California Water and Infrastructure Report

For March 26, 2020

by Patrick Ruckert

Published weekly since July, 2014

An archive of all these weekly reports can be found at both links below:

http://www.californiadroughtupdate.org

https://www.facebook.com/CaliforniaDroughtUpdate

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"Very soon, the doomed, present international financial system will disintegrate. It can not be managed, or repaired; its doom is certain, and soon. We are already in the final phase of its destruction. This destruction will occur either in a rational way, through merciful, pre-emptive actions by individual governments, or in the most tragic way, spontaneously, and chaotically. Either way, the present financial system is doomed to disappear, very soon."

Lyndon H. LaRouche, Jr.

A Note To Readers

The two previous weeks to this one I have focused this report on the Corona virus (COVID-19) pandemic. This week we return to water and infrastructure.

But, the first item below provides reality to all discussion about everything. And the **Feature** this week highlights the bailout bill being passed by the Congress this week, that while much of it is urgent it also includes massive bailouts of the speculative gambling debts of Wall Street in an attempt to prevent a complete blow-out of the rotten gambling casino called a financial system. Several articles are included on that topic.

And the **Feature** concludes with a *tour de force* of what must be done to deal with this breakdown crisis of our entire system.

Here is what is in this report on the emerging drought and its implications:

We began the year with almost no precipitation in the state during January, and then February was a record low for precipitation. While some may be attempting to call this month a "Miracle March," since there has been some precipitation, as the U.S. Drought Monitor demonstrates, the process of a developing drought is the reality.

The pandemic has implications that may not be so apparent, and one of those is what will be the affect on California wildfires this year. As you will see in the article below, that affect may be disastrous.

One of the articles excerpted in the first section below discusses the idea that the past 20 years are one generalized drought for the Southwest states, with brief interruptions of adequate precipitation.

A Treasury Bailout of Speculators, Using Taxpayers' Dollars, Will Not Defeat the Coronavirus!

https://larouchepac.com/20200327/treasury-bailout-speculators-using-taxpayers-dollars-will-not-defeat-coronavirus

March 27,2020

Pompeo's idiotic geopolitics still infects the White House, he needs to go now, and not wait until Trump's second term. Harley breaks down the COVID-19 relief bill, much of it going to those on the front lines fighting the spread of coronavirus, but a criminal amount from the Treasury to the Federal Reserve to bailout the shadow banking system.

Every weekday morning Harley will brief you on what you need to know to start your day. If you haven't already, sign up for Harley's weekly articles.

Subscribe to the LaRouchePAC YouTube channel, and hit the notifications button to be notified when Harley's briefings are posted. And, follow us on Soundcloud for audio versions of these updates.

To Fight Pandemics, Don’t Waste $5 Trillion ‘Resuscitating’ Wall Street

https://larouchepac.com/20200327/fight-pandemics-don-t-waste-5-trillion-resuscitating-wall-street

March 26, 2020

The presidents and prime ministers of the Group of 20 nations clearly wanted to cooperate to speed up the defeat of the COVID-19 virus all over the world, when they met on a long teleconference today, and to expand their aid to developing countries which lack public health capacities.

“We are gravely concerned with the serious risks posed to all countries, particularly developing and least developed countries, and notably in Africa and small island states, where health systems and economies may be less able to cope with the challenge, as well as the particular risk faced by refugees and displaced persons. We will strengthen capacity building.... We stand ready to mobilize development and humanitarian financing.” And they pledged to conduct expanded, frontier scientific research together to save human lives from deadly pandemics.

For weeks before this teleconference Schiller Institute President Helga Zepp-LaRouche had urged for the four key leaders on that call—U.S. President Donald Trump, Chinese President Xi Jinping, Russian President Vladimir Putin, and Indian Prime Minister Narendra Modi—to meet. She called on them to jointly create credit for just such efforts, including hospital building worldwide, and scientific crash programs, through cooperation of national banks in each country. And she urged them temporarily to close the lately collapsing securities markets and stop all bailouts to those markets and the Wall Street and City of London banks.

After the G20 telemeeting today, the Chinese Foreign Ministry explained that the nations on that call had spent and/or had now committed $5 trillion toward reviving economies collapsed by the pandemic's impact—$3.5 trillion of it by the governments of the United States and China. But a single central bank, the Federal Reserve, had printed and/or committed to print at least $5.2 trillion to buy the failing assets from City of London and Wall Street banks, hedge funds, you name it; and is also providing additional dollar "swap lines" with other central banks to do the same.

This inhuman waste has to stop; it is costing many lives, and when hyperinflation results, it will cost many more. Government taxes and borrowing are backing this immense financial bailout instead of backing national bank credit to build and equip modern hospitals in developing nations and create new high-technology infrastructure in industrial ones.

LaRouchePAC says "Triage Wall Street—Not Grandma." Helga Zepp-LaRouche insists the pandemic can be defeated, but only by throwing out the London monetary virus, the "floating exchange rate" system of the past 50 years.

Implement the Four Laws of Lyndon LaRouche beginning with Glass-Steagall breakup of Wall Street- and City of London-centered financial firms and creation of Hamiltonian national credit institutions in each major nation. Create a fixed-exchange-rate, Bretton Woods-type credit system to export capital goods, led by those modern hospitals, to poorer nations.

Put people first. Kill the British Malthusian virus as well—the one that let loose from Imperial College the anti-human "herd immunity" idea that 60% of every population had to get this coronavirus. This idea was angrily rejected by President Donald Trump yesterday when he said "I don't accept a single death," and equally angrily by his scientific advisor Dr. Deborah Birx.

On May 20, 2002 Lyndon LaRouche, who with his movement had been involved from 1995-2001 in a mass mobilization to save the capital's only public hospital, D.C. General Hospital, from being shut down, along with thousands of other hospitals nationwide, said:

"Over a period of more than three decades to the present date, there had been a trend in national policy and practice, away from the Constitutional commitment to promotion of the general welfare, toward an increasingly radical notion of what is sometimes named 'shareholder value.' With the rising flood-tide of global monetary-financial and economic crises, the United States, like other nations, is being impelled, of necessity, to return to what some prefer to name as 'protectionist' measures, and to economy-rebuilding policies referencing successful features of the U.S.-led recovery and reconstruction programs of the Americas, Europe, and Japan during various phases of approximately the 1933-1965 interval."

That is the "New Bretton Woods" system, like President Franklin Roosevelt's, that Helga Zepp-LaRouche demands we return to now, in time to save our lives.

And LaRouche continued:

"For a period of nearly thirty years, our nation's health-care system has been increasingly the victim of a misguided shift from the system developed under the Hill-Burton law, to the presently evolved HMO system. It should be recalled today, that the Hill-Burton legislation was adopted under the impetus of the experience of our participation in two World Wars. Thus, Hill-Burton reflected an included awareness of the kind of health-care capabilities wanted to deal, inclusively, with health-care and related challenges of even traumatic national-security characteristics. That included awareness must be reawakened in legislative and other relevant practice under the increasingly strategically perilous conditions of today."

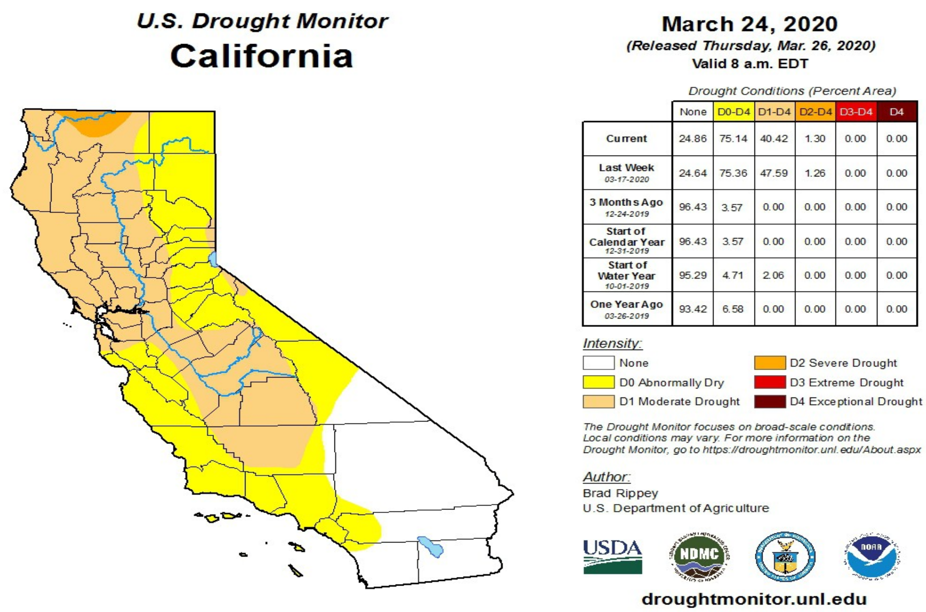
Some Rain and Snow in March

But it cannot make up for a dry January and a record dry February. So sneaking up slowly on us is "The Drought."

Coverage this week includes an item discussing the idea that the southwest is 20 years into a drought.

How Dry Is It? U.S. Drought Monitor

The U.S. Drought Monitor for March 24 shows the slow increased dryness of the state, including, now, one percent of the land area in "Severe Drought." 75% is now classified as "Abnormally Dry."



The West is in an expanding 20-year drought that a 'March Miracle' will do little to change

https://www.latimes.com/california/story/2020-03-19/the-west-is-in-an-expanding-20-year-drought-that-a-march-miracle-will-do-little-to-change

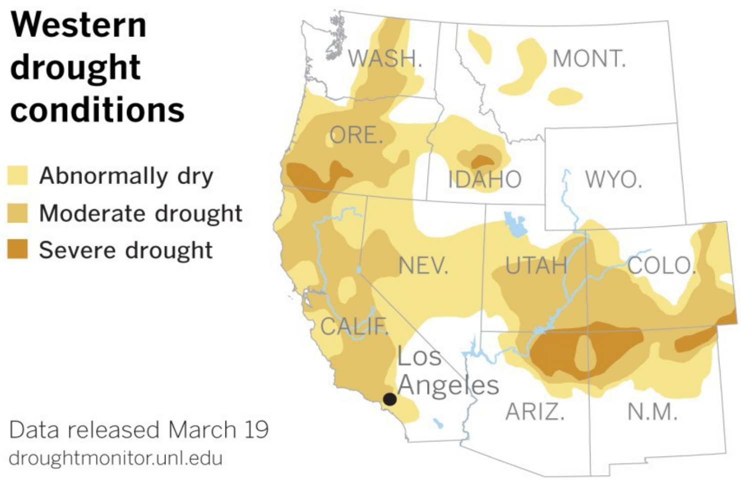
By [Paul Duginski](#)Graphics and Data Journalist

The most recent U.S. Drought Monitor released Thursday shows that although recent rains have provided some relief for Southern California, Northern California remains locked in moderate drought or abnormally dry conditions.

An area near the Klamath River in extreme Northern California and southern Oregon that missed out on heavy precipitation this season has slipped into severe drought. The area joins other parts of the West, including a portion of south-central Idaho and a large chunk of land in the Four Corners region, *in severe drought.*

It is that area around the Four Corners, where Utah, Arizona, Colorado and New Mexico meet, along with the parts of California that are drained by the Sacramento and San Joaquin rivers, that are most consequential to Southern California water users. The area around the Four Corners is part of the Colorado River watershed. Water from the Colorado River is one source of supply to the Los Angeles region, via the Colorado River Aqueduct.

That Four-Corners area is in severe drought, and it is surrounded by areas of moderate drought that cover much of Utah and Colorado, as well as northeastern Arizona and northern New Mexico.



"What I call the continuing drought has waxed and waned, but we've generally stayed near the threshold of large-scale severe drought in the West and Southwest," said climatologist Bill Patzert. "This year, like the previous five to 10 years, has water managers working their worry beads."

The Colorado River flows from its headwaters in the Rocky Mountains. The river and its tributaries drain about 246,000 square miles, including southwestern Wyoming, most of western Colorado and New Mexico, nearly all of Arizona, and portions of Utah, Nevada and California. But a large portion of the Colorado River watershed is in drought.

"There's no quick fix to a long drought," said Patzert, citing groundwater basins and Lake Mead, the reservoir formed by the Hoover Dam on the Colorado, as the West's large-scale drought monitors. Lake Mead takes 17 years to fill with normal rainfall, and groundwater basins take a long time to replenish.

"It takes more than one wet year in the Sierra Nevada to bust a drought," said Patzert, especially when the drought encompasses much of the West. "When the Pacific Northwest and California are dry, the Rockies are dry."

"Don't get too euphoric about our mini-March Miracle," Patzert warns. "It doesn't fill the bill as a drought buster, and it certainly is a fuel-maker for the summer fire season."

Scott McLean of Cal Fire agrees, noting the varied nature of rainfall throughout the state. "It just waters the vegetation," promoting growth of "light, flashy fuel such as grass and weeds that are the fuse that lights wildfires."

Meanwhile, and more importantly, the Northern Sierra 8-Station Index stands at 57% of normal, as of Thursday, according to the California Department of Water Resources. The index is the average of eight precipitation measuring sites that provide a representative sample of the Northern Sierra's major watersheds. These watersheds include the Sacramento, Feather, Yuba and American rivers, which flow *into some of California's biggest reservoirs. Along with water from the Colorado River, they provide a large portion of the Los Angeles and Southern California water supply.*

Summing up, the drought in California and the West has been "on-again, off-again," said Patzert, "but now it looks like it's on again. And a wannabe March Miracle isn't likely to end it."

Relentless storms continue to soak Golden State with rain, mountain snow

By Brandon Buckingham, AccuWeather Meteorologist

Updated mar. 25, 2020 1:06 AM

https://www.accuweather.com/en/weather-forecasts/relentless-storms-continue-to-soak-golden-state-with-rain-mountain-snow/706008

While California will not receive a soaking rain similar to what occurred at the beginning of the week, residents across the state can expect unsettled weather to stick around through Wednesday.

As the storm system came ashore Sunday evening across Southern California, moderate to heavy rain targeted included places like Los Angeles, Santa Maria, and San Luis Obispo.

Los Angeles International Airport received 1.73 inches of rain late Sunday, nearly matching their average rainfall for all of March of 1.85 inches.

Already the next storm in the series was causing rain to overspread Northern California on Tuesday eventually work its way down the coast into portions of Southern California by late Tuesday night.

This time, the steadiest rain and snow will target the northern half of the state.

California edges toward a water-short summer and fall

03/25/20
By Ed Maixner
https://www.agri-pulse.com/articles/13353-california-edges-toward-a-water-short-summer-and-fall

California's skies opened this month with batches of rain north to south, generous snow storms in the Sierra Nevada, and some dashes of hope to agriculture as the state's rainy season nears its usual wrap-up in April.

Frequent rainfall has, in fact, recently soaked the state's arid southern tip, and at her ranch in coastal mid-state Monterey County, Celeste Settrini says, "we got a couple of rain storms over the past week, bringing two and a half inches to the ranch, which was a blessing," and it raised her pastures' fall-winter total to about nine inches (about five inches less than average).

At the end of what's been a bone-dry January and February across nearly all of California, her ranch was still five inches shy of normal rainfall and Settrini feared having to take her Red Angus herd off pasture and sell the calves off early. But now, her pastures "look really good," and although the grass is shorter than usual for March, "if it rains this next week, we'll be OK," she says.

However, Golden State 2020 moisture outlook is getting scary.

After a very wet and snowy early 2019, which pumped up the state's reservoirs, California has averaged less than half of average precipitation and snowpack so far in its rain year (from Oct. 1), notes Daniel Swain, weather watcher and climate scientist at UCLA's Institute of the Environment and Sustainability.

"In the northern part of the state, we may be getting close to record dry," Swain says, and in "almost

all of the northern Sacramento Valley … a big part of California, we are actually at the driest in at least the last 40 to 50 years."

Thus, 2019's snow glut remains critical to 2020 water supplies.

Current water levels in most of California's large reservoirs are at or above average for late March.

"The current reservoir levels directly reflect last year … (when) the snowpack was over 150% of average," says Chris Orrock, public affairs officers for the California Department of Water Resources (DWR). He notes that the Sierra snowpack provides "about 30% of our fresh water storage in California."

"More importantly," he says, "the (2019) snowpack was a very cold one and stayed around for a long time. It allowed for a slow melt and for the reservoirs to retain a lot of that water," instead of melting fast and forcing big reservoir releases for flood prevention.

***So far, 2020 reservoir water allocations are cautious**, and for far less than last year.*

Water allocation announcements so far by the U.S. Bureau of Reclamation, agricultural use north of the Sacramento-San Joaquin River Delta, North-of-Delta are 50% of annual contract volume; farm use south of the delta is allocated 15% of contracts.

About 30% of DWR's releases from reservoirs is delivered for agriculture, and its preliminary allocations put agriculture use at 15% of contract volume.

Wildfire Season Shall Soon Be Upon Us

What effect will the COVID-19 pandemic have?

How the coronavirus pandemic is crippling California's efforts to prevent catastrophic wildfires

Kurtis Alexander
March 25, 2020
https://www.sfchronicle.com/environment/article/Coronavirus-hobbles-California-s-effort-to-15154894.php

California's ability to prepare for a dry and potentially dangerous fire season this year is being crippled as the coronavirus pandemic prompts fire agencies across the West to cancel or delay programs aimed at preventing catastrophic wildfire.

From clearing out undergrowth in forests to training firefighters to tamp out flames, local, state and federal fire forces are trying to move forward within new social distancing guidelines, as well as with potentially sick employees, but that's making their work harder and sometimes impossible to do.

The U.S. Forest Service, which oversees more than half of California's wildlands, announced last week *that it was suspending all prescribed burns, one of the most effective tools for increasing California's resiliency to fire. The state's Cal Fire agency, meanwhile, says it won't halt its vegetation management activities — at least at this point — but it is rethinking how, when and where they're done.*

Spring fire preparations are considered vital to readying California for the warmer, drier summer and fall. Wildfire experts worry that disruptions caused by the coronavirus outbreak will not only increase the fire threat in the coming months but also sap momentum from a years long effort to make sure the state can weather the types of mega-fires recently seen in Butte County and Wine Country.

"If we don't increase prescribed fire, restoration thinning and managed wildfire, we will never get out of our current forest problems," said Scott Stephens, a professor of fire science at UC Berkeley. "Suspending prescribed fire further puts us in a hole in terms of long-term activities to increase forest resilience to climate change, wildfire and drought."

Officials with the U.S. Forest Service, which oversees the nation's largest firefighting force, said they were halting their burn program indefinitely so that communities wouldn't have to deal with smoke during new shelter-in-place orders as well as for the safety of employees. About 5,000 Forest Service firefighters work in California.

Those conducting prescribed burns routinely travel in groups to burn sites, often across long distances. The work itself is done in crews of up to 20 members. Health experts have advised people to stay at least 6 feet away from others to prevent spread of the highly contagious coronavirus, and the White House has issued guidelines discouraging gatherings of more than 10.

The suspension of the burn program comes as the federal government, in concert with states like California, was beginning to initiate new, aggressive goals for prescribed fire in response to deadly blazes like the 2018 Camp Fire, which killed 85 people. Such infernos have helped put a spotlight on the perilous, overgrown condition of the nation's forests, and burning off the thick brush and dead trees has proved a cost-effective solution.

“A lot of people were looking forward to this year being a ramping up of prescribed fire,” said Malcolm North, a professor of plant sciences at UC Davis who works with the U.S. Forest Service in the Sierra Nevada. “My concern now is that we’re going to be more reactive to fire than proactive.”

In response to the pandemic, the U.S. Forest Service has also called off in-person fire training through at least April 3 and canceled meetings where planning and risk assessment is done for fire season.

Fusion

The US Comes One Step Closer To Producing Commercial Fusion Power

Elizabeth FernandezContributor
March 26, 2020
https://www.forbes.com/sites/fernandezelizabeth/2020/03/26/the-us-comes-one-step-closer-to-producing-commercial-fusion-power/#130679b76a35

- *A report released earlier this month outlines steps that the United States can take to become closer to obtaining a commercially-feasible source of fusion power. The report, authored by 300 researchers, hopes to align the fusion community to realize this goal. The question that remains - is fusion the answer to our globe’s energy needs?*

The Report

The nearly 200-page report hopes to align the fusion research community so that obtaining a commercial fusion energy source within the United States might become a reality.

“It’s the whole community, coming together in a very transparent grassroots effort to answer questions about what we’re doing, what needs to be done, and what we’re willing to not do,” says Bob Mumgaard, the chief executive of Commonwealth Fusion Systems (CFS). “It wasn’t done in a back room but by scientists themselves, and they came out with a plan and priorities — it’s kind of cool.”

The report targets several goals:

- *Beefing up plasma research in fields from astrophysics to nanotechnology.*
- *Creating a fusion pilot plant that produces net energy. Such a plant would be a proof of concept showing that commercial fusion energy is indeed possible.*
- *Understand how neutrons, a product of fusion reactions, will affect the facility.*
- *Having the US maintain a constant presence in the international ITER project, an international project to produce energy from fusion reactions, in which the US has been an intermittent partner.*

In the lab, however, fusion is incredibly difficult. In order for nuclei to fuse, the electrostatic forces that push two positively charged nuclei apart must be overcome. If two nuclei are hot enough or dense enough, they can come close enough together so that the strong nuclear force will attract them together, fusing them into one nucleus. This releases a huge amount of energy.

This happens in stars, where their cores are extremely hot and dense. In order to happen in the lab, plasma must be heated even hotter than the core of the sun - perhaps six to seven times as hot as the sun's core, a whopping 100 million Kelvin. The hydrogen plasma must then be confined so that protons will collide. To do this, reactors use magnetic fields to contain the plasma (using tokamaks, which confine the plasma into a donut-shaped torus, or stellarators, complex, twisty structures that are incredibly hard to build but that may eventually outpace tokamaks).

Feature: The Breakdown Crisis

As I reported last week, the present collapse of the bankrupt speculative gambling casino called the financial system was not caused by the Corona virus pandemic. The pandemic was a trigger for a system loaded and ready to explode.

The third element of this breakdown is seem most clearly in the failed healthcare system that has not been able to hit the ground running in response to the pandemic.

See those three elements (the collapse of the existing financial system, the pandemic, and the broken real physical economy) as one phenomenon, and you will begin to grasp what a breakdown crisis actually is.

The two previous weeks to this one I have provided extensive coverage to this subject, so this week I will provide just a few items on the incredible $6 trillion bailout passed by the U.S. Senate last night. Though most of the media declines to examine the real content of this bailout, confining most of their coverage to $2 trillion of it--- the crumbs thrown to the population and some businesses, what the U. S. Treasury and the Federal Reserve are doing, and have been doing is unbelievable. Unbelievable? Yes, but they are doing it.

So, a few items on the bailout and then one on the broader idea of what must be done.

We begin with the emergence of the Malthusians openly calling for "culling the herd of humans."

Malthusian Genocide Lobby Launches Debate on Letting COVID-19 Patients Die

March 26 (EIRNS) —"Hospitals Across U.S. Consider Universal Do-Not-Resuscitate Orders for Coronavirus Patients," the Washington Post informed us yesterday, in an article reprinted around the United States. The New York Times, true to its decades-long promotion of eugenics, has published four articles, minimally, in the past week on the question of "who shall live and who shall die" in this coronavirus epidemic.

Under conditions of shortage in a pandemic, such triage may occur. Doctors and nurses in Italy and Spain faced with such decisions leave their shifts traumatized daily over having to make such decisions. What is criminal, as well as immoral, is to propose to codify such triage as standard practice and induce people to accept it as "inevitable."

The assumption embedded in this "debate" is that there are not and will not be enough medical personnel and equipment to try to save everyone who becomes critically ill—when what is needed is a debate over how to fill those medical shortages!

Dr. Deborah Birx angrily slammed the Malthusians' campaign in the Thursday evening White House Coronavirus Task Force. "To wake up this morning, and see coverage about a do-not-resuscitate for all COVID-19 patients!" she exclaimed. "There is no situation in the United States that warrants that *discussion. To say that to the American people....”*

The Post story reports that “Northwestern Memorial Hospital in Chicago has been discussing a universal do-not-resuscitate (DNR) policy for infected patients, regardless of the wishes of the patient or their family members.” The hospital has contacted Illinois Gov. J.B. Pritzker to check if there were legal grounds for such an order, were it to do so. A universal DNR order would mean that critically-ill COVID-19 patients would not be ventilated, and they will die.

Why would a hospital contemplate such a monstrous decision? Because there is not enough of the high-level personal protection equipment (PPE) to protect doctors and nurses from the aerosol spread of the virus that occurs with intubation for mechanical ventilation. Some doctors rationalize the measure, assuming that ICU staff would only gown up with full PPE when a patient needs intubation (not a quick procedure) so the patient “would be dead anyway” by the time doctor was ready to enter their room.

Why not do as China did, building modern hospitals in ten days' time which had “clean corridors” and “clean” ICU wards for COVID-19 patients, in which all medical staff on duty were always gowned in hazmat-level PPE?

Such let-them-die thinking must be crushed quickly. Northwestern Memorial is not the only hospital where such orders are being discussed, although not all are contemplating a universal DNR. (After all, as one “bioethicist” worried to the Post, if it's universal, young people, too, would die, along with all those old people who no longer deserve care.) Regional hospital networks such as “Atrium Health in the Carolinas, Geisinger in Pennsylvania and regional Kaiser Permanente networks are looking at guidelines that would allow doctors to override the wishes of the coronavirus patient or family members on a case-by-case basis due to the risk to doctors and nurses, or a shortage of protective equipment,” the Post reported.

Helicopter Money Is Not Free, It's Taxpayer Money to Wall Street

March 23 (EIRNS)—The gigantic “coronavirus Bill 3” under furious negotiations in the Senate since March 19, failed to get past procedural votes today. It clearly was intended by the Senate Republican leadership to save stock markets from another plunge, but was replaced in that by a blizzard of announcements of new Federal bailout programs early Monday morning, March 23.

The legislation—which may now be replaced by a $2.5 trillion bill originating in the House and which Republicans will oppose—had one huge chunk of about $500 billion in spending for aid to small business, states, and cities. A still larger amount was to be paid out to households and individuals, inversely to their 2018 taxable income. And some $425 billion was to go to the Treasury to cover the Federal Reserve's losses on the blitz of QE and lending it is doing.

Here are the Federal Reserve's operations over the past 20 days as it has desperately worked to make frozen and collapsing City of London and Wall Street securities markets liquid:

• Cut interest rates from 1.25% to 0.15%.

• Launched over $700 billion in quantitative easing.

• Launched a $1.5 trillion repo program.

• Launched a second $1 trillion repo program.

• Announced it will begin buying commercial paper (short-term corporate debt) from banks.

• Allowed primary dealer banks to use stocks and many other securities, as collateral in exchange for short-term credit.

• Announced it will begin buying municipal debt from banks.

• Opened unlimited dollar swap-lines to 14 other central banks for their similar operations with dollar-denominated securities.

As it has gone through all these credit markets one after another, they have all remained largely frozen. So, on Monday morning, it added buying corporate bonds directly; but much more: The Fed announced its "quantitative easing" programs were now absolutely without limit. And in fact, it is now buying securities from banks and Wall Street and City of London financial firms at the nearly inconceivable rate of $125 billion/day.

Even as the Senate bill was failing to advance, Treasury Secretary Steven Mnuchin, the White House principal in the Congressional negotiations, said last night that the bill was "cooperative with the Federal Reserve" and was intended to provide "$4 trillion in total liquidity to businesses and households"—a nice phrase for Wall Street speculators getting most of it.

Whether or not that $450 billion appropriation remains in the legislation as it progresses, it's the law that the Treasury will have to pay the losses in the Fed's frenzy to buck up the values of many trillions in failing securities. And the losses will likely be larger than that figure. The Treasury will issue bonds to borrow that money, and eventually taxpayers will pay for those losses. Helicopter money is not "debt-free."

A sane policy would exclude all these City of London- and Wall Street-created securities from any support either by taxpayers or commercial banks. That requires putting the big City of London and Wall Street bank holding companies through Glass-Steagall reorganization immediately, to "dry out" the securities markets. Helga Zepp-LaRouche has wisely called for a holiday of those markets to allow such Glass-Steagall bank reorganization.

Kudlow, Mnuchin Hail $4 Trillion Market Bailout through the Fed, as Part of $6 Trillion 'Stimulus Package'

March 25 (EIRNS)—Speaking at yesterday evening's White House press briefing on the COVID crisis, Larry Kudlow, the Director of the National Economic Council which advises President Donald Trump, announced that the total size of the "stimulus package" now working its way through Congress is $6 trillion—$2 trillion of which will go to businesses and individuals affected by the coronavirus crisis, and an additional $4 trillion, which will be issued by the Federal Reserve, leveraged with Treasury (i.e., taxpayer) money. Kudlow stated:

"And finally, I want to mention, the Treasury's Exchange Stabilization Fund. That will be replenished. It's important, because that fund opens the door for Federal Reserve firepower to deal a broad-based way throughout the economy for distressed industries, for small businesses, for financial turbulence.

"You've already seen the Fed take action. They intend to take more action.... It's very, very important; not everybody understands that.... So, the total package here comes to roughly $6 trillion: $2 trillion direct assistance, roughly $4 trillion in Federal Reserve lending power."

Kudlow had the chutzpah to then describe this massive, hyperinflationary attempt to bail out Wall Street and the City of London, as "the largest Main Street financial package in the history the United States."

Treasury Secretary Steven Mnuchin repeated the announcement of $4 trillion coming from the Fed at the March 25 White House press briefing. Mnuchin had discussed this same $4 trillion proposal over the weekend with Senate Banking Committee Chairman Mike Crapo, and others. Mnuchin told Fox

News Sunday that "the fourth part" of the package before Congress, is "a significant package working with the Federal Reserve, which will provide up to $4 trillion of liquidity that we can use to support the economy." The idea is to use some $400-500 billion in direct Treasury funds to be able to leverage ten times that amount through the Fed—for starters. Mnuchin said the plan is meant to deal with a "10- to 12-week scenario," but that they are prepared to do more if it lasts longer.

Kudlow tried to reassure the nation that the program would have an "oversight board," and Mnuchin announced that private sector financial firms would be brought in to help administer the program. But, according to press accounts, the lead firm that has already been hired by the Fed for that purpose is none other than BlackRock. Back in August 2019, in a report and then at the Jackson Hole, Wyoming annual meeting of the public and private financial elite of the world, BlackRock proposed the policy of "monetary regime-change" to "go direct" with all-out helicopter money to bail out the bankrupt financial sector—precisely the policy now being implemented.

Speculative Market Melt-Down Advances

March 25 (EIRNS)—The financial markets are buckling in various sectors, despite the fact that the U.S. Federal Reserve has pumped in $3.2 trillion in liquidity into them over the past three weeks. Some of the leading features include:

• As of March 22, corporate bond prices had fallen 17% since February. For the week of March 16-20, investment grade corporate bond funds experienced $35.6 billion in withdrawals, which is reportedly a record, as investors become frightened. This is furthering the restructuring of the $10 trillion corporate bond market, so that only one-third of corporate bond debt is trading above BBB−, which is junk bond level, and an enormous 66% is trading below that.

Accordingly junk bonds have lost 21% of their value, and are trading at 79¢ on the dollar, or lower.

One of the most vulnerable parts of the corporate bond and loan market, the oil shale industry, is collapsing at break-neck speed, as the price of crude oil in the United States has plunged to $25 per barrel.

Multiplying the problem is that there are various derivatives, such as credit default swaps (CDS), a market of more than $10 trillion, which are pyramided onto the backs of corporate bonds. When corporate bonds fail on large scale, it will ravage corporations, but the accompanying failure of CDS could bring down the world derivatives market.

• Mortgage-backed securities are like the living dead returned from the grave, as their level in the U.S. has reached $9 trillion. Exemplary of the problem is the AlphaCentric Income Opportunities mutual fund, which at the end of 2019, had $4 billion in assets under management, of which it invested more than 60% in risky MBS, some of which were "legacy" MBS, that was issued before the 2008 crash, went bankrupt, was bought up for pennies on the dollar, and then re-traded. Last week, AlphaCentric lost 30% of its value, and is desperately trying to sell $1 billion of assets with no takers.

Quietly buried in the Federal Reserve's manic buy-back program, was its purchase since March 16 of $100 billion of mostly freshly-minted MBS.

• The $3.3 trillion hedge fund sector is experiencing losses and withdrawals. As of 2019, hedge funds have a very high leverage of 7.7 times. That means if a hedge fund buys an instrument for $870, it borrows $770, and puts up only $100 of its own money. That produces a gain if the instrument turns a profit; however, if it turns a loss, the hedge fund has 7.7 times leverage to pay off, but no means to do so. The Fed has been trying unsuccessfully to bail out part of the hedge fund sector, through repurchase agreement actions since Sept. 16, 2019.

U.S. Legislation Gives Federal Reserve $454 Billion for Leverage, and Secrecy

March 26 (EIRNS)—The giant $2.2 trillion relief bill passed Wednesday night, March 25, by the Senate includes many expenditures that are needed, and some urgent, to compensate the impact of the coronavirus pandemic on the U.S. economy and labor force. But it also contains a huge Wall Street poison pill: Liquid balm for all Wall Street's millions of speculations, but hyperinflationary poison for the nation and, because of the Fed's global reach, other nations as well.

In their March 26 "Wall Street on Parade" website, having read the fine print of the legislation, Pam and Russ Martens provide detailed evidence. "The text of the final bill was breathtaking in the breadth of new powers it bestowed on the Federal Reserve, including the Fed's ability to conduct secret meetings with no minutes provided to the American people." Until now the minutes of Federal Open Market Committee and Board of Governors meetings are published in the following month. Why would secrecy now be found necessary?

"When it comes to the money going to the Federal Reserve and then out the door to Wall Street," they write, "the legislation says only this: 'Not more than the sum of $454,000,000,000 shall be available to make loans and loan guarantees to, and other investments in, programs or facilities established by the Board of Governors of the Federal Reserve System for the purpose of providing liquidity to the financial system.' " This, the authors write, is because Treasury Secretary Mnuchin and Fed Chair Powell believe the Fed can print, for every financial asset bailout operation, ten times what the Treasury turns over in taxpayers' funds. And this, because the Fed will be creating "special purpose vehicles"—well remembered among the causes of the Wall Street banks' 2008 downfall and Enron's earlier predations—for these bailouts. The Treasury will invest the government's funds in them. This makes the "bailout of the bailout" one layer more opaque.

Many other aspects of the relief Bill 3 legislation are clearly necessary, some urgent. There is $150 billion in aid to states to fight the coronavirus, a further $50 billion to cities. There is $130 billion in aid to hospitals to stay open and expand. There is $365 billion for retention loans to small businesses for payroll and overhead, which loans will be forgiven if they do maintain their payroll. There is $45 billion for disaster relief; $27 billion to replenish the United States strategic stockpile of medical equipment and $16 billion for personal protection equipment of health workers in the same stockpile. And the well-known grants to individuals and households, approximately $3,500 for a family of four (about $300 billion total). The backup for the Fed's open market operations is thus the largest chunk in the huge bill.

To Recover from Shutdown, We Must Issue Credit, Build New Infrastructure

March 26 (EIRNS)—According to the British government publication Global Construction Review March 23, China has restarted work on 90% of big infrastructure schemes which were outside Hubei. Its most common policy for increasing growth in its economy, in fact, has for years been to issue credit through its state commercial banks and local banks for modern economic infrastructure.

Officials with the National Development and Reform Commission (NDRC) told a press conference March 20 that work had resumed on about 11,000 projects, including 98% of the 533 transportation projects supervised by the NDRC. They added that 97% of major highways and waterways, 87% of airports and 86% of water conservancy projects had also resumed, reported China Daily.

The issues of labor shortages, supply chain and transportation delays are being tackled with funding from the government's central budget and up to $144 billion in special-purpose bonds for local governments.

President Xi Jinping told the G20 teleconference March 26, "In order to make a contribution to *stabilizing the global economy, he said, China will continue to carry out positive fiscal policy and stable monetary policy, steadily promote reform and opening-up, ease market access and improve the business environment, increase imports, and expand outbound investment, thus making contributions to stabilizing the global economy," wrote* China Daily.

One can't directly compare "positive fiscal policy" or "stable monetary policy" to U.S. terms for policy actions; however, the fact that China is maintaining a relatively high prime lending rate over 4%, and the People's Bank of China's bank lending rate is 1.5% while those everywhere else are negative, makes clear that it is not carrying out large money-printing operations. Those it is, seem directly largely to infrastructure projects.

"People First!"

https://larouchepac.com/20200326/people-first

March 26, 2020
President Donald Trump's National Economic Council director Larry Kudlow has usefully revealed in his remarks at the March 24 White House Coronavirus Task Force Press Briefing, what so many members of Congress and media editors have sought to conceal: That in the immense coronavirus relief legislation now going through Congress, Wall Street gets $4 trillion, while the rest of America's households, businesses, hospitals, seniors, airlines, oil drillers, states and cities, and so on, get a total of $2 trillion. That's what the cancer of the floating-exchange-rate, casino money system of the City of London and Wall Street does to us as it goes into utter collapse.

Treasury Secretary Steven Mnuchin has joined Kudlow in publicly estimating that the Fed will have to make another $4 trillion available to the financial business, with its megabanks and its vast multitude of small and large speculative funds and vehicles, on top of the vast funds already poured in since 2008 via quantitative easing and other ruses. This is to try to maintain the value of many hundreds of trillions in speculative debt assets and derivatives, which should be frozen for the duration of the crisis instead, and put through bankruptcy reorganization.

Under the proposed new bailout, the Federal Reserve will put out this $4 trillion, and probably more; but the Treasury, and therefore ultimately the taxpayers, will back it. The first installment will be $400-500 billion allocated by the Treasury to the Federal Reserve in what is called the Treasury Exchange Stabilization Fund. This open line of payments to the Fed may be tucked into the $2 trillion legislation now being passed; but even if it isn't, the Treasury will have to borrow it, make it available to the Fed, and ultimately charge it to the taxpayers. Then, since the Fed—as a bank—will suffer big losses buying and guaranteeing all these failing securities, more Treasury payments will be necessary.

The Treasury will be making the biggest bailout in history. It will dwarf the coronavirus relief for Americans.

Over the last three weeks, the Fed has already issued some $3.2 trillion in quantitative easing and other forms of funny money. Whether the plan is to now issue another $4 trillion on top of that, or if part of the $3.2 is to be construed as part of the $4 trillion "big bazooka," is an open question—but ultimately a moot one. Whether it's $4 trillion, or $7.2 trillion, or twice that amount that the bankrupt financial system demands in the form of hyperinflationary bailouts, it will be like a drop of water on a sizzling frying pan. It will do nothing to stop the collapse of the $1.8 quadrillion derivatives bubble that is underway.

Only bankruptcy reorganization through a return to Glass-Steagall can begin to do that. And only the other three of Lyndon LaRouche's Four Laws can get a new science-driven credit system established, *with international cooperation, to pull the world back from the brink.*

Nearly 22 years ago, on October 4, 1998, Lyndon LaRouche published an article titled "People First!" whose opening sentences read as if they had been written today for the current crisis the U.S. and the world face.

"Very soon, the doomed, present international financial system will disintegrate. It can not be managed, or repaired; its doom is certain, and soon. We are already in the final phase of its destruction. This destruction will occur either in a rational way, through merciful, pre-emptive actions by individual governments, or in the most tragic way, spontaneously, and chaotically. Either way, the present financial system is doomed to disappear, very soon.

"Under these circumstances, the continued existence of the U.S.A., as of other nations, depends absolutely upon the alacrity with which the government responds with certain required, immediate measures of emergency action.

"If the measures specified here are taken, this nation will assuredly survive the crisis, and that most successfully. If the political will to adopt and implement such emergency measures, immediately, is lacking, the nation will be torn apart by the chaos caused by its stubborn refusal to change the present system. If the present posture of clinging to the self-doomed dogmas of 'free trade' and 'globalization' is not overturned, chaos is already inevitable; in that case, this nation will not survive in a recognizable form.

"The following are exemplary required measures….

"1.0 General emergency policy

"When that disintegration of the world's present financial system occurs, the U.S. and other governments, if they are sane, will each consider themselves obliged to take certain, instant, autonomously sovereign, and drastic emergency actions. The immediate purpose of these actions, is to maintain the social stability and general welfare of the nation and its entire population. The rule governing these actions, is: 'People first! All the people!' "