

EIR Daily Alert Service

P.O. BOX 17390, WASHINGTON, DC 20041-0390

- Only One Leader Made Action Plans for This Crisis
- Gathering Financial Storm: This Is ‘Last Call’ for Glass-Steagall
- Saudis Trigger a Huge Slide in Oil Prices Internationally
- Watch India’s Financial System for Bigger Problems
- As with AIDS—Advance Scientific Research, Build Hospitals
- Will Hospital Bed Shortage in Coronavirus Pandemic Lead to Deciding Who Lives and Who Dies?
- Ontario Pushes for Small Modular Reactors for Energy, Cancels Wind and Solar Plans
- Bloomberg Redeploys His Money to Political Committee against Trump
- ‘Our Man Mitt’ Romney Is the Neo-Cons’ Asset in Senate Probe of Hunter Biden
- Russia’s Hypersonic Kinzhal Missile Was Combat-Tested in Syria

EDITORIAL

Only One Leader Made Action Plans for This Crisis

March 9 (EIRNS)—President Donald Trump is meeting with his “economic team” this afternoon about the accelerating financial crisis; House Democrats will have a hearing with their “economic team”—Barack Obama’s economic advisor Jason Furman of Harvard—Wednesday afternoon. The President will meet that day with Wall Street “leaders” (banksters who have been fined more than \$100 billion for their serial lawlessness). Furman will reportedly propose some “stimulus” of \$350

billion over several years. The President's advisors Larry Kudlow and Treasury Secretary Steven Mnuchin will discuss a small tax cut and loans to small businesses.

And all Wall Street will do is ask President Trump for help, a bailout. Since the Federal Reserve by law cannot buy the corporate bonds and stock that are plunging on their books, they may propose that "the Treasury backstop [such] credit-easing facilities for the Fed" according to Goldman Sachs. In other words, the Treasury should buy the toxic junk from Wall Street.

What is needed is for the American President to act as Franklin Roosevelt acted against economic collapse. Failed Wall Street needs to be put in quarantine. President Trump should be holding, not meetings with Wall Street bankers or free-trade economists, but an urgent summit with the leaders of the other scientifically and technologically pre-eminent nations, particularly President Vladimir Putin, Prime Minister Narendra Modi and above all, President Xi Jinping, whose China has shown the way to put protection of human life first in the coronavirus battle. Secondly, the President can productively keep meeting with his military service and science research chiefs including at NASA, who can provide both logistics and technologies to defeat the pandemic.

Even considering such national leaders, there is only one leader who laid out the action plans for exactly this kind of crisis: That was the late Lyndon LaRouche, who did it multiple times as the trans-Atlantic financial system sustained one bubble meltdown after another since the 1980s. LaRouche did this in the form of his "Four Economic Laws," which started from the Glass-Steagall breakup of the giant City of London- and Wall Street-centered banks which now must be done immediately. And he did this in proposing, already 25 years ago, that the leaders of the nations above, and others, create a New Bretton Woods credit system to foster productive infrastructure and capital goods investment worldwide.

Repeatedly, banks and toxic securities have been saved instead. Recall that in October 2008 Congress was threatened into voting \$700 billion in

Treasury investments in bank stocks—just the kind of thing they will ask President Trump for on March 11. Had Glass-Steagall remained in force that bank bailout would have been unnecessary. That \$700 billion, even now, as U.S. national bank credit, could build new hospitals and new electric power plants, train personnel, acquire new equipment, fund space and thermonuclear science to defeat this pandemic disease.

Helga Zepp-LaRouche, in a call for action on the crisis issued March 8, has spelled out once again the steps which must be taken to that Four Power summit and a New Bretton Woods, using her late husband's "Four Laws" as action by the United States. That statement calls for everyone's support; as she said March 9, the situation calls not for panic, but for "dogged determination" to meet the crisis. (See *EIR Daily Alert*, March 9, 2020, Editorial.)

COLLAPSING WESTERN FINANCIAL SYSTEM

Gathering Financial Storm: This Is 'Last Call' for Glass-Steagall

March 9 (EIRNS)—The trans-Atlantic financial system, under the Federal Reserve and British, European and Japanese central banks, is in a crisis. U.S. Treasury interest rates have fallen so fast that on Monday, March 9, JPMorgan Bank found no orders anywhere for 30-year Treasury bonds, a rare and shocking event. Corporate bond interest rates are meanwhile rising, "high-yield" or junk-debt markets freezing up. An NBC News report Monday was entitled, "A Dozen Years after the 2008 Recession, a Different [meaning corporate] Kind of Debt Threatens the World Economy." The Federal Reserve's overnight lending operation to dealer banks and shadow banks required \$113 billion Monday morning; the New York Fed, seeing this coming, had raised the daily limit on the overnight loans from \$100 billion to \$150 billion.

European and Wall Street stock markets fell another 7-8% as oil prices collapsed by more than 30% from Friday's prices on March 6.

In this crisis moment the *New York Times* recirculated Boston Federal Reserve President Eric Rosengren’s proposal that the Fed start to buy common stock and various securities from the big Wall Street banks to attempt to hold up the stock and bond markets. The article was headlined, “Bonds Hit Historic Lows, Prompting Fed to Ponder: What More Can We Do?”

This has to be stopped. These Wall Street-created securities are toxic in this market-crash environment. The fact that the Fed has done this at least once before (in 2007, to force through the buyout of the failing Bear Stearns by JPMorgan Chase) does not alter the fact, or the reason, that it violates the Federal Reserve Act. That Act allows the Fed to buy from the big banks only government or government-guaranteed securities, or—only under Herbert Hoover’s 1932 “unusual and exigent circumstances” amendment)—AAA-rated corporate bonds only. No common stocks. No corporate junk and just-above-junk bonds of the type that would be offered now.

Aside from having to be “made legal,” such purchases Rosengren proposes would ruin the Fed itself. No central bank can be allowed to print U.S. legal tender currency while loading toxic common stock and low-grade corporate bonds into its capital reserve, which supports that currency. The dollar itself would sink well below any level justified by relative strengths of the U.S. and other economies. And Wall Street banks would be encouraged to ruin their clients by buying stocks to “support the market.”

The next step was already advertised at the Jackson Hole conference in August: Federal Reserve printing of “fiscal money” for government spending or even to give to other institutions to spend. This scheme is called helicopter money. This would then add runaway inflation to the ruination of household wages, wealth and savings.

Rosengren’s desperate proposal actually signals: This is the last chance to restore the Glass-Steagall Act and save the vital commercial banking part of the financial system from an accelerating crash. Glass-Steagall now, will give pension and retirement funds a short grace period to get out of highly

speculative hedge fund or investment banking operations and into safer investments.

Failing to restore Glass-Steagall now means the next steps may be bank holidays and FDIC forensic audits of banks as in March-April 1933, with large-scale forced writedowns.

Saudis Trigger a Huge Slide in Oil Prices Internationally

March 9 (EIRNS)—As of Monday morning EDT the price of West Texas crude oil had fallen by 33% in 48 hours, dropping from approximately \$46/barrel on Friday afternoon (March 6) to \$33.25/barrel. What had happened was a sudden move by Saudi ARAMCO, to drastically cut the prices at which it is offering to sell oil, especially in the United States and in Asia. With international demand falling, Saudi Arabia had tried to corral a meeting of oil producers (OPEC-plus as it was called) to cut global oil production by 2 million barrels/day immediately, but Russia refused to agree to this. Saudi Arabia then began an attempt to take chunks of the global oil market by force, targeting Russia, and once again targeting U.S. shale oil production operations.

This sudden lurch by Saudi Arabia coincided, whether causally or not, with a spreading purge by Crown Prince Mohammed bin Salman of Saudi royal family members, who were being arrested and charged with treason. Whether Saudi oil marketing strategy was a part of the obvious disagreements which broke out among the royals there, *EIR* does not know.

On Sunday, March 8, Goldman Sachs put out a statement cutting its forecast for the price of Brent Crude in the second and third quarters of this year, to \$30/barrel with possible dips near \$20. This would mean West Texas crude prices at \$25/barrel or lower. Whereas Saudi Arabia's attempt throughout 2014-15 to wipe out U.S. shale production in this way ultimately failed, the large leveraged debt of the U.S. shale sector is already so distressed that this time, it is ready to blow out in a mass of bankruptcies.

Watch India's Financial System for Bigger Problems

March 9 (EIRNS)—Significant stress in India's financial system of banks and shadow banks is going to continue. Bloomberg News reported March 7, "India's attempt to buttress its financial system by taking control of the country's fourth-largest private lender has instead triggered widespread confusion and signs of investor panic, adding a fresh layer of risk to an economy that's already headed for its weakest expansion in more than a decade." There are depositor runs on Yes Bank's branches because the nationalization does not expressly guarantee deposits. There are also investor runs on Yes Bank's bonds—not surprising in itself, but the runs have spread to the bonds of other, smaller banks and shadow banks. And this occurs as India's banking authorities are also trying to consolidate 29 smaller shadow banks, in various stages of trouble, into 12 larger financial institutions. This may now fail, causing some of those institutions to fail. The Yes Bank failure has also caused the collapse of a payments system which it ran jointly with Walmart India.

There has been very little growth in bank lending during the past several years and a corresponding lack of business capital investment. India's economy has slowed down dramatically as a result of this and the lack of stepped-up government investment in infrastructure for manufacturing or agriculture.

Therefore, the pileup of non-performing loans in the banking system has been going on for more than two years, exacerbated by the failure of the big infrastructure-PPP lender IL&FS (Infrastructure Leasing & Financial Services Ltd.) in 2018.

Severe problems of shadow banks and their counterparties are now infecting commercial banks; India needs a bank separation law immediately.

SCIENCE AND INFRASTRUCTURE

As with AIDS—Advance Scientific Research, Build Hospitals

March 9 (EIRNS)—In 1988, when the world faced an unknown and deadly pathogen which later came to be identified as the AIDS virus, the late economist and statesman Lyndon LaRouche publicly and simply stated what had to be done. First, put \$3 billion into biophysical research on this and related pathogens and antidotes, employing NASA's space science and nuclear science capacities. Second, test aggressively and offer aid and isolated treatment. Third, build new, modern hospitals on a large scale with intensive care units.

LaRouche's strategy is the one for this novel coronavirus crisis. His "New Bretton Woods" policy, proposing the leaders of the United States, China, Russia and India collaborate to fix their exchange rates and create a new international credit facility for infrastructure building in many countries, clearly can provide the funding for rapid hospital construction worldwide. China did it spectacularly in Hubei Province when the coronavirus epidemic first began raging there. It can take a lead in the great effort to save human life in this way. Military forces can set war aside and be deployed with their logistical medical capabilities to help.

We should be determined to face what we are facing, without blaming and without dismissing it. Dr. Richard Hatchett, former U.S. Homeland Security Council official and principal author of the 2006 National Strategy for Pandemic Influenza Implementation Plan, told Britain's Channel 4 on March 7: "It's the most frightening disease I've ever encountered in my career, and that includes Ebola, it includes MERS, it includes SARS. And it's frightening because of the combination of infectiousness and a lethality that appears to be many-fold higher than flu.... The most concerning thing about this virus is the combination of infectiousness and the ability to cause severe disease or death. We have not since 1918—the Spanish Flu—have we seen a virus that combined those two qualities in the same way."

On March 8, the *South China Morning Post* reported that Prof. Yuen Kwok-yung of the University of Hong Kong, whom it described as the

city's leading epidemiologist, declared the COVID-19 epidemic will not end this year because the contagion has spread worldwide. In a television interview in Hong Kong, he said the epidemic may abate in the Northern Hemisphere during the spring and summer, but will be spreading in the Southern Hemisphere winter and then feeding back into the countries with serious epidemics now. He elaborated this in an interview published March 9 with China's business magazine *Caixin* ("Exclusive: Q&A with Hong Kong's Yuen Kwok-Yung, Who Helped Confirm Coronavirus's Human Spread"). Professor Yuen believes the pandemic will end only with the cheap availability of a safe and effective antiviral or vaccine—this, as authorities have made clear, is not likely to occur in 2020—or, when the majority of a population has contract the virus and developed immunity, at a great cost in human life.

In January, Yuen was part of a team sent to Wuhan to investigate the new disease, and one member of their group, whom Yuen described as “a professional, top-tier scientist in the field of epidemiology,” recommended Wuhan be locked down.

If COVID-19 is also going to persist, the horizon to aim at is the fall of 2020 when new hospital and intensive care facilities must have been built and/or repurposed all over the world, with the leading drive of such a credit and research agreement of these four powers. This will overcome the pessimism and acclimation to economic austerity which currently holds most leading medical figures back from proposing it.

Will Hospital Bed Shortage in Coronavirus Pandemic Lead to Deciding Who Lives and Who Dies?

March 9 (EIRNS)—The Berlin Charité clinic's chief virologist Christian Drosten has harshly warned against complacency, that worse things may be feared for the coming autumn, when the immune system of many more people will be stressed, such as by the seasonal infections with influenza, rhinovirus, etc. COVID-19 will hit brutally, in this situation. The time between now and then must be used to visibly increase the reserve in intensive care beds, Drosten recommended. The 28,000 beds that the

German hospital system has now, are already 80% occupied by patients with other illnesses, he pointed out. If there are not enough beds in the autumn, doctors would be forced to practice a new kind of triage: deciding whether to save the life of an older patient or of a younger one, rather than saving both.

Drosten's drastic words prompted hysterical responses by some medical institutions, which, like Andreas Gassen, president of the National Association of Statutory Health Insurance Physicians (KBV), said it made no sense to have more beds, because "we have neither the personnel, nor money." That the obsession with austerity is exactly the problem that Drosten has tried to expose with his persistent attacks on complacency, politicians' business-as-usual approach, downplaying the emergency. If there is budget-cutting in healthcare delivery, the population cannot be protected. Healthcare is not a commodity, it is a common good.

Germany's government coalition leaders of Christian Democrats and Social Democrats met in Berlin yesterday for seven hours, a good part of which was dedicated to COVID-19. It was decided to support industrial and other companies by special tax breaks, easing conditions for paying short-work money, and even bridging loans for the impact of the virus on their workforce and production output. For the time being, however, this involves no more than a few hundred million euros.

Ontario Pushes for Small Modular Reactors for Energy, Cancels Wind and Solar Plans

March 9 (EIRNS)—A growing call for the use of nuclear small modular reactors (SMR) is coming from the Canadian hinterlands. In December 2019, the provinces of Ontario, Saskatchewan and New Brunswick issued a memorandum of understanding declaring that the three would, "work together to explore new, cutting-edge technology in nuclear power generation to provide carbon-free, affordable, reliable, and safe energy, while helping us unlock economic potential across Canada, including rural and remote regions."

The Province of Ontario has now passed a motion declaring that it “will count nuclear power, including technology that’s at least 10 years from deployment, as a clean energy answer to tackle climate change,” according to a March 5 report in the *National Observer*. The wording is specifically in reference to SMR nuclear technology, designed to be self-sufficient, thus perfect for rural applications. The motion was introduced by Member of Provincial Parliament Lindsey Park, whose district (or, riding) includes the Darlington nuclear power plant, currently undergoing a CAN\$12.8 billion refurbishment.

Led by Progressive Conservative Party member Doug Ford, the provincial government of Ontario has also reportedly cancelled more than 700 wind, solar and other so-called “clean energy” projects, including two wind farms that were mid-construction. According to the *Observer*, Ontario “has also dismantled the cap-and-trade system that put a provincial price on pollution and funded a range of green initiatives, and is taking its fight against the federal carbon price to the Supreme Court.”

U.S. POLITICAL AND ECONOMIC

Bloomberg Redeploys His Money to Political Committee against Trump

March 9 (EIRNS)—Sir Michael Bloomberg, KBE, will form an independent expenditure campaign committee with plenty of the leftover money from Bloomberg’s own unsuccessful Presidential campaign, to pay for the election of the Democratic Party’s nominee for President, and thus defeat Donald Trump, reported Michael Scherer in the March 5 *Washington Post*.

“I’ve always believed that defeating Donald Trump starts with uniting behind the candidate with the best shot to do it,” Bloomberg wrote in a March 4 statement. “After yesterday’s vote, it is clear that candidate is my friend and a great American, Joe Biden,” he wrote in the wake of losing the Super Tuesday primaries to Biden and Bernie Sanders in the 16 states that held Democratic primaries.

Bloomberg, whose net worth the *Post* sets at \$50 billion, has not ruled out spending money to support Biden *in remaining primaries against Bernie Sanders, according to the {Post*. Bloomberg has identified Wisconsin, Pennsylvania, Michigan, Arizona, Florida, and North Carolina as the six states that will decide the winner of the Presidency in the Electoral College. Former Bloomberg campaign staffers have signed contracts to work for Biden’s election in those states through the November election.

Bloomberg’s hired help could also work to support Bloomberg-approved candidates for U.S. House and Senate. Bloomberg’s staff will defend Democratic seats won in Pennsylvania and Michigan (Gary Peters), and deploy staff with the aim to pick up seats in Arizona and North Carolina. Bloomberg had a staff of 2,100, but they cannot now be ordered to work for other candidates, but they can be offered the chance to apply for jobs with the new committee.

And Bloomberg will keep funding Hawkfish, a data company he formed to support Democratic candidates combat digital operations by their Republican opponents. Hawkfish is a for-profit company, which acted as a vendor to Bloomberg’s campaign committee.

The name of Bloomberg’s independent expenditure group remains undisclosed, pending its trademark application.

‘Our Man Mitt’ Romney Is the Neo-Cons’ Asset in Senate Probe of Hunter Biden

March 9 (EIRNS)—The stock line from the post-impeachment Democrats—now seeking to protect one of their own from exposure by two investigations now ongoing in the Republican-controlled Senate—is that the investigations into Hunter Biden and his role at Ukrainian oil and gas producer Burisma are purely motivated by “politics.” This call has gotten louder as “Sleepy Joe” has become the DNC 2020 standard bearer.

While each of the two Senate probes into Biden/Burisma—the one by Homeland Security Committee, headed by Ron Johnson (R-WI), the other

by the Judiciary Committee under Lindsey Graham (R-SC)—each has a Republican majority of 8 to 6 Democrats, it is the Homeland Security Committee which has gotten the focus, recently, since that is the Committee which includes Mitt Romney (R-UT), the sole Republican who voted to convict Trump on one count of impeachment. He could foul Republican efforts to expose the Ukrainian aspect of the failed coup against the President of the United States. Were Romney to vote with his Democratic “colleagues,” any committee action would be effectively blocked by a 7-7 tie vote.

On March 5, Romney was threatening to do just that, telling reporters ahead of the committee’s first vote to subpoena documents, that the whole thing “appears political,” and that he thinks “people are tired of these kind of political investigations.” Romney further sought to steer things back toward friendly territory, suggesting that “perhaps the FBI or some other agency,” should lead the investigation. In another failed attempt to protect the perpetrators, Romney had sought to have witness testify under “closed-door” sessions.

STRATEGIC WAR DANGER

Russia’s Hypersonic Kinzhal Missile Was Combat-Tested in Syria

March 9 (EIRNS)—This news service has recently learned that Russia combat-tested its Kinzhal hypersonic, air-launched missile in Syria in 2019. The test was not reported in Russia’s English-language media. *EIR* discovered that Andrei Martyanov, a Russian military analyst presently resident in the United States, who writes widely on military-strategic matters, reported it in his most recent book, “The (Real) Revolution in Military Affairs,” published in September 2019.

Martyanov reports, cited a Russian-language TASS report of Feb. 20, 2019, that in Syria, the Kinzhal (“dagger”) missile “successfully destroyed the land target the size of a passenger sedan from a distance of 1,000 km in adverse weather conditions.” The implications of this combat test, he says,

“cannot be overstated since that makes even NATO’s hardened command and control facilities in Europe indefensible.”

The theme of the book, which will be reviewed in full, is that Russia’s hypersonic “Revolution in Military Affairs,” demolishes all notions of U.S. technical military and strategic superiority.