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EDITORIAL

The Collapsed Economy Isn't Coming Back—Schiller Conference April 25-26 Charts a New Paradigm

April 20 (EIRNS)—Forget the technical talk about the meaning of a negative price for oil, the first such in history. It is just one signal—that the globalized, financialized, City of London-Wall Street economy in which most have lived their adult lives, and which has collapsed across trans-Atlantic nations at the imposition of public health quarantine measures, is

not going to come back. The 50-year run of austerity for the sake of the benefits of free trade is over.

Those who now insist that they want to “restart this economy” will not be able to revive the shale oil industry. They will not soon revive the airline industry. They will not be able to revive the residential and commercial construction industry, or restart more than a part of the auto industry. More can be listed. The \$5 trillion the Federal Reserve has printed and promised to Wall Street, the City of London, Frankfurt, Tokyo banks—that \$5 trillion it is lending banks and hedge funds and private equity funds to bail out now-worthless assets like oil price derivatives—it is impossible that such hyperinflationary operations can co-exist with reviving an actual economy.

What if someone is talking about “reopening the economy” and yet saying nothing about the Fed’s stupendous \$5 trillion Wall Street bailout? What if the same person is complaining about Congress voting \$2 trillion—and not mentioning that large parts of that are going to back up the lending to Wall Street banks and funds? Then one is really hearing from Wall Street, one way or another.

To rebuild the economy takes a new paradigm, not from the speculation and globalization system of the last half-century. It is necessary to learn the plans of the late great economist Lyndon LaRouche. LaRouche rejected that system of globalization and austerity when the City of London created it by forcing the dollar off its gold-reserve basis in the early 1970s. He forecast that deeper and deeper austerity over decades would unleash pandemics.

The cause of this pandemic crisis is no country, no one leader, and no virus—it is the unpreparedness of the last 50 years’ casino-speculation system to save lives, or face great threats to human life of any kind.

LaRouche knew the economics responsible for Franklin Roosevelt’s and John F. Kennedy’s era of progress before this floating-rate casino of the Federal Reserve etc.

To get out of this collapse, the economy has to be “restarted” from that FDR-Kennedy capacity for progress, and let LaRouche’s Four Laws advance it. One of them, reinstating the Glass-Steagall Act to break up Wall Street’s and City of London’s banks, would immediately halt the \$5 trillion Fed bailout. Another, Hamiltonian national banks in every nation, would provide the credit to start rebuilding. The rebuilding can start with an act of love: Building a new public health and hospital system through the underdeveloped nations of the world. This will save perhaps millions of lives from the COVID-19 now spreading there; but also so that we will not be completely unprepared again.

This weekend’s online conference of the Schiller Institute will rehearse the entire new paradigm, with leading speakers from the major nations which must cooperate to launch it. Go to the [Schiller Institute](#) website or [LaRouchePAC](#)’s website, starting Saturday at 10:00 a.m. EDT, to attend the historic event. You can submit questions to the panelists at questions@schillerinstitute.org

- Watch the [Morning Briefing with Harley Schlanger](#) on Tuesday, April 21: Every weekday morning Harley will brief you on what you need to know to start your day. Subscribe to the LaRouchePAC YouTube channel and hit the notifications button to be notified when Harley’s briefings are posted. Or you can listen to the audio file on [SoundCloud](#).

COLLAPSING WESTERN FINANCIAL SYSTEM

Big Oil Trading Co. Goes Under, as U.S. Shale Sector Down for Good

April 20 (EIRNS)—The price for West Texas crude oil fell below \$11 for May futures markets Sunday night and this morning, despite global production being reduced more than 10% by the recent Russian-Saudi negotiation with the Presidents of the United States and Mexico. Price cutting by Saudi Aramco seems, again, to have led the price down to this completely uneconomical level. But the oil shale basins in the United States

will not return to anywhere near the production levels of recent years, for reasons of technological inefficiency which demands artificially high price levels compared to traditional drilling.

An immense amount of oil is now in “floating storage.” One of the biggest physical oil trading companies in the world, Hin Leong Trading (Pte) Ltd. in Singapore, has gone bankrupt, due to its futures and derivatives losses. These were \$800 million, and had been hidden; their revelation brought the company down, according to Bloomberg News.

Reuters reported April 15 that as many as 240,000 oil industry jobs are likely to disappear in the United States in 2020, citing an analysis by Rystad Energy. Large numbers of shale oil basin workers have been sent home over several weeks, and if they are called back for a few months later in 2020, it will be only because their employer companies are elaborately hedged against the drop in the oil price to a level at which they cannot produce. When the hedges expire they will shut.

The *Washington Examiner* on April 14 reported one extraordinarily frank testimony by the CEO of a large shale drilling company, to the state of Texas, admitting that the shale oil production boom of the last 10 years has not been technologically viable, and had to end. “Texas Debates Production Cuts” is the headline; the witness before the Texas Railroad Commission April 14 was Scott Sheffield, CEO of Pioneer Natural Resources. He argued that the state should force companies to hold back their production in order to “save” a significantly lower level of shale production than over the past decade.

Sheffield said shale producers simply have too much debt, and did before the coronavirus hit.

“No one wants to give us capital, because we have all destroyed capital and created economic waste,” he said.

Only one other producer, Parsley Energy, supported the idea; there is overwhelming opposition from large oil majors, refiners, and the trade groups that represent them.

UPDATE: Later Monday April 20, oil for delivery Tuesday was priced at $-\$50.27$ (a negative amount, for the first time in history). This meant that whoever wanted to deliver oil Tuesday, and be paid, had zero demand for it anywhere, and speculators were now betting on the expenses to store it. Showing the insanity of this speculation—which should be shut down—the futures price for “June” oil, for delivery May 19, was $\$20.47$ at the same time.

Paul Craig Roberts Declares U.S. Has No Future without Glass-Steagall

April 20 (EIRNS)—Paul Craig Roberts’ column on his website, headlined “Are We Brewing a New Feudalism?” on April 16, says the U.S. economy has no future without restoring the Glass-Steagall Act and infrastructure programs. A large share of households have no fallback savings and depend on employment income to pay bills from month to month; they will not survive this employment collapse and will lose their homes to Wall Street. The same is true for thousands of small businesses which will be lost.

Roberts calls this the *coup de grâce* of a long-term process.

“The destruction of the U.S. economy has been underway since global corporations moved middle class jobs offshore. It has been underway since the financial sector diverted a larger share of consumer income to the service of debt. It has been underway since corporations invested their profits in buying back their own shares instead of expanding their production capabilities. It has been underway since quantitative easing inflated stock and bond prices beyond realistic values. It has been going on since the rules against concentration were set aside and the Glass-Steagall Act was repealed. It has been going on since endless wars crowded out infrastructure investment and social safety net expansion.”

G20 Health Ministers Discover the World Is Not Equipped To Address Pandemic

April 20 (EIRNS)—The G20 health ministers held a videoconference on the COVID-19 pandemic on April 19, issuing a page-long statement that “emphasized that people’s health and well-being are at the heart of all

decisions taken to protect lives, tackle illness, strengthen global health security, and alleviate the socio-economic impacts resulting from COVID-1.”

However, they “recognized that the COVID-19 pandemic has highlighted systemic weaknesses in health systems. It also has shown vulnerabilities in the global community’s ability to prevent and respond to pandemic threats. Ministers addressed the need to improve the effectiveness of global health systems by sharing knowledge and closing the gap in response capabilities and readiness.”

They also expressed concern regarding the “risks posed by the pandemic to developing and least-developed countries, where health systems and economies may be less able to cope with the challenge.”

They also stress the “importance of utilizing digital solutions in current and future pandemics, the emphasis on patient safety and the importance of improving value in health systems as well as anti-microbial resistance.” The G20 health ministers noted that they would take “further actions that may be required to contain the pandemic and will reconvene again as necessary.”

Many Deaths Threaten Underdeveloped Regions If They Stay That Way

April 20 (EIRNS)—Headlines last week were trumpeting that Africa COVID-19 deaths “could reach 300,000 people.” The source of that figure is a report, “COVID-19 in Africa: Protecting Lives and Economies,” produced by the UN’s Economic Commission on Africa, and widely leaked prior to the report’s official release on April 17. The realistic death figure discussed in the report is 3.3 million; the figure of 300,000 deaths was only the lowest of four given in the report—the one assuming the best of all mitigating circumstances—with the highest figure greater by a factor of ten: 3.3 million dead.

With the understanding that all of these figures in the report come from computer-projected models produced by the Imperial College of London,

the “best case” scenario assumed: “intense” social distancing, including quarantine; personal protection equipment (PPE), including masks and protective gear for first responders; and extensive testing/contact tracing. The “worst case” scenario, on the other hand, assumed “no intervention,” with two cases in between.

To achieve the “best case” scenario, the report observes, would require \$44 billion “for testing, personal protective equipment, and to treat all those requiring hospitalization and intensive care.” Needless to say, this is almost an impossibility for Africa: Even if the money and material were to materialize, the simplest of things—for example, hand sanitation—is almost impossible for lack of potable water. On the more complex issue of acute medical care, even in the country best-equipped in this regard, South Africa, the acute and ICU beds in hospitals just aren’t there. As the report states: “If COVID-19 were left to spread unmitigated, the COVID-19 medical supply gap across Africa would reach approximately \$446 billion [worst case scenario], and Africa would be completely unable to afford to treat even a fraction of all those in need.”

The harsh reality is, that even the simplest of mitigating efforts—government lockdowns—are proving more difficult to enforce, as populations become more desperate for food, being amplified by an inherent distrust of police authority. Reported cases of violent protests are increasing, especially in larger cities of South Africa and Nigeria, with reports of protests and looting having taken place even in rural regions.

The BBC reported that the World Health Organization (WHO) says the virus appears to be spreading away from African capitals toward rural areas. Somalia’s Health Ministry, whose officials were quoted in the *Washington Post* April 20, has zero ventilators. The Central African Republic has 3; South Sudan, 4; Liberia, 5; Nigeria, fewer than 100. Abdirizak Yusuf of the Somali Health Ministry said: “I think there can be even a million cases that we’re missing in Somalia. My colleagues are even testing positive. Our ministry people are testing positive. Most of the people we are testing are testing positive.”

Even in areas called “wealthy,” as *South China Morning Post* wrote yesterday: “Poorer groups generally suffer more. That is even the case in rich, self-regarding Singapore. Its much-vaunted public housing program excludes the non-resident 29% of the population and 37% of the workforce, who are mostly either domestic helpers or workers living in barrack block dormitories with bunk beds and multi-user toilet facilities. Unsurprisingly, they have become the center of COVID-19 outbreaks.”

Mark Carney Dictates, after COVID, Public Values Supersede Private Values—or, Climate Change *über Alles*

April 20 (EIRNS)—Mark Carney, now the UN Special Envoy for Climate Action and Finance (after five years as governor of the Bank of Canada, seven as governor of the Bank of England, seven years as head of the BIS Financial Stability Board, years as head of the planning committee for the World Economic Forum), has again stated his open intention to impose de-industrialization and genocide on the world under the guise of climate change. In an article in *The Economist* dated April 16, Carney posed a pathetic academic construct on the impact of the pandemic, writing that “the traditional drivers of value have been shaken, new ones will gain prominence, and there’s a possibility that the gulf between what markets value and what people value will close.”

And what do “the people” value, in the imagination of the Goldman Sachs-trained spokesman for the British Empire? Stopping climate change.

Carney mourns the imminent demise of “globalization” (the Empire’s recent euphemism for colonialism): “[T]he crisis is likely to accelerate the fragmentation of the global economy. Until a vaccine has been found and widely applied, travel restrictions will remain. Even afterwards, local resilience will be prized over global efficiency.” He also states that the massive debt being pumped into companies through the stimulus will “increase the riskiness of the underlying equity and weigh on the capacity for growth.”

His conclusion—in keeping with his cooperation with Michael Bloomberg to cut off credit to companies that have too much “carbon

footprint”—is that the world must come together to stop industrial development: “All this amounts to a test of stakeholder capitalism.... After the COVID crisis, it’s reasonable to expect people to demand improvements in the quality and coverage of social support and medical care, greater attention to be paid to managing tail risks [a term only used by market gamblers—ed.], and more heed to be given to the advice of scientific experts [meaning the computer modelers who create fake climate-change predictions—ed]. The great test of whether this new hierarchy of values will prevail is climate change. After all, climate change is an issue that (i) involves the entire world, from which no one will be able to self-isolate; (ii) is predicted by science to be the central risk tomorrow; and (iii) we can only address if we act in advance and in solidarity.”

THE NEW GLOBAL ECONOMIC ORDER

Argentine Historian Urges Look to FDR’s New Deal for Solutions, Since Neo-Liberalism Is Dead

April 20 (EIRNS)—In an opinion piece in the April 19 daily *Página 12*, Argentine historian Mario Rapoport proposed that in the context of the coronavirus pandemic and the disastrous state of the nation’s economy left by former neo-liberal President Mauricio Macri, Argentina would do well to adopt a reconstruction program similar to Franklin Roosevelt’s New Deal. Although the task might seem monumental, he argues, the current situation requires “immediate and bold measures.”

Rapoport points out that the appropriate answer to those neo-liberal economists who are demanding a rapid exit from quarantine to retake the “path of economic growth,” is to “ask ourselves what ‘path’ they’re proposing.” The reality is that the pandemic “is closely linked to the advance of neo-liberal economic globalization which rapidly multiplied the effects of the new disease to all corners of the globe.” It’s at times of global crisis like this one, he continues, that “nation-states become fundamental actors. We need to examine history, not only Argentina’s, to find the solutions to other crises, pandemics and wars.”

In this context, he details the key aspects of the New Deal, describing the measures FDR took against the banks, and to foster growth in production and consumption and, above all, to get people back to work. Pointing to what happens when concentrated financial interests replace the role of the state, Rapoport cites FDR's April 28, 1935, "Fireside Chat" warning of "holding company domination" in the public utility sector. "When the government is absent from such entities, they lose touch with and the solidarity of communities they supposedly serve," Rapoport explained.

No government should count on international lending agencies for help in this crisis, the historian concludes. The great powers themselves are highly indebted and looking to be rescued. Neo-liberalism's solution is "scorched earth.... They've done it in the past, and this is the worst scenario" if adopted now. But, he goes on, "there is another [solution], the resurgence of nation-states as fundamental actors of a new world order."

U.S. POLITICAL AND ECONOMIC

Banks Win, States Left Out of Newest Coronavirus Relief Bill

April 20 (EIRNS)—A fourth Congressional relief package since the COVID-19 crisis collapsed the economy was being negotiated through Sunday night, April 19, as before among Treasury Secretary Steven Mnuchin and the GOP and Democratic leaders of both Houses. Though the bill, according to Mnuchin, will replenish the small business payroll protection loan program and another Small Business Administration lending program, with a total of another \$370 billion in Federal guarantees, it will not, he said, include any new aid to states and local governments. The states got \$130 billion in aid in the CARES Act, but have lost \$90 billion in tax revenue expected this year, while their healthcare expenses have forcibly risen sharply.

In a later development pushed by President Donald Trump, \$75 billion in aid to hospitals and \$25 billion in related funds for acquiring coronavirus test kits was added to the bill.

The way in which Mnuchin, Federal Reserve System Chairman Jerome Powell, and Senate Majority Leader Mitch McConnell are coordinating coronavirus “relief” continues to serve Wall Street and financial assets on securities markets across the board—markets which should be locked down for good—while eliminating inputs to the real economy of which state and local government spending is one of the more important. Powell’s Federal Reserve is buying municipal bonds from banks, improving their cash position and preserving this asset, having pushed municipal bond interest rates back down to below 1% from the 2.5% to which they had jumped. It is placing no pressure on Wall Street to use this Fed cash to purchase new state and local bonds. It is now also buying some municipal bonds directly; but, these are only of very short term, measured in months—essentially, revenue anticipation bonds of states and cities.

The problem, of course, is that states and cities have lost their revenues and find it very difficult to “anticipate” when they may recover them—certainly not this year. So this Fed program, which is new in its history and could have been a turn toward the real economy, is instead almost worthless to the states and cities in their present, crushed economic situation.

President Trump, who appears to have pushed the hospital aid into the bill Sunday night—it was not included before he spoke on Sunday evening—said at the same press conference that he wants to see Congress give more aid to states and cities.

SCIENCE AND INFRASTRUCTURE

Zhejiang Plans Recovery Building Maglev, High-Speed Rail, Roadways, Ports

April 20 (EIRNS)—*Nikkei Asian Review* reports that China’s Zhejiang provincial government announced on April 17 plans to build a maglev railway connecting Shanghai with Ningbo to the south, via Hangzhou (213 km), at a mobilization conference to promote Zhejiang to become a province with a high-quality transportation network.

Zhejiang's "strength in transportation, mapped out at the conference, involved a 30-year plan for transportation, spanning three stages, according to Zhejiang News yesterday: The railway will be around 400 km long and cost roughly 100 billion yuan (\$14.1 billion). The Zhejiang government aims to revitalize the local economy by investing 3 trillion yuan in transportation infrastructure.

Writes Zhejiang News, "By 2035, Zhejiang will have generally built strength in high-quality transportation, forming a modern infrastructure, services, and governance system of transportation with high-quality competitiveness, to achieve the goals of people's satisfaction and being at the forefront of the world. By the middle of this century, Zhejiang will have built strength in high-quality transportation in an all-round way, leading the world in the aspects of infrastructure, comprehensive transport capacity, and modern governance system.

"By 2035, Zhejiang will have formed three '1-hour traffic circles' and two '123 fast freight logistics circles' (1-day service in China, 2-day service in neighboring countries, 3-day service in major cities around the world, 1-hour service in urban and rural areas, 2-hour service within Zhejiang, and 3-hour service in major cities in the Yangtze River Delta).

"Zhejiang has specially planned such major projects as '10 projects of 100 billion yuan' and '100 projects of 10 billion yuan.' Among them, '10 projects of 100 billion yuan' are all 'super traffic projects' such as the coastal high-speed railway The total investment of these projects is predicted to exceed 1.2 trillion yuan.

"The '100 projects of 10 billion yuan' include 103 projects, with a total investment of about 2.4 trillion yuan, covering roads, railways, rails, water transport, integrated hubs and other modes of transport...."

Although the government did not say when the linear railway will go into service, wrote *Nikkei*, it is expected to begin operating around 2035. State-owned CRRC Corp. is developing a linear vehicle that can reach a top speed of 600 kph. The new line will likely use its technology. Yunnan

Province, in central China, is also considering building a 430 km linear railway.