



California grows what the nation eats

California Water and Infrastructure Report For October 12, 2023

(With expanded coverage of all the Western States)

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>

For a free subscription to the weekly report: Send me an email-- patruckert@gmail.com

www.californiadroughtupdate.org/20230803-California-Water-and-Infrastructure-Report.pdf

A Note to Readers

A few items this week following the U.S. Drought Monitor map.

The U.S. Bureau of Reclamation forecast for the coming California winter is that it will be wet.

Once again demonstrating the California grows what the nation eats, the annual sales from two counties of the states is in the billions of dollars. If you want almonds or most any crop, it likely was grown in California.

As the parasites attempting to buy Solano County continue their thuggery, they lost another battle this week as the city council of Rio Vista rejected the company's attempt to corrupt the city's law firm.

An interesting new study shows that “Rivers may not recover from drought for years.”

The final item before this week's **Feature** is, “Navigating the Hope (and Hype) around Solar Canals.”

And the **Feature** this week takes on the question of the national debt, that most pundits, journalists and political leaders mouth off about a lot, but have no idea of what is important.

The article is by my colleague Robert Ingraham: “*Debt or Development?*”

Here is an excerpt from the article:

The Oligarchical Scam Surrounding Our Federal “Debt”

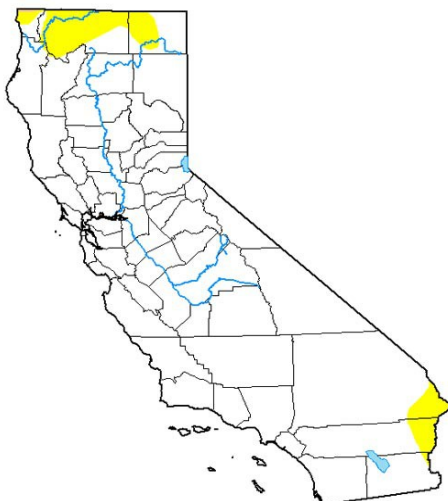
The glaring difficulty in approaching the related topics of the Federal Budget and the “debt ceiling” is that almost none of the political and financial pundits who weigh in on this discussion—on either the “right” and “left”—have any idea of what they are talking about. This ignorance pervades even some of Donald Trump’s biggest boosters, such as Steve Bannon and the Hillsdale College crowd. Their axioms are wrong. Their premises are wrong. And their prescriptions are wrong. Their problem is that they are trapped within the belief-structure of oligarchical Anglo-Dutch finance. For Hillsdale, the problem is obvious. Their collective worship of the British-Austrian school of Hayek and Von Mises disqualifies them from any mastery of the American System of Economics. For others, it might prove useful to investigate whether these “patriots” accumulated their fortunes in the pirate realms of hedge funds, financial speculation, and shadow banking. Certainly, the über-wealthy Republican and Democratic donor classes are dominated by financial sharks.

Today, scare headlines shriek: “U.S. government debt is now \$34.1 trillion and will grow to \$45 trillion by 2033”; “the debt is now 121 percent of national GDP”; “in 2023 the Federal budget deficit hit \$1.5 trillion and is expected to increase to \$2.7 trillion by 2033”; “annual interest payments on U.S. Government debt is now \$644 billion, up 30 percent from last year.” The oligarchy is counting on these staggering dollar amounts to panic the majority of Americans into supporting policy prescriptions written by the oligarchy itself.

**U.S. Drought Monitor
California
October 10, 2023**

**U.S. Drought Monitor
California**

October 10, 2023
(Released Thursday, Oct. 12, 2023)
Valid 8 a.m. EDT



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	93.98	6.02	0.07	0.00	0.00	0.00
Last Week 10-03-2023	94.01	5.99	0.07	0.00	0.00	0.00
3 Months Ago 07-11-2023	71.95	28.05	6.29	0.00	0.00	0.00
Start of Calendar Year 01-01-2023	0.00	100.00	97.93	71.14	27.10	0.00
Start of Water Year 09-26-2022	94.01	5.99	0.07	0.00	0.00	0.00
One Year Ago 10-11-2022	0.00	100.00	99.77	93.99	40.91	16.57

Intensity:
 None (white) D2 Severe Drought (orange)
 D0 Abnormally Dry (yellow) D3 Extreme Drought (red)
 D1 Moderate Drought (light orange) D4 Exceptional Drought (dark red)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

Author:
Brad Pugh
CPC/NOAA



The West

A 1-category improvement was made to northeastern Montana where more than 1 inch of precipitation occurred this past week. Precipitation during the past two weeks along with long-term SPIs supported the removal of extreme drought (D3) in north-central Montana.

Based on SPI at multiple time scales, severe drought (D2) was added to eastern Arizona while there was an expansion of moderate drought (D1) in western Arizona.

Improving 28-day streamflows along with support from NDMC's short to long-term blends led to a 1-category improvement for the Puget Sound of Washington along with southeastern parts of the state.

Abnormal dryness (D0) was expanded across northeastern Utah due to increasing short-term dryness during the past one to three months and this was also consistent with changes made to adjacent Colorado and Wyoming.

Weather and Climate

Another wet year is predicted in California. Officials say this time they're better prepared

KVPR | By [Kerry Klein](#)

Published October 5, 2023 at 4:31 PM PDT

FRESNO, Calif. – Water leaders across California are beginning to prepare for another wet winter, as a new water year got underway this week.

According to the U.S. Bureau of Reclamation, the state's reservoirs are the fullest they've been at the start of a water year in 40 years. And, with an El Niño weather pattern looking more and more likely, so is the possibility for a lot of rain in the months ahead.

But with months to go before winter rains begin in earnest, it's unclear how strong El Niño will be – and how much it will disrupt seasonal temperatures, winds, and other weather patterns.

There are “a lot of pieces in play for some new extremes we haven't seen in decades,” explained state climatologist Michael Anderson during a press briefing this week.

What is certain is that water leaders are preparing now for potential flooding.

mother nature can throw us a curveball, and we shouldn't expect that necessarily again.”

California: The Nation Depends on What the State Grows

Fresno Co. crops reach record high values, Tulare Co. takes top Ag county crown.

Fresno County continues to post strong agricultural numbers as grapes became the top crop.

by [Daniel Gligich](#)

October 11, 2023

<https://sjvsun.com/ag/fresno-co-crops-reach-record-high-values-tulare-co-takes-top-ag-county-crown/>



Fresno County's annual crop report is in, and the county continues to reach new heights with the total value of its agricultural production.

While Fresno County had a record-breaking year in 2022, the overall growth was very slight. Fresno County saw its place as top ag-producing county [claimed by Tulare County](#).

The big picture: Fresno County's total gross production last year came in at \$8,095,546,000. That marked an increase of nearly \$10 million from 2021, a 0.12 percent gain.

- The report covered 183 different crops, including 77 which had a gross value over \$1 million last year.
- Grapes took the top spot for the first time since 2012, coming in at a total value of \$1.24 billion in 2022.
- Almonds, the leading crop in 2021, fell one spot with a value of \$1.14 billion.
- Pistachios (\$706 million), milk (\$655 million) and poultry (\$538 million) rounded out the top five.
- Cattle, tomatoes, peaches, garlic and mandarins ranked sixth through 10th and ranged from \$240 million to nearly \$490 million in value.

Go deeper: Fruits and nuts made up the majority of Fresno County's crops last year, coming in at 55.86 percent of all products produced.

- Vegetables ranked second at 15.33 percent, followed by livestock and poultry at 13.07 percent, milk at 8.09 percent and field crops at 4.61 percent.

Around the world: Canada was the top export country from Fresno County, followed by Mexico, Japan, Taiwan and South Korea.

- Overall, Fresno County delivered its agricultural products to 90 different countries.
- Almonds were the top exported product with 4,235 shipments. Peaches placed second at 2,122 shipments, followed by oranges with 1,324 shipments, grapes with 1,160 shipments and raisins with 959 shipments.

The Battle for Solano County Continues; Parasites Rejected Again

Rio Vista residents speak out on California Forever to city council

By [Nick McConnell](#) | nmccConnell@timesheraldonline.com |

October 10, 2023 at 5:11 p.m.

<https://www.thereporter.com/2023/10/10/rio-vista-residents-speak-out-on-california-forever-to-city-council/>

The law firm of Rio Vista's city attorney, Kronick, Moskovitz, Tiedemann, and Girard, will not be allowed to represent California Forever, the parent company of Flannery Associates, and compile a report on local water supply for them after a 5-0 decision by the Rio Vista City Council last week.

The council voted unanimously to not approve a request from the firm to work for both parties. The request indicated that, in the event of a conflict between the two parties, the firm would drop the billionaire funded development firm and only represent the city.

Many Rio Vista residents attended the meeting, and many had strong words for the corporation that purchased over 50,000 acres of Solano County land over the course of before coming public with their intentions in early September of this year. The firm has since embarked on a public relations campaign, reaching out to residents of Solano County about their intentions and asking for feedback on their proposed project.

22 year old Aiden Mayhood, a seventh generation resident of Rio Vista, spoke at the meeting during public comment and accused California Forever of a "scorched earth" approach with local landowners and of attempting to circumvent county regulations on growth.

"We have entrusted you, the council, to forge through this future with us, the constituents, not Silicon Valley billionaires with separate monetary interests."

He said California Forever has placed a stranglehold on the city's ability to grow. "

Flannery has proven to be untrustworthy and unethical," he said, "we must remember that the ends do not justify the means."

Jeannie McCormack also spoke at the meeting, saying California Forever has displayed no empathy for area residents are are just hoping to make a buck.

"They're really destroying the community in the Montezuma Hills, it's shocking." she said. "Everyone is afraid to talk to each other because they have NDAs with their land sales,"

Long-term Affects of Droughts

Rivers may not recover from drought for years

New method pinpoints streamflow drought duration, severity

Author: Jules Bernstein

October 11, 2023

<https://news.ucr.edu/articles/2023/10/11/rivers-may-not-recover-drought-years>

Lack of rainfall is not the only measure of drought. New UC Riverside research shows that despite a series of storms, the impact of drought can persist in streams and rivers for up to 3.5 years.



Scientist measuring baseflow levels of a stream. (US Geological Survey)

There are two measures of drought in streams. One measure is the total water level, which is impacted by snowmelt and rainfall. Many researchers examine this measurement. Another measure is baseflow, which is the portion of streamflow fed by groundwater.

Fewer researchers examine baseflow droughts, and there was not previously an accurate way to measure them. Because baseflow is strongly tied to groundwater, and because the lack of it has significant impacts on water management and ecosystem services, the UCR team decided to examine baseflow more closely.

“People often just use rain as an indicator of drought because it’s easier to measure. But there are other kinds of drought that each have their own impacts,” said Hoori Ajami, study corresponding author and associate professor of groundwater hydrology at UCR. “We needed a new way to see how long it takes for one form of drought to become another form.”

Baseflow belongs to a category of drought affecting streams and rivers, called hydrological drought. It affects the availability of water for activities like drinking, irrigation, and bathing, and impacts wildlife, plant, and overall ecosystem health. In addition, severe hydrological drought could affect the stability of infrastructure.



Drying rivers can impact the stability of infrastructure, including bridges. (MikeDot/iStock/Getty)

Navigating the Hope (and Hype) around Solar Canals

[Sarah Bardeen](#)

[Gokce Sencan](#)

<https://www.ppic.org/blog/navigating-the-hope-and-hype-around-solar-canals/>

Placing solar panels over canals is attracting attention in California. Proponents hope such projects will use existing infrastructure to generate renewable energy while reducing water loss from evaporation. But will solar canals live up to the hype—and will they work in California? We spoke with Turlock Irrigation District’s general manager, Michelle Reimers, about [Project Nexus](#), a new pilot project that could help answer some of these questions.

Tell us about Turlock Irrigation District’s solar canals pilot project. Why is this a novel approach to take?

Turlock Irrigation District aims to supply our customers with 60% renewable energy by 2030 and 100% greenhouse-gas-free energy by 2045. But there are challenges: producing 1 megawatt (MW) of solar takes about 5 acres of land. One of our gas-fired power plants supplies 250 MW of electricity. You can do the math: it takes a lot of prime agricultural land to construct utility-scale solar. So we took a step back and asked if there was another way we could utilize existing assets to achieve more for our customers.

UC Merced has been studying solar-over-canal projects in different countries, so I contacted their researchers and let them know we’d be interested in a pilot project. The California Department of Water Resources (DWR) offered \$20 million of funding to construct the pilot, so we created a public-private-academic partnership.

What are you learning—or what do you expect to learn—from the pilot?

For the pilot, we picked two different canal sites, 100 feet wide and 20 feet wide, which together are about 2 miles long. There will be different engineering on each site; we’ll see which performs best.

First, we’re interested in the possibility of reducing evaporation within the canal system.

Second, we have very hot summers in the valley, and there’s a lot of aquatic weed growth in the canals. This is a problem since the canals are gravity-fed—weed growth blocks the gates and can cause serious damage. It’s labor-intensive and expensive to clean the canals: we spend a million dollars on cleanup every year. We could potentially save a lot of money if solar arrays can shade the canals and reduce weed growth.

Third, we needed to be sure we could access the canals to service them and the electrical poles that run along them. Producing renewable energy on infrastructure we already own could offer real value to our customers, while possibly providing other co-benefits. And there are no interconnection fees because we’re also the electricity provider.

Feature: Debt or Development?



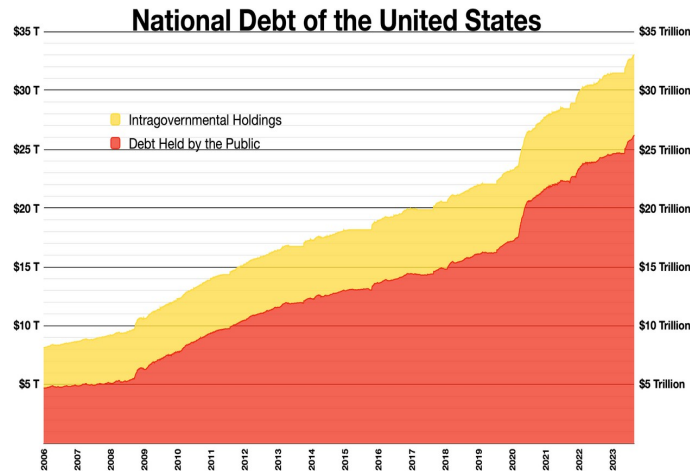
By [Robert Ingraham](#)

October 10, 2023

https://www.larouchepac.com/debt_or_development

It is now five days since the historic ouster of Kevin McCarthy as Speaker of the House of Representatives. Much chatter surrounding McCarthy’s demise focuses on his decision to ally with

House Democrats to pass a Continuing Resolution preventing an alleged “government shutdown,” which, the major news media screeched, was imminent and would result in financial doom.



from wikipedia.org

Like most publications by the “mainstream” media, however, the reporting of the “debt crisis” is a phony narrative, full of lies and misdirection. As Donald Trump made explicit on Truth Social, the fight over the “debt ceiling” can only be understood within the context of the hand-to-hand combat now taking place to prevent our nation from descending into a dictatorship governed by the oligarchy.

If we had honest reporting, journalists would be focused on the primary—and truly shocking—news event of the last week, i.e., the revelations by one lone reporter, William Arkin, that the FBI has now designated the entire MAGA movement—tens of millions of Americans—as enemies of the state and established a secret unit to target Trump supporters as terrorists to be neutralized. Add to this Hillary Clinton’s call for the mass incarceration of Trump supporters in re-education camps. These are blatant attacks on American Democracy and steps toward a dictatorship, yet most of the media did not consider them newsworthy. Barbara Boyd has written a terrific article on these revelations, “[Exposed: The FBI Gestapo Is Now Targeting All Trump Supporters](#),” available on the LaRouche PAC website.

The events leading up to McCarthy’s ouster, as well as the entire issue of the budget and the “debt ceiling,” exist only within the context of this larger battle. Flowing largely from Donald Trump’s courage, there is a spirit now moving the American people, an awakening of hope that the Republic might once again return to its original intention to protect and defend “All of the People.” A new light illuminating the minds of millions focuses on our Washington government’s prioritization of the interests of a small oligarchical elite at the expense of the American People. This is not “politics,” as generally understood. We are witnessing an unprecedented resurrection of the morality and fighting quality of the American People.

The Oligarchical Scam Surrounding Our Federal “Debt”

The glaring difficulty in approaching the related topics of the Federal Budget and the “debt ceiling” is that almost none of the political and financial pundits who weigh in on this discussion—on either the “right” and “left”—have any idea of what they are talking about. This ignorance pervades even some of Donald Trump’s biggest boosters, such as Steve Bannon and the Hillsdale College crowd. Their axioms are wrong. Their premises are wrong. And their prescriptions are wrong. Their problem is that they are trapped within the belief-structure of oligarchical Anglo-Dutch finance. For Hillsdale, the problem is obvious. Their collective worship of the British-Austrian school of Hayek and Von Mises disqualifies them from any mastery of the American System of Economics. For others, it might prove useful to

investigate whether these “patriots” accumulated their fortunes in the pirate realms of hedge funds, financial speculation, and shadow banking. Certainly, the über-wealthy Republican and Democratic donor classes are dominated by financial sharks.

Today, scare headlines shriek: “U.S. government debt is now \$34.1 trillion and will grow to \$45 trillion by 2033”; “the debt is now 121 percent of national GDP”; “in 2023 the Federal budget deficit hit \$1.5 trillion and is expected to increase to \$2.7 trillion by 2033”; “annual interest payments on U.S. Government debt is now \$644 billion, up 30 percent from last year.” The oligarchy is counting on these staggering dollar amounts to panic the majority of Americans into supporting policy prescriptions written by the oligarchy itself.

What is never broached—or even whispered—is that this entire system of debt is a criminal scam and entirely unconstitutional. The scam has a long history, going back to the adoption of the “budget process” under Woodrow Wilson. But the great change began with the dissolution of the Bretton Woods system of fixed exchange rates in 1971 and the unprecedented financial deregulation of the 1990s. In the late 20th century, but escalating following the 2007-2008 financial crash, the technologically progressive American productive economy was dismantled. Factories and farms have disappeared by the hundreds of thousands, and infrastructure has decayed and collapsed. Living standards have been driven downward, and the tax-revenue base for financing the Federal government has been destroyed.

An engine of financial speculation replaced our productive economy with the Federal Reserve at the center. Take the issue of U.S. Government debt. There is an uproar about U.S. Treasury Notes held by foreign nations. It is true that this foreign debt has risen in recent years. But, the U.S. Government debt held by China, Japan, and the United Kingdom (our three largest creditors), totals only \$2.7 trillion. The Federal Reserve, by stark contrast, holds \$6.3 trillion in Government debt, more than double that \$2.7 trillion. How did the Fed become the #1 creditor of the U.S. Government? Essentially, the debt, in the form of U.S. Treasury Bonds, is purchased by banks who then sell the Bonds to the Fed. In return the mega-banks receive a huge influx of cash, printed by the Fed, which they use to super-charge their speculative gambling practices. This is where the real panic of a possible “Government default” arises. The speculators and parasites fear any interruption which threatens the value of their financial assets.

This Ponzi scheme is the KEY dynamic which the media will never mention. The Federal Reserve, the handling of Government debt, the mega-banks, the hedge funds, the “asset managers” like Black Rock—the speculators, parasites and scam-artists—have created a financial oligarchical system which has destroyed our productive economy. They have imposed this system on our Government and made our own Government complicit in the economic looting of the nation. The speculation in government debt and everything spun off from it is now simply one aspect of the global financial empire. Many of our elected officials have surrendered to this treasonous schema due to their dependence on the wealthy donor class. They have become the lowly croupiers of the casino owners.

The entire “budget process” was unconstitutionally foisted on our Government. From 1776 to 1921 there was no such thing as a Government “budget.” Legislation was enacted, and if it required Government expenditures, an income stream was specified to fund the legislation.^[1] The idea of a “Federal budget” was first introduced by Woodrow Wilson and signed into law in 1921, when the Bureau of the Budget was created. This was bitterly opposed at the time. When the Bureau of the Budget was established, Congressman John J. Fitzgerald (D-NY) stated, “Many who are urging the adoption of a budget in the United States are really in favor of a very revolutionary change in our whole system of government.” The very concept of a “Federal budget” was imported from Britain and was only made possible by the 1913 establishment of the Federal Reserve. The entire U.S. budget was to be consolidated into one gigantic blob and then made subservient to the financial “rules” of the Federal Reserve, the City of London, and the major New York banks.

Richard Nixon, under siege by the Watergate scandal, worsened this when he signed the Budget and Impoundment Control Act of 1974. This created the Congressional Budget Office and established the procedure of running the government on a stringent budget, a practice that did not exist until that time. The U.S. government—Constitutionally sovereign in financial and economic policy—became subservient to the “rules of the marketplace” as dictated by Wall Street.

The “Debt Ceiling” concept also goes back to Woodrow Wilson. Under Article I Section 8 of the United States Constitution, only Congress can authorize the borrowing of money on the credit of the United States. From 1789 to 1917, Congress directly authorized each debt issued, but in 1917 Congress voted to give the U.S. Treasury the right to issue bonds for financing America participation in World War I. While the rules governing this have changed over the years, the practice of the Treasury issuing debt and Congress approving it by “raising the debt ceiling” has remained in effect.

How Alexander Hamilton Rescued a Bankrupt Nation

Consider the situation facing the nation in 1790. The new Republic was utterly bankrupt. The government owed \$78.7 million in debt, a staggering amount for a small newly independent nation. This included almost \$12 million owed to Dutch bankers and the French government. None of the debt was being paid, either interest or principle, and was *de facto* in default. The government possessed no sources of revenue, and did not even have a national currency. Most business transactions were conducted with foreign coins—British, Spanish, and French—with their supply and value determined by foreign governments. No one would lend the new nation a penny.

Yet, by 1795 the National Government possessed a budget surplus of almost \$900,000, and both interest and principal on the debt were being paid. Manufacturing, agriculture, and trade were all rapidly expanding, and in 1795 Alexander Hamilton stated that the national economy was “prosperous beyond all expectations.”

Ten months into the first Washington Administration, in January, 1790, Hamilton had issued his *First Report on Public Credit*. This led directly to the passage of The Funding Act of 1790. Hamilton’s two immediate objectives were to consolidate the various state and Federal debts and then to establish the means to both fund the debt and finance the operations of the Federal Government. New government bonds were issued to purchase existing foreign and domestic debt, and Hamilton renegotiated terms with foreign creditors, which in some cases included temporary moratoriums or new terms on interest payments.

Hamilton next secured Congressional approval for both a 10 percent tariff on a wide range of imported goods and a national excise tax on alcohol, tobacco, and refined sugar. That same year Hamilton’s proposal to establish a National Mint was also adopted by Congress. Hamilton’s plan was so successful that within the first year his taxes and tariffs brought in more than \$6.5 million dollars in government revenue, and by 1797, Federal debt had been reduced by 40 percent.

None of this was accomplished by “cutting government spending.” In fact, many great new government projects—such as the construction of lighthouses—were undertaken. Hamilton chose economic development not austerity.

The indispensable key to Hamilton’s system came in 1791 with the creation of The Bank of the United States. Unlike the present Federal Reserve which oversees a vast money system of usury and financial speculation, Hamilton’s Bank established a national Credit System which channeled the nation’s surplus wealth into productive economic investment. The debt of the United States was deposited in the Bank, and since it was guaranteed by the “full faith and credit” of the National Government, that debt became an asset from which new credit was issued to farmers, manufacturers, shipbuilders, and other productive entrepreneurs. The credit of the nation was utilized to increase the productive power of the

nation.

Hamilton's genius is evidenced in this quotation from his *First Report on Public Credit*:

“Credit, public and private, is of the greatest consequence to every Country. Of this, it might be emphatically called the invigorating principle. No well-informed man can cast a retrospective eye over the progress of the United States, from their infancy to the present period, without being convinced that they owe in a great degree, to the fostering influence of Credit, their present mature growth.

“Credit, likewise, may no doubt claim a principal agency in that increase of national and individual welfare, since the establishment of the present Government, which is so generally felt and acknowledged, though the causes of it are not as generally understood.

“Credit is not only one of the main pillars of the public safety—it is among the principal engines of useful enterprise and internal improvement. . . The United States possess an immense mass of improvable matter. The developments of it continually going on, may be said to enlarge the field of Improvement, as it progresses. . . it may be affirmed with absolute certainty that to a Country so situated, Credit is peculiarly useful and important.”

The Way Forward

In his 2005 paper, “[Deficits as Capital Gains: How to Capitalize a Recovery](#),” Lyndon LaRouche identifies the now nearly lost practice of the Capital Budget as the key to resolving the budget crisis of that time. What LaRouche points to is the once-standard practice of large commercial enterprises and private entrepreneurs of separating day-to-day operating expense from a separate and distinct “Capital Budget” for long-term investments in the acquisition and maintenance of new plant and equipment, new technologies, or other physical improvements. In the course of his presentation LaRouche refers to the current “budget process” as “a slop-jar package which lumps short-term and long-term balances together indifferently, in a single silly lump, as a common budget,” and he concludes that this procedure could only have been designed by “unbalanced minds” or by “enemies of our Republic who would wish to induce us to destroy ourselves.”

LaRouche and Hamilton prove that the axiomatic issue is not one of monetarist bookkeeping but the creation of an expanding productive economy which will make the nation both financially sound and economically healthy. The first mandatory action is to reverse both the post-1968 affliction of the “post-industrial services economy” and the more recent—and far more destructive—efforts to impose a “green economy” on the nation. We need a vast expansion in capital expenditures for the creation and maintenance of investments in long-term physical improvements of the total economy. The goal is to build up the per-capita productive power of the nation. This will require an emphasis on “infrastructure,” including energy, water, transportation, etc. It will also mean supporting and promoting productive investment among suitable private entrepreneurs.

The most difficult challenge for policymakers is, perhaps, comprehending the difference between a speculative monetary system and a sovereign productive Credit System. The death-grip which the financial cartel has over our economic destiny must be broken. All of the financial deregulation measures of the 1990s must be repealed, and the Federal Reserve must be placed into receivership and reorganized as a Constitutional National Bank. The National Bank will become the depository for the issuance of new U.S. Treasury notes which then will be circulated as credit into productive economic enterprises. This approach will generate an explosion of productive investment.

At the same time, the “budget process”—which LaRouche described as having been designed by “unbalanced minds”—should be abolished and returned to the general methodology of what existed prior to 1921. With respect to the debt, “Government Debt” must be placed in the context of the larger debt crisis—a crisis created entirely by the parasitical financier class. U.S. corporate debt of more than

\$10 trillion is strangling corporations and small to medium businesses. Consumer debt which particularly impacts the lower and middle classes whose wages are insufficient to meet family income requirements is now exploding in delinquencies. Extending our view beyond U.S. borders, trillions upon trillions of debt is impoverishing nations and preventing economic development.

All of this is going to have to be sorted out. As we shut down the speculative practices of the Central Banking System, legitimate debt will have to be separated out from purely speculative usurious debt, with the latter written off in a modern-day “debt jubilee.” Legitimate outstanding U.S. Government debt—such as the \$11 trillion in U.S. debt held by foreign nations—must be honored, but that does not preclude the reorganization of such debt as Hamilton implemented in his time. Global debt re-negotiation is coming, and new debt agreements will be decided among an alliance of sovereign nations.

Domestically, the largest creditor of the U.S. Government is the Federal Reserve which holds more than \$6 trillion of Government Debt. But, if the Fed is reorganized as a National Bank under the U.S. Treasury that debt would disappear because the Government would then owe the money to itself. Similarly, there exists an additional \$7 trillion in what is called “Intra-governmental Debt,” where the U.S. Government owes debts to many of its own agencies, including \$2.6 trillion to the Social Security Trust Fund, \$408 billion to Medicare, and other large amounts to the Highway Trust Fund, Federal employees’ retirement funds, Federal Housing, and other agencies. Putting to one side the insanity of these practices, it is indisputably the case that these in-house debts could be reorganized or, in some cases, forgiven with no danger of government “default.”

Other debts to major banks, mutual funds, insurance companies and the like can be sorted out and reorganized under guidelines coherent with the reimposition of Glass-Steagall provisions, but with the proviso that no repudiation of sovereign U.S. debt is permissible.

Indispensable Growth

The clarion call for action to rebuild our productive economy is found today in Donald Trump’s “[Agenda 47](#).” Trump has put forward bold initiatives on Energy, Water, Manufacturing, Tariffs, Trade, and other key measures necessary to rescue our nation. If we are to have a future we must begin to rebuild actual physical productivity. This is what Trump is identifying.

The issue before our nation is “Grow or Die.” Under Biden, his Green Agenda and the rigged Wall Street-Federal Reserve-U.S. Debt combine, we are dying. Last week, in the midst of the fight to raise the “Debt Ceiling,” Trump urged his supporters in Congress to “use the power of the purse to defend the Country” and to place a check on President Joe Biden’s “weaponized Government that refuses to close the Border, and treats half the country as Enemies of the State.”

Thus, the “Budget Crisis” and the “Debt Ceiling” are not about money. This moment is about who will control this Republic’s destiny. What future will we provide for our posterity? Hamilton understood this. Trump understands it. Do not play by the “Rules of the Game” as defined by the brain-dead establishment. Our approach is to effect a *coup de main*: sudden surprise initiatives which overturn the rules, without warning, and establish an entirely new agenda for the Nation.

[i]. A faint echo of this approach is to be seen in Congressman Matt Gaetz’ proposal to pass 12 individual appropriations bills, as opposed to the all-encompassing “Continuing Resolution.”