



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. 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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