

GLEANINGS II - 836
Thursday May 14th, 2020

Quote of the week - “The signals we’re getting from the financial markets are distorted by the intervention from Congress and the Fed ... You’ve got to look past the financial to the real economy ... and recognize ... we are actually in a much bigger, real economic shock than we were in 2009.” - Niall Ferguson in a recent Yahoo interview. And he expanded on this when he tweeted “This is everyone’s Chernobyl ... Right now financial markets are sending false signals about the likely trajectory of the real economy ...” - Ferguson, age 56, is a Scottish-born, Oxford-trained historian who at age 25 received a Doctor of Philosophy with a specialization in Economics & Finance. A Thatcherite since his mid-1980s Oxford days he has since 2016 been the Milbank Family Senior Fellow at Stanford’s Hoover Institution. Over the years he has taught at Oxford, Harvard & New York University, written for the Sunday Telegraph, Los Angeles Times, Financial Times, Newsweek & Boston Globe, authored seven books, made nine TV documentaries, one of which, The Ascent of Money, won the 2009 International Emmy Award for Best Documentary, & acted as an advisor to John McCain’s 2008 Presidential campaign & to Morgan Stanley - *He likely will be proven dead right & those looking for a V-shaped recovery dead wrong; for the number of Americans who lost their jobs last month alone is nearly 3x the number of those who had done so two years into the Great Recession.*

Quote of the week No. 2 - “2008 was primarily a real estate and banking crisis that spread to *some other* industry sectors through contagion effects ... This time all sectors are affected, especially services ... it starts a domino process ... All the excesses from the expansion of the past ten years come to the surface now ... the level of total debt in the world today, compared to economic output, *now* is twice as high as in 2007 ... increasing the downward pressure ... *and* the global economy was already in a slowdown mode ... before the COVID-19 slowdown.” - Felix Zulauf (*now age 70, he was UBS’s Global Strategist & Head of Institutional Investment Management until he left in 1990 to found & own the Zug Switzerland-based Zulauf Asset Management hedge fund that had US\$1.8BN AUM when he sold it a few years ago to just ‘run his own money’. For three decades ended in 2017 he was a member of Barron’s Round Table, a group of ten or so, typically much shorter-serving, financial market luminaries whose respect he supposedly earned for his ability to ‘connect the dots’ between central bank actions, fiscal policies, geopolitics & asset prices. He once called the ECB “the worst-run central bank in the world” and recently noted “the globalization movie is starting to run backwards.”*

A flashing red light? - Back in 2001 in Fortune Warren Buffett said the total market cap of US listed stocks-to-quarterly-GDP ratio “is probably the best single measure of where *the stock market’s* valuations stand at any moment”, & that it had been a very strong warning signal when it hit 118% “just before the dot.com bubble burst” - *After the First Quarter US GDP growth rate came in at - 4.8%, this ratio hit a record 179%, up from the past 20 years’ 107% average.*

After a 30% S&P 500 rally 500 BoAML on May 12th turned bearish on stocks because :

- A ‘second wave’ COVID-19 hit is a real risk & markets aren’t pricing that in;
- Investors are “flying blind” since many companies no longer provide forward-looking earnings’ guidance (& the positive/negative earnings sentiment ratio is at post-2012 low;
- The disconnect between Main-, & Wall-, Street when the S&P 500 Index rallies as 36+MM Americans have lost their jobs; and
- “The greatest risk” to equities being a Congress too slow with more stimulus; for with companies & households saving, only public spending can end a recession.”

On April 14th the US First Quarter earnings report season started. Since then the S&P 500 Index has gone up even though the S&P company earnings reports made public since are down an average 64% YoY (& things are unlikely to be better when all are in, while the Second Quarter earnings' picture cannot help being-, & is expected to be-, infinitely worse).

Banks & other lenders are tightening (in anticipation of more bad debt?) - A May 7th Barron's headline read "Banks are tightening lending standards like it was 2008 again." One financial firm's credit cycle indicator puts bank tightening at a level seen only 3x in the past 30 years : in 2H/90, 2H/01, & June 2007 to June 2009. Meanwhile, YTD 42 S&P 500 companies have cut their dividend, up from 5 YoY and the Fed's balance sheet has grown to US\$6,656BN, up 59.8% in just three months (*after it had taken two years to shrink it by just 16%*) which raises the question *if that's why the stock market has been so inexplicably resilient?*

Boeing secures more market funding (to avoid CARES funding with the Treasury getting an equity stake?) - In February it got a US\$13.8BN loan from banks led by Citi Group, JPM, Wells Fargo & Bank of America, and drew it all down in March. On April 10th Moody's downgraded it to Baa2 (*its next-to-last "investment grade"*) due to the "harsh impact" of COVID-19 on demand for new aircraft & the potential for existing order deferrals & cancellations. And on April 30th :

- it announced its second quarterly loss in a row, and plans to let 10% of its 161,133-strong workforce ¹ go & to cut production of the 787 Dreamliner (it's primary 'cash cow');
- S&P downgraded it from BBB/A-2 to BBB-/A-3 (its lowest investment-grade rating) due to "significantly lower cash flow as lower aircraft deliveries & aftermarket sales will only be partially offset by its efforts to reduce costs" & to a doubling of its estimate of 2020 cash outflow to US\$19-20BN & a cutting of cash inflow from US\$13-14BN to US\$9-10BN;
- NASA left it out when it awarded a 10 month US\$967MM contract for a new lunar landing system to carry astronauts to the moon by 2024 to Elon Musk's 7,000 employee SpaceX, Jeff Bezos' 2,500 employee Blue Origin² & Reston VA-based, 1,900 employee Dynetics.

Yet on May 1st, it sold US\$25BN of a 7-tranche 3-, to 40-, year bond issue (again through JPM, Citi, Bank of America & Wells Fargo) with total orders received in the US\$57-70BN range at spreads of between 425 (for the 3 year)-, to 462 (for the 40 year)- bps over US Treasuries ³ – *it makes one wonder about the yield-chasing investors' sanity who buy bonds of a company whose share buyback program has weakened its balance sheet & whose product sales outlook is bad?*

In April, for the second month in a row, the Company received no new orders. In addition, another 108 737Max orders were canceled, reducing its total plane order backlog to 4,834, a post-2013 low, & delivered just six planes, bringing its YTD total to 56, down two-thirds from last year's 168. Meanwhile, Airbus received 9 new orders, bringing its YTD total to 299 & it's backlog to 7,645.

¹ 71,829 of them in Washington State, 15,740 in Missouri, 13,441 in California, 32,744 abroad and smaller numbers in Alabama, Arizona, Illinois, Oklahoma, Pennsylvania, South Carolina & Texas.

² That will lead a "National Team" including Lockheed Martin & Northrop Grumman.

³ Up from the average 368 bps spread off Treasuries for BBB-rated bonds but well below the typical 550 bps spread of BB-rated 'junk' bonds.

Chinese provinces are short of cash – Thus South China’s coastal Guangdong Province, 1,463 kms/910 mi. Southwest of Shanghai (that accounts for nearly 10% of both China’s population & GDP) on May 13th issued a record 33 bond issues with 7-30 year maturities totaling 1.71TR yuan/YS\$240BN, *i.e. about 20% of its GDP*, that were oversubscribed – *Since 2008, China’s total debt-to-GDP ratio has exploded to levels that has some critics predicting a ‘debt crisis’ in the making (especially so since much has gone into ventures that won’t pay for themselves).*

Chickens coming home to roost? - On Thursday May 7th President Trump’s personal Navy valet tested positive, & while he was believed to have close contact with the President, serving him meals, helping him get dressed & with other personal needs ⁴, Trump told the media “I’ve had very little personal contact with this gentleman ... I know who he is, good person, but I’ve had very little contact” (*& later that day he & Melania attended a function marking the 75th anniversary of VE Day &, not wearing masks, shook hands with nonagenarian vets*). And the next day Vice President Pence’s departure for Des Moines IA aboard Air Force 2 was delayed at the last minute for nearly an hour on the news one of his aides had tested positive (which resulted in several of other staffers disembarking just before take-off because they had been in contact with her & prompted a White House Medical Office emergency contact tracing program

COVID-19 impact on US airline passenger volume - According to the US TSA (Transportation Security Administration) US airline passenger volume on April 3rd was 129,763, down 94.77% YoY, on April 14th 87,534 (down 96.64% YoY) & on April 26th 128,875 (down 94.86% YoY). And on May 12th CEO David Calhoun said in an NBC interview that “Air traffic levels will not be back to 100% by September. They won’t even be back to 25%. Maybe by the end of the year we’ll approach 50%.” And when asked if a major airline may have to fold, he replied “Yes, most likely”. - *Meanwhile Warren Buffett announced at Berkshire Hathaway’s (this year’s “virtual”) May 2nd annual meeting a US\$50BN First Quarter loss & US\$6.1BN net stock sales in April [incl. all its shares in North American airlines (11% of Delta, 10% in each of American & Southwestern, and 9% of United) for half of what it had paid for them], since “We will not fund a company ... when ... it is going to chew up money in the future”], taking its ‘cash pile’ to 137BN.*

Economic downside? - In a May 6th paper, economists from the Fed, the University of California & ADP ⁵ opined “One would hope that many of the businesses we observe suspending activities will resume operations in the near future. If not, the jobs destroyed by exiting businesses are permanently gone, requiring extra growth among surviving businesses or extra business entry to replace them.” - *While the CW expects a quick V-shaped recovery, JPMorgan economist Bob Michele believes it may take a decade for the unemployment rate to get back to its pre-pandemic level, while another source noted “Economic re-openings do not guarantee consumers will return to shopping malls and those who do greatly increase the probability that the virus will spread”. And according to FEMA after natural disasters 40% of small businesses temporarily closed by them typically never re-open & and another 25% close their doors within a year.*

Economic facts are as disheartening as they are sobering - Gary Gordon, President of Ladera Ranch CA-based Pacific Park Finance Inc., listed :

⁴ Many, most, or all of whose services presumably would be provided to the President in the central “Executive Residence”-, not the business East & West Wing-, parts of the White House complex.

⁵ A well-respected Roseland NJ-based provider of HR management software & services.

- Consumer confidence has plummeted to a 47-year low (*Bloomberg, April 9th*);
- US retail sales dropped by the most ever (*CNN, April 15th “8.7% is the deepest drop ever”*);
- Small business confidence dropped to a record low in April (*CNBC, May 4th*);
- 84% of small firms will pay less than half their rent in April (*Stamford CN-based Gartner’s Finance Practice, April 12th*); and
- US States’ budgets will have up to \$100 billion in deficits in 2020 (see *the Minnesota situation noted below as an example*).

Pacific Park Finance is an 18 year-old two employee “fee only” investment management firm managing US\$151MM for 200+ clients in California, Florida, Illinois, New York and Texas, and Ladera Ranch is a 25,000 inhabitant, affluent community in South Orange County CA.

End of share buybacks fueling the stock market? - Goldman Sachs’ call is that US companies will spend only US\$380BN on share buybacks this year (down 50% YoY & a post-2010 low) – *JPM’s call is 70%. And both may still be too optimistic since corporate managements will think of better things to do with their excess cash than using it to buy back their own shares.*

Global GDP growth – According to the IMF the global GDP will decline sharply this year, by 3%, “much worse than during the 2008-2009 financial crisis”, with the rates for the US, Eurozone & China being -5.9%, -7.5% & +1.2% respectively. Furthermore, that the annualized First Quarter rates will be a negative 5.5% for South Korea, -17.5% for Italy, -19.2% for Spain, -21.3% for France & -36.6% for China, and that the Second Quarter “may be worse”.

Like father like son - On May 3rd Jair Renan Bolsonaro (the fourth eldest of Brazil’s President’s sons) was banned for life from the live-streaming service Twitch after encouraging gamers to ignore social distancing & engaging in some COVID-19 denialism, telling them “Go to the streets, ok? What pandemic? This is a media invention to lock you inside your home, so you’ll think the world is crumbling. It’s just a little flu, brother.” -*This came two weeks after Bolsonaro père fired Luiz Henrique Mandetta, his Health Minister, for supporting local authorities’ close-downs of schools & businesses since like his son, he dismisses COVID-19 as ‘just a little flu’ and says the economic fallout of isolation is worse than the virus & promotes anti-malaria drugs as the solution to the COVID-19 crisis (Brazil has gone from 4,579 cases & 159 deaths on March 31st to 125,218 cases & 8,536 deaths on May 5th (when Brazil first had 10,000 new cases) and, at last report 234,000 cases & 15,662 deaths. A Trump-like character, he has a similar dismissive attitude to the coronavirus issue that is not serving him well as the fatality rate rises. He has no serious party support-, & few allies-, in Congress. And last month his Justice Minister, Sergio Moro (a folk hero for his role in the “Carwash” corruption scandal that sent former leftist President Lula da Silva to jail for 12 years) resigned from the Cabinet & has since managed to have the country’s top Court order investigators to question three Cabinet members on his allegations that the President had sought to interfere with his investigations as Justice Minister of, among others, the President eldest son, Sen. Flavio Bolsanaro. for money laundering & embezzlement. And in April the number of Brazilians who want him to resign (after just 15 months in office) rose 9 points to 46%.*

Netanyahu Cabinet to be sworn in on Sunday May 17th – This will be after 404 days of a caretaker government & three elections between April 9th, 2019 & March 2, 2020 (and 76 days of haggling after the latter). It will have 32 members (& be expended to 36 in six months to the largest Cabinet in Israel’s history), half of them from Likud & the other half Benny Gantz supporters. It was to have been sworn in last Thursday May 14th but at the last minute a number of Likud members, many of them former Ministers & all senior party members, mutinied, slighted by having been given what they deemed minor ministerial posts, or none at all.

One reason why a V-shaped recovery is a pipedream? - During the Spanish flu, 25% of the US work force worked in the service sector; today that is 86%. This will make it more difficult for the US economy to recover quickly; for while manufacturing, retailing & agriculture can store their wares until demand recovers, service industries cannot : the revenue from lost sales of hotel rooms, plane seats, restaurant meals, haircuts, taxi rides or cocktails is lost forever (*while overhead expenses aren't*) – *And, if the Chinese experience is anything to go by, when things improve US consumers may prioritize saving over spending on things they want, but not need.*

Oil pipelines to store-, not move-, oil? - Enbridge, has a 17,000+ mi/27,000 kms. oil & gas, and liquids pipeline network across North America. On May 4th it announced it will use part of its system for eight months to store 900,000 bbls of crude oil for shippers as part of a program to “create more than two million barrels of additional storage capacity for 2020.”

Russia now in the ‘big league’ coronavirus count-wise? – In April the count went from next to nothing to 100,000 and two weeks later, on May 14th to 252, 245 [and 2,305 deaths that Moscow officials say is a gross underestimate). And on May 12th Dmitry Peskov, Putin’s spokesman, was reported to have tested positive. With the daily new case growth rate now in the 10,000+ range & 169 medical staff among the fatalities, thousands of medical students have been ordered into hospitals to help them cope with their case ‘overload’, causing one of them to comment that he feels like “a military conscript sent into battle without adequate training”.

Testing Adequacy Standards? - According to WHO for a country to do adequate testing the ratio of negative-, to positive-, results should be at least 10, while the current ratios are :

US - 5.1, UK & France - 5.5, Spain - 6.8 & Italy - 9.2, and
Japan - 11.3, Canada - 14.1, Germany - 14.4, Australia - 91.8 & New Zealand 101.7 ⁶.

The number of operating U.S oil & gas rigs fell below 400 for the first time since 1940 - Baker Hughes reported on May 8th that their number had dropped another 34 (only one of which was drilling for gas) to 374 (down from 614 YoY, *from 1,046 two years ago & from an all-time high 1,925 in November 2014*). According to the EIA US oil production last week was 11.9MM bbl, down 300,000 bbls WoW & 1.2MM bbl from its all-time high last January – *But in the month to April 17th US gasoline consumption slid 40% to 5.3MM bbl, a post-Vietnam War low.*

U.S. retail sales “tanked” in April – On Friday May 15th the Commerce Department reported that in April they had been down by a record 16.4%, well ahead of the -12% expected (& *nearly double March’s -8.3%*). The exception to the rule were the non-store retailers; thus Amazon sales were up 8.4%. And after having soared 25.6% in March as consumers had started ‘stocking up’, in April food store sales were down 13.1% (*which meant they were still up 9.1% from February, due to more inhouse-, and less restaurant-, food consumption*).

We ain’t seen nothing yet - On Thursday April 30th Canada’s Parliamentary Budget Officer (whose mission is to “support Parliament in exercising its oversight role in the government’s stewardship of public funds”) projected that in this fiscal year (to March 31st) the federal government’s deficit may hit \$250BN - *to put this into perspective, in the fiscal year just ended,*

⁶ As of May 5th, Australia, which has a population of 25MM had 24 new cases, down from a peak of 460 on March 28 and a total case & deaths’ count of 6,794 & 97 respectively, while in New Zealand (which has a population of 4.9MM the new case count on May 6 was 2, down from 89 on April 5th, and the cumulative case & deaths’ counts 1,489 & 21.

Ottawa spent \$386BN & ran a \$27BN deficit, and its total debt rose to \$685BN ⁷ [so while Canada's AAA rating likely will soon be a "goner", Prime Minister Trudeau's pre-occupation appears to be with getting Canada elected for a two year term on the UN Security Council (in competition with Ireland and Norway), spending much time on the phone to leaders of various mini countries to solicit support). And the province of Alberta is not much better off, with the Royal Bank of Canada forecasting it will have an \$18BN deficit this year (almost triple the \$6.8BN in the year ended last March 31st when it had a \$54.6BN budget). And things seem no better South of the border; for the Washington-based bipartisan Committee for a Responsible Federal Budget expects that, *even without any further stimulus/support programs*, the federal budget deficit this fiscal year (ending September 30th) will be US\$3.8TR, nearly 4x last year's US\$984BN & nearly 7x that in 2016. And if Minnesota is anything to go by, the situation is as bad, if not worse, at the state level; for in two months its forecast budget outturn has gone from a US\$1.5BN surplus to a US\$2.2BN deficit.

World's 8th largest solar power facility - Berkshire Hathaway has received final Department of the Interior approval for its US\$1BN, 690MW Gemini Solar Project to be built on 7,100 acres/11.1 square miles of federal lands in Nevada. To be built in two phases over 28 months, it will generate enough power for 260,000 households, i.e. Las Vegas' entire residential population.

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GLOBAL OIL DEMAND DROP TO OUTPACE SUPPLY CUTS (Market Watch, David Hodari)

- In its May 1st monthly market report, the Paris-based IEA said that this month the demand for oil will be down 21.5MM bbl/d (to 88MM bbl/d)-, but supply by only 12MM bbl/d-, YoY, since the lockdowns that have affected 4BN people (*i.e. over half the world's population*), have hammered the demand for gasoline and jet fuel.

While in its immediate aftermath Brent went up 1.4% to US\$29.61 & WTI 1.5% to US\$25.66, on May 13th the Washington-based CFTC (Commodities Futures Trading Commission), the US commodities trading regulator, warned the industry that, due to oil storage constraints, companies should prepare for a return of last month's negative oil prices.

U.S. SUPREME COURT TACKLES POLITICS MOST TANTALIZING MYSTERY : TRUMP'S TAX RETURNS (The Guardian, Martin Pengelly)

- Last year the NYT won a Pulitzer Prize for a wide-ranging investigation of the issue that the Prize Committee said had "debunked [Trump's] claims of self-made wealth and revealed a business empire riddled with tax dodges."
- On Tuesday, May 12th, in its second week of hearings by telephone, it will hear two cases related to Donald Trump's tax returns. When he ran for President in 2016, he broke with tradition when he did not make them public, claiming they "were under audit" but promising to release them in due course (but never did). These cases originate with Congress & New York State seeking to get Trump's tax records from *French-owned Mazars SA*, Trump's accountants. But his lawyers contend he doesn't have to make them public since

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When Prime Minister Trudeau came to power in 2015 he promised "three years of \$10BN deficits and balanced budgets thereafter" and then delivered five years of budget deficits more than twice that size, with the promised balanced budget remaining a mirage.

he is immune from criminal prosecution while in office & that Congress is trying to limit his *presidential* powers under the Constitution, with lawyer William Consovoy last October in a New York Appeals Court having gone as far as saying that, *even* if he were to carry out his notion to “shoot someone on Fifth Avenue”, he could not be prosecuted.

- But, in a Bloomberg News column, Trump biographer Tim O'Brien noted Trump had surrendered his tax records before; for when he (Trump) had sued him (O'Brien) in 2006, a suit that was dismissed in 2011, he had also “resisted releasing his tax returns and other financial records ... *but* my lawyers got the returns”. And Special Counsel Robert Mueller too had been successful getting Trump financial records from Deutsche Bank (the only bank willing to lend him money since the 1990s) in his investigation of links between Trump and Moscow.

One practical, reason for Trump to want to be re-elected is that, if he isn't, he won't have immunity any more and the roof is likely to cave in on him. So, quite selfishly, he is putting the Court's five conservative judges, incl. the two he nominated and, first and foremost, Chief Justice John Roberts, between a 'rock and a hard place'. For they're all, to varying degrees, "strict constructionists" who believe the Constitution must be taken at face value, i.e. as written, not interpreted. And Trump's lawyers' case basically rests on the idea of a 'unitary executive' of the very kind that Articles 1, 2 and 3 of the Constitution were specifically written to avoid; so if they were to rule in favour of Trump, the result might be to debase the judiciary to little more than a political instrument & a handmaiden, for the President, and to undermine the three-legged 'separation of powers' idea in the Constitution. That being the case, it is hard to imagine why at least one of the five 'conservative judges', possibly even the Chief Justice, would not side with the four Democratic ones in ruling against Trump. Or perhaps the Chief Justice will allow delay after delay in the hope that the November 3rd election will "let this cup pass from me" (Matthew 26 : 39). And another question mark involves Madam Justice Ruth Bader Ginsburg; for if she were to go to her reward prior to the election, any 4-4 tie vote in the Supreme Court would result in the lower court ruling being allowed to stand - And her demise may not be that much of a long shot : she is six month older than I & has had more health problems over a longer period of time. In 1990 she was diagnosed with colon-, & in 2009 with pancreatic-, cancer. In 2014 she had a stent inserted in her left coronary artery. In 2018 fell in her office & broke three ribs and in a subsequent CT scan was found to have cancerous nodules in her lungs that necessitated a left lung lobectomy (when one of the five lung lobes is removed). Then in 2019 she had three weeks of radiation therapy for a tumor on her pancreas & earlier this month was briefly in hospital for non-surgical treatment of a gallstone that had gone where it shouldn't & had caused an infection.

RICHARD BURR STEPS BACK FROM SENATE PANEL AS PHONE SEIZED IN STOCK SALES INQUIRY (NYT, Katie Benner)

- On May 14th Sen. Richard Burr (R-NC) (“temporarily”?) stepped down as Chairman of the Senate *high profile* Intelligence Committee, a day after FBI agents seized his cell phone as part of an inquiry as to whether he sold hundreds of dollars worth of stock in mid-February before the stock market collapsed.

More specifically it's alleged that on February 12th he had sold most of his stock portfolio, shares in 33 companies, for as much as US\$1.7MM, a few days after he had been privy to a series of 'Senators-only' briefings by government intelligence officials on the potential geopolitical impact of the coronavirus (that at that time was still limited to Asia), & after which he had authored an Op-Ed piece saying that the country was "better prepared than ever" to deal with it. And at least three other Senators (two Republicans & one Democrat, Sen. Dianne Feinstein of California) are said to be under investigation for not dissimilar reasons.

BIG MONEY LINES UP BEHIND DEMOCRATS IN KEY SENATE RACES AS DONORS SENSE A CHANCE TO WIN A MAJORITY (CNBC, Brian Schwartz)

- Encouraged by Biden's five point lead over Trump in the national polls, they are targeting Republican-held "toss-up" states (AZ, CO, NC & ME) as well as some "Lean Republican" ones (like IA & MT) and the lockdowns aren't interfering with their fund-raising efforts.

By all accounts the Democrats are having an easier time fund-raising than the Republicans. And according to Julie Zebrak, a Washington attorney who was in the Department of Justice from 1997 to 2015 at increasingly senior levels & now is a Washington-based political consultant (who on April 15th, after Bernie Sanders quit the race, told his followers "The best way to lessen the disappointment is to work to oust Trump"), "Flipping the Senate is just as critical as ousting Trump from the White House."

WISCONSIN SUPREME COURT STRIKES DOWN STATE'S STAY-AT-HOME ORDER (Omar Jimenez)

- On Wednesday May 13th it voted 4-3 against Democrat Gov. Tony Evers' administration's extension of its "stay-at-home" order to May 26th, ruling it "unlawful" & unenforceable', and overstepping its authority. This was a victory for the Republican-controlled legislature that had filed a lawsuit last month arguing that the lock-down had cost Wisconsin residents jobs & hurt Wisconsin companies, and asserted that, if left in place, "our state will be in a shambles".

Not surprisingly the bars did a landslide business Wednesday evening and President Trump called the ruling a "win for the state", tweeting "The people want to get on with their lives".

SIX FED OFFICIALS SPOKE OUT LAST WEEK ABOUT THE LOOMING ECONOMIC RECOVERY (Markets Insider ⁸, Ben Winck)

- While Fed Chair Jerome Powell has kept his cards close to his chest, other senior officials have been less so :
 - Vice Chairman **Richard Carida** : even if the economy roars back in the Second Half, employment won't stage as healthy a recovery, "it's going to take some time for the labor market to fully recover from this shock";
 - Chicago Fed President **Charles Evans** warned against expecting a V-shaped recovery & that a lack of coordination in the states' re-opening plans will hinder a bounce-back;
 - Atlanta Fed's **Raphael Bostic** (*the only Afro-American & openly gay Fed president*) pointed out that while some economists have praised the Fed for its speed in rolling out aid, others fear that its rapidly swelling balance sheet risks economic disaster down the road;
 - St. Louis Fed's **James Bullard** noted that economic after shocks are an inevitable part of issuing billions of dollars of aid in a matter of weeks;
 - Minneapolis Fed's **Neel Kashkari** noted the BLS' 14.7% unemployment rate understates reality & that the real number is "probably around 23% to

⁸ A US financial & business news site owned by Germany's Alex Springer publishing house.

- 24%”, but that we aren’t headed for another Great Depression since it was made bad because “policy makers in the 1930s did the wrong thing”; and Richmond Fed’s **Thomas Barkin** “in the long-term trajectory I believe we are going to have to get our fiscal situation under more control, whatever combination of less spending, higher revenues (*i.e. taxes*) or increased growth does that”, emphasizing the need for lifting consumer confidence since otherwise - without widespread testing and case tracking - Americans won’t be willing to leave quarantine even if economies fully re-open”.

For all it’s worth, none of the above six are even remotely hawkish : Messrs Clarida, Bostic & Barkin are “Centrist”, Evans “Dovish” and Bullard & Kashkari outright “Doves”. And after President Trump on Tuesday May 12th tweeted that “As long as other countries are receiving the benefits of Negative Interest Rates, the USA should also accept the “Gift”, Fed Chair & Trump appointee Jerome Powell the very next day said “the Fed won’t use negative interest rates to counter act the coronavirus recession.” And it is worth noting that while little is known about Trump’s financial affairs, each of the estimated 500 units in the Trump Organization Group (founded by his grandmother, Elizabeth Christ Trump, in 1923, five years after her husband had died, at age 49 from the Spanish flu), of which he remains the principal owner, likely have enough debt on their balance sheets to have him benefit directly, and greatly, from lower interest rates.

LEON COOPERMAN : THE CORONAVIRUS WILL ‘LIKELY’ CHANGE CAPITALISM FOREVER (Forbes, Sergei Klebnikof)

- In an April 23rd interview on CNBC the Chairman & CEO of Omega Advisers said that government support for companies struggling during the coronavirus crisis is likely to change capitalism forever; for “When a government is called upon to protect you on the downside, they have every right to regulate you on the upside.” And he opined taxes will go up, “quickly so if Biden wins; slowly if Trump wins - but taxes have to go up...”.

While this would take a political earthquake in our current closed circuit, financial donor-driven political system, COVID-19 may prompt the necessary shifting of political tectonic plates, And the sentiment is widespread, if not unanimous, that, in the aftermath of all this taxes must go up - Cooperman is a product of the worst of post-1980s Wall Street. The son of poor Polish Jewish immigrants & now aged 76, he has a Net Worth of US\$ 3.2BN & is part-owner of the National Enquirer. Following a brief spell as a Xerox a quality control engineer, he got an MBA from Columbia in 1967 & joined Goldman Sachs. After spending 22 years doing investment research, he became CEO of its asset management operation only to quit after two years to found Omega Advisers (that in 2018 had AUM of US\$3.6BN when he decided to return investors’ capital to them & turn it into a “family office” since he “didn’t feel like chasing the S&P 500 any longer”. In 2011 he accused the Obama administration of “engaging in class warfare”, in 2016 he “took the Fifth” in an SEC investigation into insider trading he called “totally abusive” but settled for US\$4.9MM while admitting no wrongdoing. And in 2019 criticized Elizabeth Warren’s proposal for a wealth tax as leading to “unnatural acts, be nearly impossible to police, and ... probably unconstitutional”. He has since commented on Warren Buffett’s lack of stock purchases during the market meltdown by saying “If the greatest investor in my generation can’t figure it out, who am I to be bold?”. And he foresees problems for the economy in the greater compliance costs for companies of keeping their workers safe, the decline in corporate profit margins from their all-time high levels in January & weaker consumer demand (especially for ‘want’ goods, services & activities?).

THE WORLD HAS LOVED, HATED AND ENVIED THE UNITED STATES. NOW, FOR THE FIRST TIME, WE PITY IT (The Irish Times, Fintan O’Toole)

- The United States has long stirred a wide range of emotions in the world. But pity has never been among them. But now it's hard not to feel sorry for Americans; for, while most didn't vote for Trump *in 2016*, they are now locked into a malignant narcissist who, rather than protecting his people from COVID-19, has amplified its lethality to the point where, despite the country's many medical and scientific assets, it has become the global epicentre of the pandemic ⁹. Or, as George Packer ¹⁰ put it, "The United States reacted ... like Pakistan or Belarus - like a country with a shoddy infrastructure and a dysfunctional government whose leaders are too corrupt or stupid to head off mass suffering ". Instead of making the country "great again", Trump has made it look pitiful.

This view is not entirely novel. For on September 25th, 2018, when early on in a 35 minute diatribe at the United Nations General Assembly Trump boasted his administration had achieved more in (less than) two years than "almost any administration", he was openly laughed at by the foreign leaders & diplomats in attendance, prompting the Brookings' Institution's Thomas Wright to observe "It's the first time I'm aware of that people actually laughed at a president."

WHAT HISTORY TELLS US ABOUT DONALD TRUMP'S REELECTION PROSPECTS (The Salt Lake Tribune, Jana Reiss)

- He has several things going for him :
 - Most incumbents get reelected &, if not, it's since the economy is "in the crapper";
 - He has overwhelming support among Republicans (in January 8 of 10 of them approved of the job he was doing & in late March 9 out of 10; *although one must wonder how, even in the GOP, much support he can attract in the voting booth outside his base*);
 - There is no "spoiler" third party candidate (Ross Perot syphoning off 19% of the popular vote cost Bush 41 the 1988 election); and while *Michigan'* GOP Rep. Justin Amash is trying, it's not clear who he'll pull votes from, if any; and
 - He has proven to be unpredictable and adaptable, doing whatever it takes to win. And he thrives on chaos and never should be counted out.
- But he still may get his head handed to him in November because :
 - No incumbent has ever won reelection with such a low approval rating. The highest he has ever had is 49% (*shortly after his inauguration & his current one is just 43.6%*) and the lowest a successful incumbent has ever been is 50%;
 - The economy is in profound disarray; instead of the 2-3% growth he has boasted about (& *the 4% he promised?*), the IMF expects - 6% for 2020;
 - The GOP base is shrinking. As the percentage of non-religious Americans grows, they overwhelmingly go Democrat. And the party has a hard time keeping up with racial diversity and (*female?*) college-educated voters (of whom there are growing numbers) who are deserting the GOP for the Democratic party;

⁹ At last report, with about 4% of the world's population, it accounted for 33.6% of all coronavirus cases & 28.3% of its coronavirus fatalities.

¹⁰ An award-winning author & staff writer for The Atlantic, he is a 59 years old resident of Santa Clara CA, and in the early 1980s served as an English teacher with the Peace Corps in Togo. Elsewhere he observed "The coronavirus didn't break America. It revealed what was already broken ... From the President came wilful blindness, scapegoating and lies ... and from his mouthpieces conspiracy theories and miracle cures."

- Many once reliably Republican suburbs have become less so (many of them went blue in 2018, giving the Democrats control of the House in 2018);
- The battleground states are not looking good for him. In recent months polling in several has consistently been pro-Biden, suggesting they may go “blue”¹¹;
- He cannot hold any rallies right now; and
- He keeps hoisting himself on his own petard. His response to the COVID-19 crisis has demonstrated his shortcomings & voters facing a deadly virus & double digit unemployment may be less indulgent of him than they were 3½ years ago.

The author (age 50) is a convert to the Church of Latter Day Saints and has a day job as a professor of Religion and American Studies at Oxford University in Miami OH. While by her own admission, not a Trump fan, these facts are laid out in a disciplined manner - What may well turn out to be the case is that, while in 2016 many Democrat-leaningers didn't bother to go & vote, in November they will turn out in droves to vote while some GOP-leaningers may not bother.

A STATE IN CRISIS : MICHIGAN'S DIVISIONS MAGNIFIED BY VIRUS (G&M, Adrian Morrow)

- Coronavirus has hit the state hard & cast a harsh glare on its racial divide; Afro-Americans account for 14% of its population but for 40% of its COVID-19 casualties. Gov. Gretchen Whitmer has faced opposition to her stay-at-home order from the GOP-controlled legislature, local business lobbies & right wing groups. One of the latter, the Michigan Freedom Fund, is funded by the family of Betsy DeVos, Trump's Education Secretary & another by Meshawn Maddock¹², an adviser to Trump's re-election campaign. And Ashley Phibbs of the Michigan United for Liberty group said ordering people to stay home causes more problems than the pandemic, making them afraid to go out for even a walk and “hurts your immune system”. They are among those who have been behind the furious protests at the state capital, Lansing, where demonstrators waved Confederate flags & carried semi-automatic rifles (*but black faces were conspicuously absent*).

This is all Trump re-election campaign-driven since Ms. Whitmer is a Democratic Vice-Presidential prospect & Trump's 2016 11,000 vote edge in 2016 makes Michigan a key “must win” swing state for him. And a recent poll found 65% of respondents approved of Whitmer's handling of the pandemic & only 43% of Trump's.

TRUMP'S WHITE HOUSE BANNER CLAIMS “AMERICA LEADS THE WORLD IN TESTING.” THAT'S WRONG (Vox, German Lopez)

- This is only true because the US has a large (328MM) population; for as of May 9th on a per capita basis (the US' being 26 per 1,000) it ranked behind Denmark (53), Italy (42), New Zealand (39), Germany (33) and Canada (28).

¹¹ According to the Brookings Institution Biden now leads Trump in five of the six 'battleground states (AZ, FL, MI, PN & WI), ties him in NC, while in GA, IA & OH that should be Trump's by a considerable margin, Biden is surprisingly competitive. And while Trump beat Hillary 52-45 among voters over 65, the latest NBS/WSJ poll shows that now in reverse, and his 2016 27 point lead among white working class women has been shrinking.

¹² Whose husband Matt is a GOP freshman member of the State House of Representative for the 44th district.

And another source a few days later ranked the US' 31 ratio behind Portugal (55), Spain (53), Belgium (52), Qatar (51), Italy (45), Russia (41), Germany (38) & Switzerland (37). And while the daily number of tests in the US is in the 300,000 range, the 11MM inhabitant Chinese city of Wuhan, where it all started and where there has recently been a minor uptick, has now plans to test its entire population in ten days, i.e. at a daily rate of 1.1MM.

PRESIDENT BASHES AT GEORGE CONWAY FOR 'MOURNING IN AMERICA VIDEO ABOUT 'DEADLY VIRUS TRUMP IGNORED' (WP, Fred Barbash)

- George T. Conway III, a prominent Washington lawyer, has long sought to get Trump's goat. And he succeeded spectacularly early May 5th when the Lincoln Project, which he co-founded, aired a US\$46,000 one minute video entitled Mourning in America, a knock-off of President Reagan's 1984 campaign video Morning in America. But while the latter showed happy, prosperous Americans going to work & told viewers "It's morning again in America, and under the leadership of President Reagan our country is prouder and stronger and better. Why would we ever want to return to where we were less than four short years ago?", the Lincoln Project's version showed dilapidated houses, a worried man in a hospital corridor & another applying for unemployment compensation, as a voice intoned "There is mourning in America. And under the leadership of Donald Trump, our country is weaker, sicker and poorer. And now Americans are asking 'If we have another four years like this, will there even be an America?' "
- This prompted an avalanche of angry Trump tweets starting at 12:46 a.m., attacking those associated with the Project as "LOSERS", saying that "I don't know what Kellyanne did to her deranged loser of a husband, Moonface, ... but it must have been really bad", "A group of RINO ¹³ Republicans, who failed badly 12 years ago, then again 8 years ago, and then got Badly beaten by me, a political first timer, 4 years ago, have copied (no imagination) the concept of an ad from Ronald Reagan " and "these loser types don't care about 252 new federal judges, 2 great Supreme Court judges, a rebuilt military, a protected 2nd amendment, biggest EVER Tax & Regulations cuts and much more".

The Lincoln Project is a Super PAC founded last December by a group of prominent GOP alumni of John McCain's 2008 presidential campaign, & the 2016 "Never Trump" movement to "Defeat President Trump and Trumpism at the ballot box" (to the point that last month it ran an ad endorsing Joe Biden). In the First Quarter it raised US\$2.5MM & spent about half, prompting Trump to accuse them of "pocketing" donors' money. One member, Jennifer Horn ¹⁴ told CNN on May 5th "The idea is to get as big an audience as possible and there's no question that when the President tweets you, your audience increases exponentially" ¹⁵, while the Trump campaign accused it of "politicizing the pandemic" & Tim Murtaugh, its Communications Director, dismissed it as just "a group of disgruntled GOP consultants who are no longer Republicans and ... not

¹³ Republicans In Name Only.

¹⁴ Age 54, she is a former New Hampshire GOP Chairman with five children who last fall resigned, along with two other members, from the Board of the Log Cabin Republicans LGBT group when it decided to endorse Trump (which it had refused to do in 2016).

¹⁵ And she was spot-on : after Trump's reaction the Lincoln Project had its biggest single day fund raising, taking in US\$1MM.

relevant in this election ... The President is out front leading the nation in the battle against the Coronavirus and these baseless attacks do not resonate with the American people.”

TRUMP WENT BALLISTIC AT ME ON TWITTER. HERE'S WHY HE REACTED WITH SUCH RAGE (WP, George T. Conway III)

- In the past month one American has died from COVID-19 every 42 seconds. That ought to keep any president awake at night. But not Donald Trump. Just days ago he flipped out at an NYT story reporting how he watches TV at all hours, obsessed about how he is covered in the news & rage-tweeting that the media will say “Anything to demean”. But he proved the point when, at 12:46 in the early morning hours of May 5th, he, in a four tweet screed, called me & my colleagues at the Lincoln Project names & made insinuations about my wife (*Kellyanne Conway, Counsellor to the President*). And 10 hours later, on the tarmac at the Joint Base Andrews, he was still raging at our 60-second online ad released late Monday May 4th (*on Fox News’ Tucker Carlson’s Tonight show to make sure Trump wouldn’t miss it?*) that puts the blame for the government’s failure to respond to COVID-19 where it belongs - on Trump. For he dithered for 10 weeks, from January to mid-March, misleading the public about the severity of the crisis & pretending it would never take hold here, with each day costing American lives.
- It may strike you as deranged that a president facing a pandemic spends his time attacking his supposed opponents & as nuts that in the middle of a virus task force briefing he bragged about his Facebook ranking, boasted about the “Ratings of my News Conferences etc.” & floated miracle cures. If so, you’re not alone. Tens of thousands of mental health professionals ¹⁶ have warned for years about Trump’s unfitness for office. Some people listened : many, including myself, did only when it was too late. That is why he reacts with such rage. He fears the truth. He fears being revealed for what he really is. But the jig is up. He sees his poll numbers falling & lashes out with ever-growing anger. And while his mind roils in rage, Americans’ dying is the only thing that matters.

This is more than sour grapes for not having been named Solicitor-General in the early days of the Trump Administration; for he’s an old-style Republican who a year or so later, when Trump wanted to nominate him for Deputy Attorney-General, wouldn’t let his name stand on the grounds that the Trump administration was “a shitshow in a dump fire”. Half Filipino, his GOP antecedents long predate Trump’s; for he has been a member of the libertarian conservative Federalist Society since law school (as are five of the current Supreme Court judges, incl. both of Trump’s choices), an entity that has long sought to give the US judiciary a more conservative bent.

U.S. TO REMOVE PATRIOT MISSILES ... FROM SAUDI ARABIA (Al-Jazeera)

- On May 7th, the very day Aramco announced it was raising its June prices by US\$1.40 (prompting an 11% jump in oil prices), the WSJ reported the US is removing four batteries of Patriot surface-to-air missiles & the associated military personnel from Saudi Arabia (*two squadrons of fighter jets have already left & there is talk of cutting the US Navy’s presence in the Gulf*). These were among the assets deployed to Saudi Arabia last September after a series of missile attacks on Saudi oil facilities & this decision is said to be based on a Pentagon assessment that, after the January killing of General Qassem Soleiman, Tehran poses less of an immediate threat to US interests in the region & that it

¹⁶ This may be an exaggeration.

thus can shift assets to other priorities, incl. the expanding Chinese military influence in Asia. And the next day the White House reported that in a phone call President Trump & King Salman had “reaffirmed the strong United States-Saudi defense partnership”.

Anyone who believes this reasoning could likely also be talked into buying Florida swamp land ‘at a good price’. Trump has been increasingly annoyed with Crown Prince Muhammed for doing what he had for some time wanted him to do (i.e. ease oil prices to make gasoline cheaper for US consumers). This could be a colossal geopolitical blunder since Iran may not be anywhere as harmless as the Pentagon is said to believe & may conclude it now has carte blanche to more aggressively pursue its regional hegemony dreams. One good thing that may come out of this, however, is to lower Trump’s view of Jared Kushner, since handling MBS was one of his gigs.

Consideration IS A US-CHINA COLD WAR ALREADY UNDERWAY? (NYT, Ishaan Tharoor)

- In an interview aired Thursday May 14th on the Fox Business Network, President Trump floated the idea that the US “ could cut off the whole relationship” with China in the aftermath of the pandemic and that the economic toll of the pandemic offered proof that the US needed to do more to disconnect itself from global supply chains that involved China. And some of his lieutenants are even more aggressive to the point where anonymous White House officials have leaked rumours of possible threats to skip US debt obligations to China (which would deeply damage US credibility on the world stage).

This appears the result of a Pew Research Center survey last month that found that Americans view China more negatively than ever in the 15 years that it has been conducting to the point where it has also made Biden more strident on the issue of China than he used to be (which also has resulted in public opinion in China having become more stridently nationalistic).

CORONAVIRUS SANOFI : FRANCE RESISTS US GETTING VACCINE FIRST (BBC)

- *With annual sales of almost US\$40BN Paris-based Sanofi is the world’s ninth-largest pharmaceutical company by revenue [after Roche (Swi), Sinopharm (China), Pfizer, Novartis (Swi), Bayer (Ger), Novartis (Swi), Merck, & GSK/GlaxoSmithKline (UK)] & France’s 19th largest overall. Last month it teamed up with GSK to work on a coronavirus vaccine and on May 13th Paul Hudson, its CEO, went on record as saying “The US government has the right of the largest pre-order because it’s invested in taking the risk.” [because its coronavirus vaccine research is funded in part by BARDA (the US Biomedical Advanced Research and Development Authority)]. This caused France’s Prime Minister Edouard Philippe to say that access for all was “non-negotiable & that it was unacceptable for Sanofi to prioritize the US market if it develops a COVID-19 vaccine”, & Deputy Finance Minister Agnès Pannier-Runacher to tell France’s Sud Radio that “for us, it is unacceptable for these to have privileged access ... for financial reasons.”*

Sanofi critics point that over the years the Company has benefited from 150MM Euros/ US\$162MM in French research-, & millions more in other-, tax credits. This is a harbinger of the dog fight that may ensue when the first effective vaccine sees the light of day. And the US isn’t going to be helped by the fact that, when earlier this month the EU chaired a global online summit to boost coronavirus research & speed up vaccine development that raised US\$8BN from 40 countries (with EU spokesman Stefan de Keersmaecker telling AFP “The vaccine ... should be a global public good and its access needs to be equitable and universal”), it (&China) opted out & by the fact that developing world countries may well be prioritized for political reasons by China if it were to be first ‘out the gate’ with an effective vaccine.

GERMANY IS FLEXING ITS MUSCLES TO LEAVE EURO IN JEOPARDY **(The Telegraph, Liam Halligan)**

- *While no one was paying attention, Germany's highest court last week ruled that, by purchasing over 2.2TR Euro/£1.8TR of government bonds since 2015, the ECB had "manifestly" flouted the EU Treaty, effectively ruling that its massive bond buying had amounted to treaty-busting. This marks a potentially explosive reassertion of German sovereignty at a time European "solidarity" is already frayed & is the first time since the EEC (European Economic Community with six members, Belgium, France, the then West Germany, Italy, Luxembourg, Netherlands) was founded in 1957 under the Rome Treaty, that a member country has legally asserted a European body had overreached. And more specifically, the highest court of Europe's biggest economy & the Eurozone's paymaster, has now ruled the EU's authority is "invalid" within Germany's borders, at a time of unprecedented economic stress when its poorer members are furiously lobbying for financial support (that only Germany can provide) to keep the Eurozone from imploding. So the court established that Berlin, not Brussels, holds supreme power within its own borders & gave notice that, after years of provocation, the Eurozone's engine is finally refusing to pull the other economies from the mire they had created for themselves.*

The ironic part is that, if this were to lead to a rearrangement of the EU structure as it has evolved top-down since 1993 by the Brussels-based Eurocrats, it would not be due to a small country like Cyprus, or Johnny-come-lately, non-conformist one like Hungary, whose votes have equal weight as Germany in the EU's decision making, but to one of its founding members & its fourth largest economy, Italy, whose debt-to-GDP ratio this year will go to 159% (from 104% in 2007). And according to Felix Zulauf the EU has only two options, socialize the crushing Eurozone debt that is largely on the South European countries' books & make the Northern European countries pay for it & make their citizens feel "duped", or allow it to be broken up.

LONDON HAS JUST 24 NEW CORONAVIRUS CASES A DAY (Telegraph, Sarah Knapton)

- According to Public Health England & Cambridge University, London's the "R" reproduction rate (the number of people one contagious person will infect) has fallen to 0.4 This is important since because once it goes < 1.0 the disease stops spreading exponentially) & at 0.4 the new case number halves every 3.5 days. If this were to continue, the virus would be all but eliminated in the capital, although for Britain as a whole the "R" rate is still 0.75). While at its peak in late March the number of new cases a day in Britain was 213,000, by April 7 had declined to 10,000 (& at last report was below 3,500) and is now halving every week. And with a total of 17.3MM people having been infected the country now likely is well on its way to "herd immunity".

And a previously well-kept secret has now come out in the open, namely that when Prime Minister Boris Johnson was in hospital with the disease, several senior public servants, incl. the country's most senior one, had also been infected mildly enough so that they had been able to continue working ... from home.

TRACKING AFRICA'S CORONAVIRUS CASES (Al-Jazeera)

- Two months after the 'index case' in Egypt, the coronavirus has now spread to all but one of Africa's 54 countries (*the exception being Lesotho in South Africa, home to 2.1MM of the continent's 1.2BN people*). Among the 2000+ reported fatalities have been a former President of the Republic of the Congo & a former Prime Minister of Somalia. Experts

warn that many countries' fragile healthcare systems could easily be overwhelmed (and UNICEF that children may die because the healthcare systems will no longer have the scope for dealing with their medical troubles that require hospitalization.

As of 0530 hrs GMT, May 7th) there had according to Johns Hopkins University been 51,549 cases (of whom 30% had recovered) & 2,006 deaths [but this could be a (possibly gross) low ball number due to a) the weakness of many countries' data collection systems & b) under-reporting at the grassroots' level]. Six countries accounted for 62% of the cases, three in North Africa [Egypt (7,588), Morocco (5,408) & Algeria (4,997)], and three Sub-Sahara [South Africa (7,808), Nigeria (3,145) & Ghana (3,091)], with widely varied populations (Egypt - 98MM, Morocco -36MM & Algeria - 42MM and South Africa - 58MM, Nigeria - 196MM & Ghana - 30MM) – As of May 18th the total number of cases had risen to 84,586 and the number of deaths to 32,477, with at most half the number of deaths (15,515) accounted for by South Africa, followed by Egypt (12,229) and Algeria (7,019). & the fatality rate (38.4%) being over five times the 6.8 global rate.

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PRESIDENT TRUMP ORDERS MEAT PLANTS TO STAY OPEN IN A MOVE UNIONS SLAM **(BB, Jennifer Jacobs)**

- In the past two months 22 major US beef-, pork-, & poultry slaughtering & processing plants have been closed (of the 115 in 19 states to which the coronavirus had spread) This has caused pork production to decline by 25% & beef production by 10%, and to prompt Trump to issue an Executive Order under the Defense Production Act for them to be reopened or stay open as the case may be.

While according to a May 4th Washington Post article No, Mr. Trump didn't order meat-processing plants to re-open by Prof. Daniel Hemel of the University of Chicago-, & Stanford Law Schools, he didn't have the power to enforce this, this was enough for some big plants to re-open, albeit with much absenteeism. For some of its workers were sick & others afraid to go back to work, while still others decided it was not worth the risk [especially since, according to the Commerce Department's BLS (Bureau of Labor Statistics) meat packing plant employees earn a mean US\$22,700 annually]. In Canada three plants account for 90+% of its beef killing & processing capacity. Two are owned by Minnetonka, MN-based Cargill ¹⁷, one with 2,000 employees & a 4,500 head daily beef killing capacity in the 13,600 inhabitant town of High River (68 kms/43 mi. South of Calgary) & another 1,500 head capacity plant in Guelph, Ontario (100 kms/63 mi West of Toronto). And the third, the 2,600 employee, 3,800 head daily capacity Lakeside Packers plant in the 14,500 inhabitant city of Brooks (186kms/116 mi. Southeast of Calgary) is owned by Sao Paulo, Brazil-based JBS SA, the world's largest meat processor with US\$50+BN in sales. As of May 4th, when the number of confirmed COVID-19 cases in Alberta was 5,836 [half of whom had recovered] no fewer than 936 (16.0%) were accounted for by the High River-, & another 469 (8.0%) by the Brooks-, plants; moreover, another 609 cases were linked to Cargill-, & another 529 to JBS-, plant employees; in other words 44% of all Alberta coronavirus cases had their origin in these two plants. As in the US, the vast majority of workers at these plants are immigrants/visible

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A privately-owned, US\$120BN annual revenue, originally grain-based, conglomerate

minorities¹⁸. And, despite the union attempt to have a stop-work order issued against Cargill still being in progress, the High River plant reopened on May 4th, with 41 year-old Nornalio Tolosa, a father of two teenagers & a nine year employee, who works on the 'killing' floor', saying "I'm very nervous ... I have tested negative ... but feel it's just a matter of time" and, when asked if he had ever received a mask from Cargill after the first case was reported on April 6th, he said "Only management wore a proper mask, which made us all worry even more. We saw people not showing up for work and ... heard they were sick with the virus. Then the managers started wearing masks and face shields but the workers got nothing." - I have an affinity for these people; for in the mid-1950's I worked in the Canada Packers beef-, hog-, and poultry killing & processing operation in Winnipeg for three years although never on a killing floor, narrowly defined; in fact that's what made me go to university; for in my first summer there I worked the night shift in the shipping department. So, with little to do all day, one day I ventured out to the university (that then was about 10 miles out of town) & the next thing I knew I had registered for Summer School. And as the saying goes "The rest is history". And even in those days, few self-respecting Canadian-born people worked there, even though the money was pretty good, & the work force was predominantly Ukrainian, immigrant and/or "DP" ("Displaced Person"), a then commonly used derogatory term for anyone who had come to Canada after WW II (& one that often got me into fights since I resented being called that; for I had come to Canada out of rebelliousness & my own free will from a family that had remained in Holland with no need or desire to leave).

¹⁸ Thus the 2,600 workers at the Brooks plant between have 100 'mother tongues' between them