

EDITORIAL

If President Trump Controls the Fed **What Can Now Be Done?**

by Paul Gallagher

April 5—There are indications that the Trump White House, acting through Treasury Secretary Steven Mnuchin, is now in *partial*, and perhaps increasing control of the Federal Reserve. That control is being shared with Wall Street and real estate billionaires, whom the President calls his “brilliant” acquaintances. Nonetheless, this situation could be the first presidential control of the Fed, however partial, since President Franklin Roosevelt exercised considerable influence over the policy of his Fed Chair Marriner Eccles. Treasury Secretary Mnuchin is now conferring many times a day with current Federal Reserve Chair Jerome Powell, and, in Mnuchin’s words, “approving” each Fed bailout program before it begins.

But so far, Mnuchin and President Trump appear to agree with all of the programs the Fed has launched, the overwhelming majority of which are potentially hyperinflationary attempts to save unpayable debt assets of Wall Street and City of London banks, and also those of the shadow banks. The \$2.2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act “relief” legislation is directly connected to the Fed by the \$454 billion with which the Treasury is effectively buying the “first loss tranches” of the slick investment vehicles being created by BlackRock, for the Fed to attempt to save these toxic assets with printed dollars.

This “sharing” of power, however, could change suddenly and dramatically. Under the now-developing circumstances, President Trump is coming into cooperation with the leaders of China, Russia, India and other nations in providing developing nations with medical equipment—as China is doing already—and also producing healthcare capital goods and build-

ing hospitals, which will rapidly make clear the immediate need to build the required power and water supplies. This imperative will become increasingly clearer as the coronavirus pandemic spreads into, and through, unprepared nations in Africa, Latin America, and Asia.

The United States has two agencies—the Export-Import Bank (EXIM) and the International Development Finance Corporation (IFDC)—capable of lending for such capital goods exports, but both are undercapitalized and, as of this writing, lack the mission assignment.

The Fed, loaded to the gills with Treasury securities, could be told to combine with the Treasury to lend to these agencies, to back contracts given to engineering and construction firms, or other agencies, to build healthcare infrastructure in third countries. EXIM and the IFDC could in turn work with other advanced nations’ credit institutions, in a mobilization such as Schiller Institute President Helga Zepp-LaRouche has repeatedly called on those nations to get going now.

That will require a new approach from President Trump, and a battle with Wall Street.

Thus far, international cooperation has only been manifest in the Airbridge by which medical supplies are being brought {into} the United States to combat the virus. President Trump has several times stated, at press conferences, that he wants this flow to go *out* from the United States as soon as possible, to the more than 150 countries that have this virus. Healthcare infrastructure building is the *only* infrastructure program that can now be called an emergency, and it is immediately required for anti-pandemic action right now.