctions, more withdrawing from treaties, more sanctions, more withdrawing from treaties, more saber rattling, and that is it!

**Fitts:** Right, and the reason the US dollar is so dangerous and dominant is because it provides massive liquidity. You have most players deeply vested in it, but that liquidity is the basis of its dominance – and the military as well.

You have a complete system dependent on that liquidity. Every time you use the sanctions, it's another nail on the coffin of the US dollar liquidity because you are saying that these systems are not financial; they are political, and, “We reserve the right to pull the rug out from under you if you irritate us in any way.”

**The Saker:** Yes, and Putin said that openly.

**Fitts:** SWIFT is a smart short run, and it is suicidal long run.





**The Saker:** The SWIFT is a perfect example of that. Look at who is talking about replacing it now: The Europeans. It's not even Iran or Russia; it's the Europeans who are saying, "We need to find another way because this one is not trustworthy."

Putin openly said that he was marveling at the fact that they are destroying their own powerbase.

**Fitts:** Right, and the Russians are building a SWIFT alternative.

**The Saker:** Inside Russia they already have it. It interfaces with the Chinese system. Look at what happened to Saddam Hussein and Gadhafi, and now we have countries who are switching over to their own currencies even for energy purchases, for trade, and there are all sorts of schemes going on out there. What Russia and China did is, not so much stepping in to try to destroy the Western-controlled system; instead, they started building a parallel one right next to it. The fact is that there is nothing that the US can do to stop them.

**Fitts:** I have to tell you that the Chinese are helping the Americans. If you look at the things that they do, it indicates they are also untrustworthy. I would never trust the Chinese system – at least now. I would trust the Russian system much more than the Chinese.

**The Saker:** I wouldn't trust anybody. I think that trust is simply not a category that is used for superpower relationships. That is why Russia and China don't have a formal alliance. I believe they are having strategic partnerships and complete symbiosis, but that symbiosis is clearly 'situational alliance'.



**Fitts:** It's fractal; it's one thing at a time.

We see that Russia announced major purchases of gold in the last three months. They've been purchasing gold since the mid 2000's, but they are clearly reducing their Treasury and dollar positions and significantly increasing gold. So, they are planning on weathering the storm.

I will suggest that there is one fact that most undergirds your argument that Russia is preparing for war, and that is the **pension fund reform**. Someone with Putin's approval ratings and past promises on pension to stand up and change the retirement age and propose a reform package that will significantly hurt his approval ratings would only be done if he needed the money for military.

In other words, he feels that it is more important to protect the lives of all Russians than it is to keep the pension fund promises. So, tell us a little about pension fund reform and what you think is happening there.

**The Saker:** That is a complicated topic, and it is controversial because I agree with you that Putin traditionally was opposed to that kind of reform, and it did hurt him in the polls. He actually moved in.

The idea was, of course, to spend less money to make people work longer. The problem is that unemployment benefits in Russia are very small, so there are a lot of economic arguments about whether it is a good or bad idea. I am personally unconvinced and don't think that it was the right thing to do. I'm not a specialist on that, but I will say that, politically, it definitely did hurt him.



The most significant result from that move, I think, was that the nature of the opposition has fairly dramatically changed in Russia. It used to be that you had a little pro-Western party within a number of parties which are irrelevant, and that still is true today. But now you have the court parties who were in the duma who were somewhat of a pretend opposition, but didn't put much efforts into really opposing. Actually, this time there was some real protest and some debate.

I think what happened is that there is now a patriotic opposition to specific plans – not to Putin as a person, but to his economic course and specific actions of the government, which I think are now coming from much more credible patriotic non-pro-Western sources – which are also critical.

So, it did hurt him to some degree. There is the one hypothesis which people in Russia said, but I have no elements to prove it, and that is the liberal government did that in order to try to weaken Putin. That is possible, but if that was the plan, it failed because he didn't lose that much; he proposed certain amendments which made it a bit more palatable. So, he weathered the storm if that was what was behind it.

This pension plan has been passed. People don't like it, but it hasn't been the apocalypse that it could have been. It has been a real 'warning shot' that even Putin's credibility in Russia is not infinite. He has a lot of street credit, and he still is very popular, but people can be critically patriotic. I think that is very helpful.



**Fitts:** Here is the interesting thing. If you look at the history of pension funds over the last 20 years, there are very few countries that have ‘teed up’ the baby boomer problems and addressed them head on. One of the sterling examples of that is in the Netherlands. Needless to say, if you look at the people who did it, it was a very courageous and difficult thing that they did.

It takes a lot of ‘oomph’ in this environment to do the responsible thing on those issues of financial responsibility. Everybody wants their check.

If anything, it speaks highly of the Russians that they were willing to ‘tee up’ and deal with it. What it shows you is the weakness of the West. If you look at what is going on in pension funds, everybody keeps ‘kicking the can’ and not addressing it. The fear in the West and the Western leaders is enormous. After a financial coup d’état, if you are willing to gift the banks \$24 trillion and if you are willing for \$21 trillion to go missing from the Federal government and enormous amounts of other fraud, but you don’t have \$5 trillion to fund the underfunding of the pension funds, how are you going to explain that?

**The Saker:** I’m not sure that that economic reality in the West isn’t fully transferable to Russia. I am not an economist, but I have read some very reputable economists who have brought up that unemployment. If you have a country with strong unemployment protection, then it’s fine to increase the retirement age, but if you have a country that doesn’t have that, you are taking the risk of condemning people to complete misery. So how are you going to compensate for that?



If you do, is the money going to go out of the pension funds and then go into the unemployment fund, which is dubious at best?

**Fitts:** That is what we have done here with social security. We integrated the funds. We allowed disability to tap it, and essentially where I live, disability is not really for disability; it's for long-term unemployment.

**The Saker:** Putin has mentioned in speeches, and I believe it says that even in the Constitution, that Russia is a social state, meaning that while in the West, there is this idea that you have to pull yourself up by your bootstraps. This is interpreted to mean, "The state is not here to protect you, but the private sector should do it," and so on, while in Russia, that is not the case. The state has a political and moral societal obligation to help the poor, the weak, the sick, etc.

The Medvedev government is moving away from that. That has been done successfully in Europe where former social policies of France and Germany have been completely eviscerated, but in Russia there is much less of an ability to do that because the political culture is not accepting of this.

**Fitts:** Tell us how the Russian economy is doing and what the sanctions have done to Russia.

**The Saker:** I think it's a mixed bag. It ranges from certain sections where they are definitely hurt by the sanctions, and others who actually benefitted immensely.



Recently, there was a public meeting with Putin. I think it was in the Valdai. One farmer said that their biggest fear is, “What do we do if the sanctions are removed?”

I think Russia has adapted to the new regime of sanctions. I think Russia is preparing for even more sanctions. It has been very painful, and it took a couple of years for Russia to get there, but I think they have negotiated that successfully. I think that with the sanctions right now, the Russians have come to terms that the way to deal with those sanctions is to not expect them to be lifted, and to restructure the economy and foreign policy the way that takes full consideration of the new environment.

I think the sanctions on Russia have completely failed.

**Fitts:** When I was in Switzerland, I had dinner with a gentleman who had recently returned from Moscow, and he said that the food was fantastic. He is somebody who has travelled in America, and said that it is wonderful to be in a place where you know that there is no GMO and you don't even have to think or worry about it.

**The Saker:** But remember that Moscow is somewhat of a different planet. It is really an extremely wealthy city, and it is a huge city. There have definitely been people who have been hurt by the sanctions, and it has put a break on growth.

To direct the economy in a different direction is something that is always difficult and painful to do. I think that people definitely have suffered from it, and it's not over; it will continue and that it is just going to get worse.



**Fitts:** There are a few more topics that I wanted to bring up. We just had a meeting of Putin, Merkel, and Erdogan about Syria. The US was not invited, and Britain was not invited. What was the meeting, and what happened?

**The Saker:** That is very controversial. We probably don't know what the most interesting part was – the meeting where there was the absence of the US, but also the absence of Iran, which is not insignificant. There has been a lot of debate about whether this meeting was successful or not because it didn't produce anything that could be claimed as a major success. Some have even said that it was a failure because the positions of the different countries were too far apart.

I don't agree with that. I think that the meeting was very useful in the fact that now the German and the French have essentially been pulled into the diplomatic environment of Russia, Turkey, and Iran. If Iran was not present at the table, Iran certainly was present as an invisible and key actor to that group of countries.

Yes, the US and the UK were absent from it, and that by itself, is extremely significant.

**Fitts:** One of the things that we heard when Trump pulled us out of the Iran deal was the Iranians implied that the Western leaders had received kickbacks when the deal went down, and that they wanted their money back. Do you know anything about that?

**The Saker:** No, I don't.





**Fitts:** I don't know why, but my intuition is that if you look at Kerry going to Iran and trying to clean things up after Trump cancelled the Iran deal, it was unprecedented to have a former Secretary of State do that. Intuition is that I think this is probably true, but we will put that aside.

When I was in Europe, I went to Bavaria. Merkel, after disastrous results in the elections there, bowed out.

The reality is that, if you look at who Merkel's allies in this country had been, if the Republicans sweep the House and the Senate, I think that that will make Merkel's life even more difficult. So, it doesn't surprise me, but what do you think the impact is going to be on the EU of having Merkel out of the picture?

**The Saker:** I'm not sure that it is going to be that much of an impact because Merkel is a figurehead of a completely failed European policy on so many levels. There is no viable alternative yet.

In theory, there is an obvious alternative, which is the Nationalist's far-right party in Europe. I'm not necessarily saying that I am endorsing them, but I am saying that they represent, at least, a rhetorical change in course. But I don't think that these parties are capable of really replacing the entire European establishment, which is where the problem is.

Europe as a political establishment is 'rotten to the core', unable to formulate and, even less so, defend any kind of truly European or a policy favoring the countries of Europe. So, Europe is essentially decapitated.



One theory is that Macron could become the main person in Europe because it is obviously not the Brits.

**Fitts:** That is not going to happen.

**The Saker:** I don't think that it is going to happen either. I agree with you completely.

**Fitts:** Today is the election. It's Tuesday and there is a big question. Clearly, the Republicans are likely to win the Senate and the polls show a toss-up in the House race. I think that the Republicans will probably 'eek it out'. They will probably 'eek out' the governorship. They now have five people on the Supreme Court. So, we are either going to wake up tomorrow with a Republican sweep, or the Democrats getting the House is a possibility. We don't know which way it is going to go.

My bet is that the Republicans are going to sweep it. You will see something a bit like 2016. (The Republicans retained the Senate and the Democrats gained the House.)

If the Democrats do get the House, what is that going to mean for the US relationship with Russia?

**The Saker:** This is a 'sort-of' theme for today, but I am not sure that it is going to mean much. I don't see much difference between the parties. I think that it is a uni-party – the 'Republicrats versus the Demicans' or whatever.



The beliefs that control this country don't change depending on the election. It's the same as in Europe: I don't see any kind of viable alternative. I don't see any 3<sup>rd</sup> movement or any outsider who could offer something different. I think that we are going to see more of the same, only worse. It is true for Europe, and it is true for the US.

**Fitts:** I'm going to ask you the same question that we have talked about many times before, which is: If we do go to war, I know you understand because you are a military analyst. You understand the implications of war better than almost anybody who joins us on The Solari Report.

If we do go to war, are we talking about mutually-assured destruction?

**The Saker:** Yes. If it is a full-scale war, absolutely. But there could be other stages which, I think, could be a tremendous surprise to the United States. I think the most ignored one is that Russia can strike the continental United States with conventional weapons. I think there is a huge difference with the Cold War where the Soviet Union only had nuclear weapons. Now they have very long-range cruise missiles and ballistic missiles. Those can strike the US conventionally, and that is a big difference.

Secondly, I think that the US Navy is going to be extremely threatened and limited in its actions because of the new anti-ship missiles and new submarine capabilities in Russia. That is another thing short of a full-scaled nuclear war that could be very dramatic if a number of US Navy ships would be sunk, which I think is a very real possibility.



Even the Air Force is running into trouble because I don't think the Air Force has the manpower, the skills, the training, or the means to actually deal with a high defense environment, which is what they would be looking at.

If the war happens, and it begins not immediately on a full nuclear exchange between the two countries, I think there could be some very major developments which the general public here has not been educated to prepare for. I think that is a major difference.

At the 'end of the day', it would be fold, try to negotiate an end, or continue escalating.

The nuclear triad in the US, as far as I know, is fully functional. It can inflict huge damage on Russia. If that was the case, Russia will fight back, and it could end in mutual total destruction.

**Fitts:** If it inflicts massive damage on Russia, doesn't that mean massive damage on Europe?

**The Saker:** Oh yes, absolutely. The difference with the Cold War was that everything was centered on Europe during the Cold War. That is why the intermediate range issue was so important. Its missiles deployed in Western Europe could reach Russia, and Russia could not reach in a similar way into the continental United States. That has fundamentally changed.

Now Russia can very much strike any point in the 50 contiguous states.



**Fitts:** This is something that the neocons are still very grumpy about because, remember in 1990 their decision to not take down the government completely, which they could have done, was because they didn't want the nuclear arsenal to fall into the wrong hands. I don't think they thought the Russians could build back as fast as they have.

**The Saker:** I very much agree with you.

If your point of view is, "No matter what, by definition we are the best, the most powerful, the most everything," then you don't have to worry too much about it because, "No matter what, we will 'kick ass'."

That mindset is what allowed Russia to develop these weapons, and the US does not even have anything in the pipeline.

**Fitts:** There is a question that I want to ask you. Steve Bannon, when he was in the Administration for a short time, made a very persuasive case, which I tend to agree with. He said that we should worry a lot more about China than Russia. The question is: Why the focus on Russia when, if you look at geopolitics, China is a far bigger potential problem for us?

**The Saker:** Because Russia is a civilizational challenge. The Chinese are not anywhere near them. Look at the kinds of statements made by senior Russian diplomats. You will never hear the Chinese saying that.

China is an economic danger, but in terms of values, of civilization, and of military, Russia is far more powerful. Russia is also far more willing to engage and confront the United States.



China hasn't done that yet and I understand why. They are doing the right thing by avoiding the confrontation. That is not a criticism, but the fact is, they are not up to the capability of actually standing up to the United States overtly.

**Fitts:** As you know, I have written a lot during the last 20 years about the money going missing from the Federal government, including DOD. A year ago, Dr. Mark Skidmore reviewed the 1998-2015 DOD documents and found that there was \$20 trillion missing from DOD and \$1 trillion missing from HUD.

The pushback from the Administration was to announce a major audit and make a very big deal about that. As a result of that audit, the auditors conveyed this information to the Federal Accounting Standards Advisory Board, and pointed out that if they did a real audit, they would disclose confidential, classified projects. So, the Board announced a preliminary policy that said, "By an unknown process, an unknown group of people at DOD can classify whatever they want, and it will be completely secret."

This, of course, is in violation of the Constitution and all financial management laws. I don't see where they get the authority to do that. They invited comments from the other agencies, and HUD said, "Oh, we need that, too," not being able to explain why a domestic housing agency would need such power. The CIA was fully on board according to their response. They recently went final with that policy.



That means that an unknown group of people at the Department of Defense can classify whatever they want, whenever they want by some unknown process that we won't know, and then the National Security Director can basically waive any FCC requirements of any of the government contractors or defense contractors who participate in those operations or money. That means that the entire US economy – whether it's government or private – is essentially in 'never-neverland' accounting. We will have no idea what the numbers mean. The whole thing is now meaningless and completely outside the law – whether the Constitution or the financial management law or the financial disclosure laws.

I say that the hardest thing in the world is to control that much money when you have no law to back you up. You have complete flexibility to do whatever you want.

The Federal Accounting Standards Advisory Board justified their policy by saying that unless they did what they did, they would have to redact and classify the entire US financial statements.

**The Saker:** That is amazing, but isn't it the same thing again? It's a dismantling of a system which used to be at the very core of what made the USA so successful. It's short-term fixes, all of them designed to be less transparent, less able to defend your positions or your programs, etc. in the public arena. I think that these are all signs of weakness.

**Fitts:** Basically, what they've done with the missing money before 9/11, and then the changes in the Patriot Act and the budgeting after 9/11, and now with this, is they have made the entire US Federal budget dark while using the NSA and a variety of other mechanisms with the telecommunications companies to destroy privacy of the citizens.





So, you have created a complete one-way mirror.

It's really interesting. I read a wonderful piece that I posted from a Swiss money manager who I think really understands what he is doing. He said, "Price discovery is gone. There are no markets. You have to decide what you think has value and meaning and invest because savings are precious, but in an environment like this where there is no market and there is no real price, you have to decide what has value and why. It's a very personal decision."

I couldn't agree more, but this puts us in 'never-neverland'. What that says in my opinion, is that the US system is now completely out of control.

**The Saker:** I completely agree with that. It is out of control, and it simply does not have the means – intellectual or otherwise – to adapt and to respond in a viable, purposeful way. It's like plugging holes.

**Fitts:** I'm going to still disagree with you there. A great deal of money has been going somewhere, and there is a great deal of hardware flying around in our sky which clearly has tremendous technological capability. I don't begin to understand who and what it's all about, but something far weirder is going on here, and the US has been able to 'pull the rabbit out of the hat' many, many times when it shouldn't have been able to. I don't know why.

As long as I don't know why, I am not willing to completely agree with you there. But I would say that this situation is beyond dangerous. I think that you are right.



I think that the Russians are not to be underestimated. They do understand what war is.

As far as I am concerned, the Russians won World War II for the Western world. So, the situation is very, very dangerous. That is why I am very curious about what in the world is going to happen in Paris on November 11<sup>th</sup> when Putin and Trump meet.

I would like to close by asking you: What do you think is going to happen there?

**The Saker:** I don't know. I recently heard Trump say that he might not meet with Putin. Didn't he just declare that?

**Fitts:** That sounds like an election ploy. I wouldn't take him for his word until we see which way the elections go.

**The Saker:** Let me ask you this: Let's say that the Republicans are successful in the elections. Do you think after that there would be an environment which would allow Trump to meaningfully negotiate with Russia or not?

**Fitts:** Yes, I do.

**The Saker:** And I don't. I hope that you are right, and I hope that I am wrong, but I really don't think there is a basis in the US elites that is interested in finding a long-term solution or not wanting more escalation against Russia. I think that it is going to get worse and worse and worse.



**Fitts:** I do because I've seen Putin get too much help from the West in the past. I think that somewhere there is a segment. I believe that this is why Trump is President. Regarding civilization values, Trump feels a lot more compatible with Russia. I don't think that everybody in the American elites is on board for running the world with robots and transgender.

Where this is going is transhumanism. I don't think that all the Western elites are on board for the end of human civilization.

**The Saker:** Do you see anybody in the US elites who would be willing to give up the empire in order for the US to become a normal country again?

**Fitts:** I think there absolutely are elites in the US who share that desire. They care more about human civilization than they care about the empire.

I recently did a discussion with Joseph Farrell on the 'gender X'. I don't know if you have noticed, but you have different states and cities now allowing a 'gender X' on the birth certificate. So, you can be male, female, or gender x. My theory is that if you look at what is involved with rolling out robotics, you can spend 20 years coming up with a new legal system at state, local, and Federal governments globally to manage robots, but that is very expensive, very difficult, and takes a long time.

If you want to go very fast in your rollout of robotics, what you should do is re-engineer the human system to one that will incorporate robots, humans, and every gradation in between. So, you have one system that is for all labor – whether it is biological or mechanical –




– and that is how you proceed. You are using ‘human rights’ and all these different issues to front for it, but that is what you are up to.

I think there are many people in the elites who are looking at where transhumanism is going and where AI is going to take us, and they are saying, “This is basically in fundamental violation of our values; we don’t want to go here.”

**The Saker:** You don’t think that our much more fundamental values have already been trampled on with very little to no reaction? Just think about the idea of being alive and the right to life. If an empire is headed towards nuclear war, unless there is a change of plan, that is where we are headed, and almost nobody protests about it. You see a couple of courageous individuals like Paul Craig Roberts or Professor Stephen Cohen who are warning about that, but the vast majority – especially in the elites – seem to acquiesce in silence to that. I think that we are willing to give up everything.

**Fitts:** I have seen a tremendous amount of people protest, and I’ve seen them be killed and be poisoned. The covert operations and surveillance designed to harm or destroy people who fight this is enormous. I will never say, “No one is doing anything,” because I have seen thousands and thousands and thousands of people be destroyed or killed or smeared. I think that the fight has been much greater than you think.

The media control has been sufficient to get really smart people to think that the fight hasn’t been much greater than it has been. 



**The Saker:** But if the fight has been that great, where are the results of that fight? For instance, have those people put somebody in Congress?

**Fitts:** If you look at the Congressmen who have been destroyed or targeted; you had the Republican baseball team attacked. If the bodyguards hadn't done a good job, you could have had ten or twenty Congressmen dead.

I think that the danger has been much greater than you think.

**The Saker:** The danger of what?

**Fitts:** Look at what happened to Bill Richardson or Curt Weldon. There has been numerous politicians who have been targeted and destroyed. Look at what they did to McKinney.

**The Saker:** That was all successful, though and what brings me to my pessimism. They got away with it; they were successful.

**Fitts:** You get away with it until the body politic gets smart enough to not get away with it.

I am an optimist. I don't think that you can run a planet with the level of evil and corruption that the Western world is currently being run with. I believe this is not about sovereign nations; this is about the people who get together for a human future and push globally. It's going to be a global pushback.



It's very interesting what I saw during the 2016 campaign. I live in Memphis Tennessee, which is the most American of American of American places. You would see bumper stickers on the cars that said, "Putin for President." Why was that? Because Putin was complaining about pedophilia and Putin was complaining about GMO food and Putin was complaining about anything that is antithetical to a human future.

People in Memphis, Tennessee willing to put a bumper sticker on their car says to me that there is a human impulse. You know I believe that, ultimately, this is a spiritual battle, and it has to be battled at the level of spirit and consciousness, and then that will translate into politics. The question is: Of seven billion people, how many need to get killed by nuclear/conventional weapons before the human forces emerge victorious?

I don't underestimate the pain that could result from what is happening, but I foresee a human future emerging. If Russia has a strength, it is because that is what they believe in – a human future.

**The Saker:** I very much agree with that. I do see it here, too, but what I don't see is that resistance. David sings, "We are everywhere," and I agree with that. There are people who do see it, but I don't think that the elites are capable of reforming themselves anymore. I think the Trump case was the last real possibility, and it ended up an abject failure. I don't think after that there is any change that you can believe in or a better different policy or anything happening.

It is going to ossify itself completely and eventually collapse. That is the way it is going to reform.



**Fitts:** I think that individually and on behalf of our families, we need to be prepared for it to go either way – whether it is war or collapse. We need to be prepared.

If you look at what Trump and his military team has been up to, I think they are trying to pull back into North America and create ‘fortress America’ so that they are prepared for a collapse. I think they are worried about a collapse.

**The Saker:** Yes, but the only way to make ‘fortress America’ happen is to give up on the empire, and they are not willing to do that.

**Fitts:** They are not willing to look as though they are doing that. I’m not sure if that is a real thing or an appearance thing.

We haven’t talked about Lockheed Martin yet, but we will do that next time.

Before we finish, is there anything else that you would like to add? Do you have any other comments on the election today?

**The Saker:** No. All I can say is that I hope that you are right, and something good comes out of it. I will be delighted to admit that I was wrong, but my expectation is exactly the opposite, unfortunately.

**Fitts:** We are willing for it to work out. Saker, it is always a pleasure. Whenever I come to these discussions, I start writing notes the month before. I think to myself, “I have to ask Saker this. What will Saker think of that?”





**The Saker:** You are very kind. Thank you.

**Fitts:** It is always such a pleasure. You have a wonderful day.

**The Saker:** Same here, and same to you. Thank you so much for having me.

## 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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