



# Catherine Austin Fitts Interviews Patrick Wood On Technocracy

This is a transcript from an extensive and wide-ranging interview with Catherine Austin Fitts on June 13, 2019. We covered Opportunity Zones, Smart Cities and Technocracy. It is a must-read for everyone wanting to understand the economic side of Technocracy. □ TN Editor

**C. Austin Fitts:** Ladies and gentlemen, it's an absolute pleasure to welcome back to The Solari Report Patrick Wood, who recently joined us for an interview on technocracy. If you reviewed 'The Best Books' for the last several years, you will see one of his books on technocracy.

He is the editor and publisher of Technocracy News & Trends at [www.Technocracy.news](http://www.Technocracy.news). I recommend it strongly to you. There is a great deal of information about technocracy. If you haven't listened to our first interview, you absolutely have to do it. You have to check out his website and I strongly recommend his books on technocracy. I think that it will help you to see the way that AI software and systems are being used to micromanage and replace markets and democracy in a trend that we don't want to let continue.

Patrick, welcome to The Solari Report. We are here to talk about Opportunity Zones, something I very much have wanted to talk about on The Solari Report. When I found out that you were deep diving Opportunity Zones, I said, "This is fantastic!"

**Patrick Wood:** Thank you, Catherine, for that. I want to say how much I appreciate the area that you are coming from because my background - going back for 45 years - is economics and business. I wrote extensively about economic issues over the years. Quite frankly, for most people, it's a boring thing to write about. The economy - who needs it?

This has been my specialty since I started writing, even when we wrote Trilaterals over Washington back in the 1970's. That was primarily a book about the economic takeover of our country. So, today very few people recognize or give assent to the economic aspect of technocracy, but this is the only reason I am interested in the first place. It's about the economy. It's about trying to transform the economy out of free enterprise and capitalism into this new 'Green New Deal' type of economy that cannot possibly work; not in 10,000 years will it ever work.

**Fitts:** It's total control by micromanagement through AI and software. The thing that makes it go are the Federal regulations and the Federal credit to subsidize it, but it is phenomenally wasteful. It's unbelievably profitable for the top people.

**Wood:** It is. The very, very top will accumulate wealth and concentrate wealth like never before in history. It's already happening and has been happening for a long time.

**Fitts:** Yes, but there is much more to go and that is part of what you've nailed.

**Wood:** There are a few resources out there yet that they don't have control of, but they are going for them right now.

**Fitts:** It's hard for people to fathom the extent to which they think that they can harvest everything.

I was at the Aspen Institute two years ago, and sat on a panel. Ed Griffin

was there, and it was wonderful. I dealt with a billionaire venture capitalist on the panel. I tried to engage with him afterward, and he looked at me with these stoned eyes. He was a software developer. He said, “Look, I can automate every job in America, and that is exactly what we are going to do, and there is nothing that you can do to stop us.”

He had that look on his face as if, “I’ve been up in the UFO, honey, and I’m telling you how it is.”

Basically, he was saying that we can insert ourselves with software and AI into every process in the country and harvest 100%.

**Wood:** That’s right, and that is the technocrat mindset, by the way. You ‘hit the nail on the head’. This is the technocrat mindset: Technology has a solution for every conceivable problem that mankind has.

**Fitts:** Right, and they can automate every conceivable thing. Part of this is the transhumanism. They think that they can insert digital technology into humans and integrate digital systems with biological systems.

So, tell us about Opportunity Zones. I am anxious!

**Wood:** I probably would not have taken a second look at Opportunity Zones except that I ‘smelled a rat’. Don’t you just love Patrick Henry? He was the person who coined the phrase, “I smell a rat!” He’s my favorite founding father.

**Fitts:** This is a big rat - a big, stinking rat.

**Wood:** I started to look into it, and at first, as you look at the Tax Cuts and Job Act of 2017 - which was supposed to be the big windfall tax cut for Americans across the board, especially the middle class who desperately need it - I never really examined that act. I didn’t get it and read it because I’m not a tax person. Frankly, that thing drives me crazy. But when I saw that on December 12 of 2018, the President had executed an executive order called the Executive Order on Establishing the White House Opportunity and Revitalization Council, I thought, “What is that? What is this all about?”

I read the EO, and it's all about Opportunity Zones. I thought, "That is strange. Congressed the Tax Act. Why do we need an executive order to support or somehow streamline that process?"

It wasn't streamlining anything to do with you and me. I don't know where you are in the socioeconomic status, but it certainly doesn't address me. As I studied this, the President has pulled out all the Federal stops to allow these Opportunity Zones to flourish. What the tax law actually did - the Tax Cuts and Job Act - is create a system called Opportunity Zones where the Governors of each state would designate areas in their state-up to 25% of their low-income areas in the state-to qualify. It's all self-certified and there is no checking anywhere. They just send the zone designations to the Treasury, the Treasury rubber stamps them, and that is basically it.

**Fitts:** I'm going to mention that in the Subscriber links. You will find a link to the government website that will give you a list by census tract of the Opportunity Zones and will map them, so you can look at the map. I should point out that in my county in Tennessee, the biggest portion of our county seat is mapped as an Opportunity Zone.

**Wood:** The idea behind the Opportunity Zone is that somebody who has locked down capital gains, such as they bought an asset 30 years ago or they inherited something that has an extremely low-cost base, and they want to sell it. Many people are put off by selling assets like this because it plays horrible games with your income tax. If you have a really large capital gains, it can push you into the maximum tax bracket, and you will end up paying a large amount of money to unlock that asset that was in stocks or real estate.

**Fitts:** I would like to mention one thing? One of the problems with that tax is that when you dig in and look at a lot of their increase, it's really only inflation and currency debasement. So, if they are going to get a real return and stay ahead of inflation and beat inflation - which is part of staying in the top one percent - they need to come up with a return that beats inflation. That means avoiding the tax.

**Wood:** That is exactly right and, of course, they get it. They have the

ability to lobby Congress to do things that you and I simply can't do. But when I discovered that this was a tax dodge and people with income that are worried about paying income tax on or have a huge capital gains tax staring them in the face, what better way to solve everybody's problem than to just simply sell their asset, take the proceeds, and invest it anywhere in these Opportunity Zones. The taxes that would normally be due are deferred at least for six years, and in some cases permanently. I thought that was a sweet little deal.

Then I started looking into where this idea came from. Somebody had to come up with it. Was it a Congressman? A Senator? Who was it?

It led me back on the trail to an organization called the Economic Innovation Group (EIG). That is a boring name - Economic Innovation Group. What's that?

I found out that this is the organization that originally came up with the whole idea. They readily admit it.

**Fitts:** I'm going to take it back longer because, if you read my online book, Dillon Read and the Aristocracy of Stock Profits, you can take it back to the person who came up with place-based development of this kind - at least defining the capital gains opportunity - and it was me.

I had a company, that was doing the financial advisory work for the Department of Housing and Urban Development. I identified, and did all the prototyping and took the numbers, and worked with OMB and the Brookings Institution to prove that the number one capital gains opportunity in America was swinging in new technology into places and reengineering how the government reinvestment worked.

I didn't know about the ability to dramatically lower the energy price, but that is one thing that I want to talk with you about because I think that is part of it. I had built relational databases that allowed you to simulate what could be done economically, and the capital gains opportunity was the number one capital gains opportunity in America. It was particularly strong in the low-income areas.

It was basically new technology plus reengineering the government

money, and I took it to the pension funds. They said to me, "Oh my God! We can save America and make the pension fund targets." That was the summer of 1997 at Safeguard Scientifics.

That year, the Department of Justice seized our offices, stole all our software tools that would allow us to look at Federal investment by county and congressional district and by place. It took me six years in court to get those databases back. When I finally got them, the most valuable pieces were gone forever.

So, they have been looking at the real estate capital gains opportunity in these neighborhoods for a long, long time. They have known it's there.

**Wood:** I actually talked to my CPA about the tax laws surrounding this, and the very first thing that she came up with - which is very common in the agricultural industry where I came from - is the exchange program where you can exchange assets without having capital gains being incurred.

It was very common when buying and selling farmland that you would seek to find an exchange rather than just selling property outright, and then buying another piece of property so that you could avoid paying capital gains tax.

You are absolutely right. This is something where the concept has been floating around for a long time.

**Fitts:** They know that all the farmers are hitting retirement age and need to liquefy their estates, so there is a big push to capture the farmland. One of my questions to you is going to be: To what extent are they placing these Opportunity Zones in places where they want to pick up big pieces of farmland?

**Wood:** That is a good point. There are a lot of rural areas that have been defined within the Opportunity Zone map, and you mentioned the interactive map that is on the Treasury website. That is a great place to find them. There are many of them out there.

Grilling down into it, we find a paper that was generated by this EIG

Group back in 2015. It was called 'Unlocking Private Capital to Facilitate Economic Growth in Distressed Areas'. That says nothing in the title. Then when you read it, it doesn't really say much other than what we've been talking about already. But what happened as a result of this article is that two bills were introduced: One in the House, and one in the Senate. The ones that were introduced in the Senate were cosponsored by a Democrat and a Republican.

The first Democrat sponsor was Senator Cory Booker-Mr. Green New Deal. I thought, "That's a warning sign. Why would he be interested in this?"

It was called The Investing and Opportunity Act, and it failed. It got stuck in committee, and it stayed there.

Then came the Tax Cuts and Jobs Act of 2017, and lo and behold, they were able to lift that text out and throw it right into the Tax Cuts and Jobs Act, and it survived. It found its way into law, and the President signed it.

If you go in and look at the legislation and what it actually says, it says very clearly what the intent is of Opportunity Zones. But here is the kicker: The people who founded EIG - and this always interests me - was none other than Sean Parker. People don't recognize Sean Parker very quickly. That's not Peter Parker of Spiderman. It's not his father or anything like that either.

Sean Parker was the cofounder of Facebook.

**Fitts:** Sean Parker got famous because he said, "I'm going to live to be 145." He essentially said, "I built something that was designed to addict your children, and I'm going to live to 145 because I'm a billionaire as a result."

Many people connected it to what was going on in Silicon Valley about buying children's blood. It was a very gruesome moment that put Sean Parker on the map.

**Wood:** I'll say good luck to him on that account. I don't think he's going

to live that long. In the meantime, just so people understand who Sean Parker is, this is the man who cofounded Napster before 2000.

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## Opportunity Zones To Fund Erie, PA Smart City Makeover

Opportunity Zones are an investment bonanza for cash-strapped cities to implement Smart City technology. With over 9,000 OZ's created in just 2 years, estimates run as high as \$6 trillion for investable funds. □ TN Editor

Additional security cameras, LED lighting and free public Wi-Fi were introduced to downtown Erie in 2018 as part of a pilot program for what's known as smart city technology.

Mayor Joe Schember's administration and other local officials want to bring the same technology to local neighborhoods targeted for reinvestment under the federal Opportunity Zone program.

Schember, in an interview last week, said his administration — working with the Erie Innovation District and others — is working to bring “secure smart city” equipment and technology over the next 12 months to the eight Opportunity Zones in the Erie region that have been designated by Gov. Tom Wolf’s office and certified by the U.S. Treasury Department.

According to Schember, that would include security cameras that could read license plates and have facial-recognition capabilities; energy-efficient LED street lights; and free Wi-Fi in public spaces throughout the Opportunity Zone tracts. The intent is to make those areas safer and more attractive for investment.

“It’s kind of an aggressive goal. ... But let’s get these areas done and within the next three years, I’d like to see that technology throughout the entire city,” Schember said.

The city areas approved for the Opportunity Zone program are Erie’s bayfront; the former GAF Materials Corp. site on the city’s west bayfront; the area near Dobbins Landing that is planned for Scott Enterprises’ \$150 million Harbor Place development; the Erie Innovation District along State Street; and the neighborhoods near UPMC Hamot and Erie Insurance.

The other tracts are the former International Paper site and the SB3 Industrial Park, both located on East Lake Road; Savocchio Business Park near East 16th Street and Downing Avenue, which would be renamed the Joyce A. Savocchio Opportunity Park as part of the city’s plan; and areas of the city adjacent to the GE Transportation facility in Lawrence Park.

Local officials are still working on funding, Schember said.

However, city officials believe the city can save \$400,000 to \$500,000, each year, on electrical costs by widespread implementation of LED lighting, including in the Opportunity Zones, Schember said.

The city spends about \$1.2 million annually for electricity and utility pole maintenance, Schember said.

“We can then use that [savings] to help fund the other components of this,” Schember said.

The Opportunity Zone program was created as part of the Tax Cuts and Jobs Act that was signed into law by President Donald Trump in December 2017 as a way to jump-start economic investment in low-income, urban and rural communities.

That program aims to encourage private investment in low-income census tracts by providing tax incentives to investors — money from capital gains can be invested with major tax advantages. City officials estimate that the region’s Opportunity Zones could attract up to \$600 million worth of investment.

Karl Sanchack, the Innovation District’s CEO, said moving smart city technology into the Opportunity Zones is a logical next step for Erie’s smart city efforts. Smart cities are urban areas that use different forms of electronic data collection, including sensors, to supply information that is then used to efficiently manage assets and resources.

The downtown smart city pilot project was announced in April 2018 and focused on downtown and Perry Square. New LED lighting, video surveillance cameras, and free Wi-Fi were installed in an area encompassing State Street, between Sixth and 12th streets.

Quantela Inc., a global data analytics company that has worked on similar projects worldwide, helped implement the project, which was paid for by \$300,000 in Erie Innovation District funds.

“From an Innovation District standpoint, I take my cues from the city and the Mayor’s Office,” Sanchack said. “We are going to start by trying to deploy the things we did [downtown] in the Opportunity Zones in 2019, and into 2020.”

Sanchack said cameras will help “provide a general sense of flow for traffic,” and they will contribute to safety and security. They can also help identify “specific license plates of interest” for Erie police in high-crime areas, he said.

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## Rockefeller Foundation, Mastercard Team Up On Opportunity Zones

Trump signed the Opportunity Zone legislation (Tax Cuts and Jobs Act) in December 2017 and then created the House Opportunity and Revitalization Council by Executive Order in December 2018. With over 8,700 Opportunity Zones identified by state Governors, the money tornado is accelerating. □ TN Editor

The Rockefeller Foundation [will spend \\$5.5 million](#) to help cities take advantage of the opportunity zone program created in the 2017 Tax Cuts and Jobs Act. The initiative will give six cities funding for a Chief Opportunity Zone Officer to be embedded in the city government, as well as community engagement specialists who can coordinate investments

that will help the community.

Newark, NJ will be the first city in the initiative and will receive \$920,000 in funding from the Rockefeller Foundation and Prudential Financial.

Separately, the Mastercard Center for Inclusive Growth and Accelerator for America [announced](#) they will partner to help direct opportunity zone investment to distressed communities. The partnership includes an \$850,000 grant from the Mastercard Impact Fund, as well as data science work, economic development tools and research.

The opportunity zone program allows investors to get a [tax break](#) if they put money into certain businesses and properties in “distressed” areas selected by the state and federal government. More than 8,700 census tracts have been designated as “opportunity zones,” and the Rockefeller Foundation estimates there is more than \$6 trillion in unrealized capital gains that could qualify for investment there. However, there’s been concern that the benefits of the investments might only be felt by developers, or that investors might focus their money on gentrification or real estate projects rather than businesses that could foster the community.

That’s the problem the Rockefeller Foundation seeks to solve, by giving cities funding and human resources to integrate opportunity zone planning into government. The hope is that having a designated engagement team can ensure that the community gets a say in how opportunity zone funds are spent.

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## **Mastercard Press Release**

The Mastercard Center for Inclusive Growth and Accelerator for America (AFA), a non-profit consortium of mayors, labor and business leaders, and urban and economic development experts, today announced a unique partnership to combine their expertise to drive inclusive investment in distressed communities across the United States. The announcement was made at the first Forbes Opportunity Zones Summit

in Newark, NJ.

The partnership includes an \$850,000 philanthropic grant from the Mastercard Impact Fund to help the Accelerator realize its goal of helping 50 city leaders and their communities maximize the potential of the federal Opportunity Zone incentive. Additionally, the Mastercard Center for Inclusive Growth will provide in-kind support in the form of data science expertise, economic development tools and research to help city leaders make evidence-based decisions.

Together, the partnership will provide community leaders across the country with: Data-driven insights around the current economic activity in their Opportunity Zones; assistance in building an Investment Prospectus through the Accelerator's toolkit; consulting on how to structure and mobilize inclusive investments; analysis of unmet needs for investment potential; and ways to measure progress over time.

"We are likely to get better outcomes if we start with better inputs," said Shamina Singh, Founder and President, Mastercard Center for Inclusive Growth. "That's why we are working with Accelerator for America, to ensure city leaders can better prove the investment value of their neighborhoods and build cases to attract investments that will fulfill the long term needs of the local community. For Opportunity Zones to have the greatest chance of impacting those who need it most, we do need art but we also need a lot more science."

"This partnership with the Mastercard Center for Inclusive Growth is a powerful show of confidence in the Accelerator's mission to drive national change through local solutions — from the bottom, up. Mastercard's support and deep insights into the economic power of people living in the Zones will provide key data to help local communities steer Opportunity Zone capital into inclusive, transformative investments," said Accelerator for America CEO Rick Jacobs.

"To assure that Opportunity Zones will truly create opportunity, cities must take informed action. Mastercard's partnership with Accelerator for America will connect cities with the in-depth data they need to make

strategic decisions that will deliver big for their underserved communities,” said Los Angeles Mayor Eric Garcetti, who chairs the Accelerator’s Advisory Council.

Communities across the United States are beginning to mobilize around Opportunity Zones, economically-distressed communities where new investments, under certain conditions, may be eligible for preferential tax treatment. Accelerator for America is working closely with city leaders to help maximize this unique opportunity by providing expertise, training and tools to level the playing field between the public and private sectors.

As a philanthropic partner, Mastercard is bringing a new dimension to the discussion through its data science expertise, which helps city leaders identify patterns of spend, based on aggregated and anonymized transaction data, to deliver a timely view of the economic activity taking place in Opportunity Zones and understand potential unmet needs of the community. For example, Mastercard’s data driven insights can help identify neighborhoods where spend on groceries is rising but most of that spending occurs in other parts of the city because no grocery store exists nearby.

This is the first of a series of grants from Mastercard supporting inclusive economic development across the U.S.

### **About the Mastercard Center for Inclusive Growth**

The Mastercard Center for Inclusive Growth focuses on promoting equitable and sustainable economic growth and financial inclusion around the world. As a subsidiary of Mastercard, the Center leverages the company’s data, expertise and technology, along with administering the Mastercard Impact Fund’s philanthropic investments, to empower a community of thinkers, leaders and innovators on the front lines of inclusive growth. For more information and to receive its latest insights, follow the Center on Twitter [@CNTR4growth](https://twitter.com/CNTR4growth), [subscribe](#) to its newsletter and visit [www.mastercardcenter.org](http://www.mastercardcenter.org).

### **About Accelerator for America**

Accelerator for America launches and replicates local initiatives to improve people's lives in communities across the country to create national change from the bottom up. The Accelerator developed the "Investment Prospectus" tool to help local communities partner with the private sector to steer capital toward investments that deliver a return for investors and local residents. Opportunity Zones could attract \$100 billion in capital.

The Accelerator is also working with local governments across the country to generate local infrastructure revenues instead of relying on the unmet federal infrastructure promise. An example is Los Angeles County's Measure M, which was approved in November 2016 and generates \$120 billion and 465,000 career jobs. On that same election day, which also elected Donald Trump to the White House, local governments nationwide approved \$230 billion in local infrastructure improvements.

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## **Rockefeller Foundation Press Release**

The Rockefeller Foundation today announced an initiative to help U.S. cities attract responsible private investment in economically-distressed communities through Opportunity Zones created in the 2017 Tax Cuts and Jobs Act. This effort will help ensure new investment delivers sustainable benefits for more than 30 million low-income Americans living in Opportunity Zones.

Through the initiative, six cities will receive financial and human resources support for two years. Support includes funding for and designation of a Chief Opportunity Zone Officer, embedded in city government or city economic development agencies. It also includes funding for two community engagement specialists to support and facilitate community engagement and involvement in the proposed Opportunity Zone projects and businesses.

Newark is the first city selected, and will receive \$920,000 in co-funding from Prudential Financial and The Rockefeller Foundation, working

through the Newark Alliance, which has a commitment to equitable development. The other five cities will be announced over the next few months.

“The only way to make sure the ‘opportunity’ in Opportunity Zones benefits all Newark residents is to intentionally focus resources to ensure it happens,” said Mayor Ras Baraka. “I am so pleased that through the support of our longtime partner in progress, Prudential, Newark was able to be the first city in The Rockefeller Foundation initiative.”

“Prudential is committed to maximizing the potential impact of the Opportunity Zone program to spur catalytic investments in our hometown of Newark, New Jersey. By providing capital, as well as our expertise from our other Newark redevelopment and Opportunity Zone projects, we will help close the gap between inequality and opportunity as the city grows,” said Lata Reddy, senior vice president of Diversity, Inclusion & Impact, Prudential. “Our partnership with The Rockefeller Foundation is a crucial step toward ensuring that inclusive, responsible investment benefits all Newark residents and communities.”

“Opportunity Zones have the potential to unlock billions of dollars in innovative job creation and community infrastructure private investment in cities, lifting up Americans who most need this support and preventing their displacement by irresponsible development,” said Dr. Rajiv J. Shah, President of The Rockefeller Foundation. “Philanthropy has an important role to play in ensuring opportunity zones improve the lives of the residents in distressed communities. Starting with Newark, The Rockefeller Foundation will help empower communities to attract and implement investments that will provide real economic mobility to the greatest numbers of disadvantaged people.”

This initiative aims to make it easier for cities to attract and responsibly deploy some of the more than \$6 trillion of unrealized capital gains which could qualify for investment in Opportunity Zones. In addition to funding the Chief Opportunity Zone Officer position and two community engagement specialists, each city will also receive two years of support in the form of a national Opportunity Zone Technical Assistance team to

compile and leverage local, state, and federal incentives, and help structure and support deals.

The initiative launched today is part of the Rockefeller Foundation's U.S. Jobs and Economic Opportunity program focused on expanding economic opportunity for low-income Americans through policy, partnership and place-based transformation.

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