

# California Water and Infrastructure Report

Formerly, the “California Drought (and Flood) Update”



**For February 22, 2018**

**by Patrick Ruckert**

**Published weekly since July, 2014**

**An archive of all these weekly reports can be found at both links below:**

<http://www.californiadroughtupdate.org>

<https://www.facebook.com/CaliforniaDroughtUpdate>

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*"However political parties may now and then answer popular ends, they are likely in the course of time and things, to become potent engines, by which cunning, ambitious, and unprincipled men will be enabled to subvert the power of the people and to usurp for themselves the reins of government, destroying afterwards the very engines which have lifted them to unjust dominion."*

*George Washington Farewell Address*

*September 17, 1796*



George Washington and Marquis de Lafayette at Valley Forge (Library of Congress)

# **A Note To Readers**

## **Happy Birthday to George Washington**

Today is the birthday of George Washington and his warning of the dangers to the republic from political parties was prophetic. One party today is willing to destroy the nation to remove a constitutionally elected president. The other, while nominally supporting that president, is full of idiots who would destroy the nation by its commitment to austerity, cutting entitlements and refusing to create a credit funding system that can pour \$2-3 trillion per year into building infrastructure, among other of its stupidities.

Not only did George Washington lead our revolution against the British empire (that same empire that today initiated and is driving the coup attempt against our president), he was also the President of the committee that wrote our Constitution, and our first President. Then, with his Treasury Secretary Alexander Hamilton, created the First National Bank of the United States to fund “internal improvements” (infrastructure) and new industries, putting the nation on the pathway of economic independence from that self-same empire from which we wrested our political independence.

What will unify the nation today is that same policy-- a national credit institution like an “infrastructure bank,” as suggested by the Chinese last week as they offered to invest up to \$1 trillion of their U.S. Treasury Bills in such an institution to fund the infrastructure building we must undertake. That is what is required to create a nation we can be proud of and what future generations 50 years into the future require. And as Washington and Hamilton understood, that requires a rebuilding and the expansion of our industrial capability, which again, that requires building a dramatic increase in our electricity production capability.

## **In This Week's Report**

The topic and theme presented in the paragraph immediately above is the one you will find in the Feature this week. It includes some of the discussion from the LaRouche PAC Weekly Webcast of February 16. That section also includes the Trump administration's announcement of \$50 billion to be invested in rural infrastructure, and a few other items. Of note is the poll demonstrating that between 70-82 percent of the American people damn well want a massive infrastructure building policy, and they want it now.

Now to the drought, which is all but official today. Each week the U.S. Drought Monitor is registering larger portions of the state have entered a more intense category of drought. And with little or no precipitation forecast for the next two or three weeks ahead, we can expect that pattern to continue. As reported below, a few snow flurries in the Sierras will not change much of anything.

Both the Central Valley Project and the California State Water Project have announced their preliminary allocations to water contractors for 2018. For most it will be just 20 percent of their contracted amount. Please be clear on what that means: The contractors pay for their full allocation whether they receive 100 percent or five percent. So, I hope there is not a repeat of the bullshit promulgated during the last drought when the urban areas had to cut back by 25 percent in the water they used, while the agricultural sector was often reduced to only five percent. The bullshit seen in many media reports at the time was the cities had to cut back but the farmers did not.

The California Water Commission was taken to task, unfortunately too gently, this week in hearings in Sacramento. Remember this is about the \$2.7 billion approved by voters in 2014 to build water storage facilities, and the commission has yet to make any decisions on which projects get the funds.

The Oroville Dam Update this week includes a construction update from the Department of Water

Resources, along with a video. The DWP also now claims that FEMA will pay 75 percent of the cost of the repairs. The report last week placed doubt on that commitment.

As reported here last week the Metropolitan Water District of Southern California is deciding to increase its contribution to building the Delta Tunnels in an attempt to bypass the state's decision a few weeks ago to cut back to one tunnel from two the project. There is a short report on this development.

## **First, the Weather and the Drought**

### ***The Latest: California winter now third driest on record***

*February 20, 2018*

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[http://www.bakersfield.com/ap/national/the-latest-california-winter-now-third-driest-on-record/article\\_3d8ac4cf-e937-5e3d-bb0b-9abe4a7faae3.html](http://www.bakersfield.com/ap/national/the-latest-california-winter-now-third-driest-on-record/article_3d8ac4cf-e937-5e3d-bb0b-9abe4a7faae3.html)

*State officials say California's winter so far is the third driest on record as much of the state heads back toward drought.*

*John Leahigh of the Department of Water Resources says about 80 percent of California is abnormally dry or in drought.*

### ***Snow today in the Sierra Nevada, more storms to follow***

*February 22, 2018*

<https://www.eastbaytimes.com/2018/02/22/snow-today-in-the-sierra-nevada-more-storms-to-follow/>

*A winter storm is expected to drop several inches of new snow Thursday in the Sierra Nevada, and meteorologists with the National Weather Service are optimistic more systems will follow in the coming days.*

*Thursday's storm, which could deliver 6 to 10 inches of snow in the higher elevations, comes on the heels of a system Monday that brought as much as 7 inches of fresh powder to Tahoe area ski resorts.*

*"The storm isn't going to be a huge snowmaker," said Alex Hoon, a meteorologist with the weather service in Reno. "We had such a big deficit as far as snowpack. We're trying to make up for two months of lost snowpack.*

*While any snowfall in the Sierra Nevada is welcome, it certainly won't be enough to make up for the drastic deficit brought on by an extremely dry December, January and early stretch of February. As of Tuesday, California's Sierra Nevada snowpack was at 20 percent of normal.*

*Alex said the storms impacting the Sierra Nevada this week are not "atmospheric river" systems that typically deliver a "heavy, wet snow" to the mountains.*

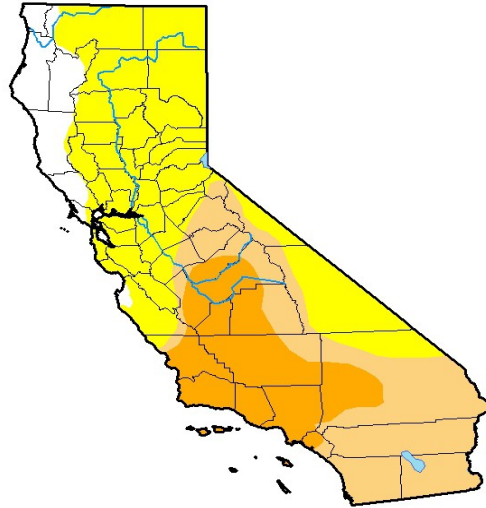
*California traditionally receives 30 to 50 percent of its annual precipitation from atmospheric rivers, long and relatively narrow "rivers in the sky" laden with moisture that flow in from the Pacific, according to the Department of Water Resources.*

*This year, the state has received just one atmospheric river, Hoon said. Last year, 46 atmospheric rivers were recorded between Oct. 1 and March 31 to help pull the state out of a historic drought with record-setting precipitation in the Northern Sierra.*

## U.S. Drought Monitor

In this past week the “Abnormally dry” category has jumped up 10 percent to 92 percent of the state. And now nearly one-half of the state is at the “Moderate drought” level. “Severe drought” remains unchanged at 20 percent. Week by week the colors on the map are getting darker.

### U.S. Drought Monitor California



**February 20, 2018**  
(Released Thursday, Feb. 22, 2018)  
Valid 7 a.m. EST

	Drought Conditions (Percent Area)					
	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	8.43	91.57	47.87	19.98	0.00	0.00
Last Week 02-13-2018	18.29	81.71	45.71	19.98	0.00	0.00
3 Months Ago 11-21-2017	73.98	26.02	8.24	0.00	0.00	0.00
Start of Calendar Year 01-02-2018	55.70	44.30	12.69	0.00	0.00	0.00
Start of Water Year 09-26-2017	77.88	22.12	8.24	0.00	0.00	0.00
One Year Ago 02-21-2017	61.05	38.34	16.87	4.19	0.00	0.00

#### Intensity:

None D0 Abnormally Dry D1 Moderate Drought D2 Severe Drought  
D3 Extreme Drought D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

#### Author:

Deborah Bathke  
National Drought Mitigation Center



<http://droughtmonitor.unl.edu/>

## Why meteorologists say even a ‘Miracle March’ can’t save California’s dimly dry winter

By [Amy Graff](#), SFGATE

Friday, February 16, 2018

<https://www.sfgate.com/weather/article/Miracle-March-California-dry-winter-drought-12613833.php>

NOAA's [Climate Prediction Center](#) shows dry conditions likely for the West Coast, Feb. 24 to March 9, 2018.

*Amid a winter marked by more sun than storms, California is desperate for rain and snow.*

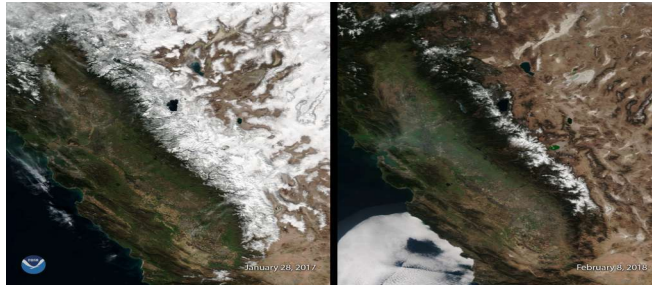
*An end-of-winter burst of wet potent California storms, aka a Miracle March, is the only hope to bolster the Sierra Nevada snowpack and boost the rainfall totals, but meteorologists say the odds of this happening are almost none.*

*Even if a few wet weather systems sweep across the state in March, they're unlikely to bump the state up to normal precipitation totals for the season.*

*A high-pressure ridge has remained parked along the West Coast for most of the 2017-18 winter, acting like an invisible wall and blocking moisture-rich storms in the Pacific Ocean from reaching land.*

*In February, many areas of the state haven't seen a single drop of rain and the Sierra has only received light dustings of snow, and climate models don't show any major storms in the next two weeks.*

*With no storms, rainfall totals are dimly low around the state, and especially in Southern California. Los Angeles will have seen only one significant day of rainfall (over .33 inches) in a full calendar year if the city reaches Feb. 19 without any rain.*



NASA [reports](#), "This image, captured by the Suomi NPP satellite's VIIRS instrument compares current snow cover in the Sierra Nevada mountains with conditions last year, when well above-average snowfall helped end California's historic five-year drought."

## Let the Rationing Begin Says the DWP, the State and the Bureau of Reclamation

### *Drought threat looms over water allocations*

*Damon Arthur*

*Record Searchlight*

*Feb. 20, 2018*

<http://www.redding.com/story/news/2018/02/20/drought-looms-over-water-allocations/355045002/>

*With the threat of another drought looming, federal officials announced water allocations Tuesday that gave the city of Redding a full complement of water, but other water agencies, such as the Bella Vista Water District, were left with uncertainty.*

*Because of the dry winter and concerns over having enough water in the Sacramento River for endangered winter-run salmon, many North State water agencies likely won't hear for weeks how much water they will receive from the U.S. Bureau of Reclamation.*

*Despite record-breaking rain in 2017, California finds itself facing water shortages this year due to the inability to store more water from the previous year and low levels of rain and snow this year, said David Murillo, the bureau's regional director.*

*"Despite the historic rainfall last year, California's lack of sufficient water storage forces us to operate on a year-to-year basis. The amount we can store in our reservoirs is not enough to get us through these very dry years," Murillo said.*

*"We don't know what the allocations are going to be with north of Delta," including the North State, Rieker said.*

### **Reclamation announces initial water supply allocation for the Central Valley Project**

*For Release: February 20, 2018*

<https://www.usbr.gov/newsroom/newsrelease/detail.cfm?RecordID=61677>

*SACRAMENTO, Calif. – The Bureau of Reclamation today announced the initial 2018 water supply allocation for many Central Valley Project contractors. This allocation is based on a conservative estimate of the amount of water that will be available for delivery to CVP water users and reflects*

*current reservoir storages, precipitation and snowpack in the Central Valley and Sierra Nevada.*

## ***Water allocation for westside growers is going to be a meager one for 2018***

*By Robert Rodriguez*

*February 20, 2018 02:37 PM*

<http://www.fresnobee.com/news/local/water-and-drought/article201177959.html>

*With the threat of another drought looming, west San Joaquin Valley farmers received some dismal news Tuesday about this year's water allocation.*

*The initial allocation from the [Central Valley Project](#) is 20 percent, the U.S Bureau of Reclamation announced on Tuesday.*

## ***State to ban wasteful uses of water, but it won't actually save that much***

*By [Emily Guerin](#)*

*February 19, 2018*

<https://www.scpr.org/news/2018/02/19/80855/state-to-ban-wasteful-uses-of-water-but-it-won-t-a/>

*You've seen them: the sprinklers that only water the sidewalk, or the people who let the hose run while they wash their cars. On Tuesday, state water officials are expected to vote to ban [those and other wasteful uses of water](#)—for good. But the catch is, it won't actually save that much water.*

### ***How much water will the regulations save?***

*Not very much, actually. The last time they were in place, during the drought, they were only responsible for one percent of the total water saved, or as much as about 18,000 California households use in a year.*

*"They're not in and of themselves going to lead to huge reductions in the amount of water used," said Max Gomberg, the water conservation and climate change manager at the State Water Resources Control Board, "but I think benefit beyond what we estimate the savings to be is also just in that public education and awareness aspect."*

### ***How will these new rules be enforced?***

*Currently, cities and water agencies can only enforce local water conservation ordinances. But a bill in the Assembly, [AB 1668](#), would allow them to enforce the new state rules.*

*In cities that already have local conservation rules, like Santa Monica and Los Angeles, "water cops" drive around looking for sprinklers spraying wildly, for water running into the street, or for other things that break the rules. They also respond to tips. But LA only has three cops for the whole city, and Santa Monica has one, and they tend to focus on information and education more than penalizing people for breaking the rules.*

## **Damn the Dam Funds Says the Water Commission**

### ***California Water Planner Blasted for Sitting on Dam Funds***

*February 21, 2018 [NICK CAHILL](#)*

<https://www.courthousenews.com/california-water-planner-blasted-for-sitting-on-dam-funds/>

*SACRAMENTO, Calif. (CN) – With a \$2.7 billion voter-approved bankroll ready to be spent on new dams and water projects, a California state agency is being accused of sitting on the funds.*

*The California Water Commission, tasked with dispersing Proposition 1 funds, faces a tidal wave of criticism and skepticism after its staff concluded earlier this month that no water projects proposed so far passed initial cost-benefit muster. The announcement roiled the water and farming districts vying for the state bonds, along with elected officials who helped craft the 2014 proposition.*

*“The biggest problem in California right now is the people don’t trust their government, they don’t trust their agencies of government,” said state Sen. Jim Nielsen, R-Tehama. “They already feel betrayed with the four-year delay.”*

*A bipartisan mix of lawmakers lined up to address the commission at its monthly hearing in Sacramento, the first since staff released failing initial “public benefit scores” for 11 water projects.*

*Proposals range from new groundwater banks, existing reservoir expansions and multibillion-dollar new dam projects. Proponents say the projects will add valuable water storage without damaging the environment.*

*Passed overwhelmingly by voters at the height of California’s most recent drought, [Proposition 1](#) appropriated \$2.7 billion for new lakes and water storage.*

*The measure, which did not earmark funding for any specific project, requires the commission to grade applications on overall public benefit, relative environmental value, resiliency and implementation risk.*

## Oroville Dam Update



*February 21, 2018*

*From the Department of Water Resources:*

### ***Construction at the Emergency Spillway***

*The underground secant pile wall is 95 percent complete and is targeted for completion in*

*March of 2018. The secant pile wall is being constructed 730 feet downhill of the emergency spillway at depths of 35 to 65 feet.*

- *Foundation preparation continues for the roller-compacted concrete (RCC) splashpad. Crews are expected to begin placing RCC next week. The RCC splashpad, in conjunction with the secant pile wall, will armor the existing terrain to significantly reduce the type of uphill erosion that occurred during February 2017 if the emergency spillway is ever used again.*
- *Work at the emergency spillway also include construction of an RCC buttress at the base of the emergency spillway, which will begin later in 2018.*

### ***Construction on the Main Spillway***

*Phase Two of construction on the main spillway is expected to begin in May, but exact timing depends on weather. This year's work includes:*

- *Removal of the original 730 feet of the upper chute leading to the radial gates and replacement with steel-reinforced structural concrete.*
- *Placement of a 2.5-foot layer of steel-reinforced structural concrete over the RCC middle chute.*
- *Removal of the RCC walls in the middle chute and replacement with structural concrete walls.*
- *Hydro-blasting and resurfacing of the energy dissipaters at the base of the main spillway.*

### ***Oversight Update***

- *DWR will meet with the Independent Board of Consultants (BOC) for the 15th time tomorrow and Friday, Feb. 22 and 23. The BOC is also reviewing the Independent Forensic Team's final report released last month.*

### ***The latest video from the Department of Water Resources ...***

[https://www.youtube.com/watch?time\\_continue=2&v=R8oE1cwtRac](https://www.youtube.com/watch?time_continue=2&v=R8oE1cwtRac)

*The crew pours concrete for the top section of the cut-off-wall that will connect to the splashpad. A section of ground near the lower spillway is removed for a new road. Work continues between the emergency spillway weir and cut-off-wall, prepping the ground for the splashpad.*

### ***DWR still expects feds to pay bulk of Oroville Dam spillway repair costs***

By [Steve Schoonover](#), Chico Enterprise-Record

Posted: 02/21/18, 6:45 PM PST | Updated: 8 hrs ago

<http://www OrovilleMR.com/general-news/20180221/dwr-still-expects-feds-to-pay-bulk-of-oroville-dam-spillway-repair-costs>

*Oroville >> The state Department of Water Resources is still expecting the federal government to pay the bulk of the cost of repairing the Lake Oroville spillways.*



*The estimated cost is up to \$870 million, and north state congressmen had indicated the Federal Emergency Management Agency had some doubts whether it could reimburse costs for a redesigned structure.*

*But DWR spokeswoman Erin Mellon said during a media call Wednesday that FEMA has paid 75 percent of costs that have been submitted thus far, and the state has no indication that is going to change.*

*“We’ll keep submitting them until they tell us otherwise,” she said.*

*Anything the feds don’t pay will be picked up by the State Water Project Contractors, the agencies that actually get water from Lake Oroville.*

## **No, the Tunnel(s) Have Not Yet Gone Away**

### ***5 things to know about the plan to ship water to Southern California***

*Mae Ryan/KPCC*

*Sharon McNary | February 14, 2018*

*<https://www.scpr.org/news/2018/02/14/80793/5-things-to-know-about-the-latest-news-on-the-ca-w/>*

*Earlier this week, KPCC learned Southern California's largest water importer, the Metropolitan Water District, was considering more than doubling its investment in a plan to reconfigure how supplies are diverted from one of the region's most important sources of water: the Sacramento-San Joaquin River Delta just east of San Francisco.*

*Three MWD board members have floated the idea of spending an additional \$6 billion to revive a plan to build two giant tunnels under the delta. The idea behind the plan, called the California WaterFix, is to minimize disruptions to water deliveries to Southern California when there isn't enough water in the delta to sustain its ecosystem.*

*Southern California gets about one-third of its water from the delta. MWD had already pledged about \$4 billion out of the \$16 billion needed to build both tunnels. But last week, state officials scaled the project back to a single tunnel because they could not get funding commitments from all the water agencies that would benefit.*

*Proponents say two tunnels are needed to ensure reliable water supplies to cities and farms in the southern half of the state. Opponents say construction will irreparably harm the environment of the delta and enable Southern California to siphon away ever greater supplies of water from the north.*

*We've put together this FAQ to catch you up on why this development is important to Southern California.*

## **Lake Mead and the Colorado River-- Shortfall Coming**

***Historically dry winter means Lake Mead may be closer to shortfall than people think***

*Published: February 9, 2018*

<https://new.azwater.gov/news/articles/2018-09-02>

### ***A Q&A with the ADWR Director about potential consequences of an historically low snowpack in the Rockies***

*In case you hadn't noticed, we've had some beautiful warm, sunny, dry days of late. And weeks. And months. The entire Southwest, in fact, has experienced one of the warmest, [driest winters on record](#).*

*That dark flip side is the possibility of an unprecedented lack of snowpack runoff in the Colorado River system. Forecasts are calling for a continuation of the dry weather into the fast-approaching spring.*

*[Winter](#) – typically the Southwest's season for accumulating snowpack in its mountain regions, which provides runoff into reservoirs like Lake Powell and Lake Mead – is nearing its end, regardless what groundhogs in Pennsylvania claim.*

*[Arizona Water News](#) recently sat down with Tom Buschatzke, Director of the Arizona Department of Water Resources, to discuss the consequences of what may be a record-low amount of runoff into the Colorado River system from the [2017-2018 Winter snowpack](#).*

***What is the Sacramento-San Joaquin River Delta?***

***What is the California WaterFix?***

***Why are some at MWD wanting to put more money into this project?***

***Who would pay for MWD's additional funding? Would it be SoCal households?***

***What is the timeline for MWD board to decide on whether to make this investment?***

## **Let Them Wallow in Poverty Says Environmentalists**

### **WWF Lunacy vs. Myanmar: China's Belt and Road Threatens 24 Million People**

Feb. 21 (EIRNS)--The World Wide Fund for Nature (WWF), the preeminent British green genocide organization, has outdone itself with a report called "Greening China's Belt and Road Initiative in Myanmar," which essentially claims that China's effort to build roads in Myanmar threatens the livelihood of 24 million people, half the nation's population.

The WWF website quotes the author of the report, Sai Nay Won Myint, Green Economy officer for WWF-Myanmar, that the report "focuses on how construction of infrastructure in two proposed East-West and North-South road corridors depend and could affect on the country's natural capital assets, the very foundation of Myanmar's sustainable development."

And what are "natural capital assets, one may ask? "Natural capital," she writes, are the "plants, animals, air, water, soils and minerals," which "provide many benefits to people. These benefits include clean air, water, food, energy, shelter, medicine as well as recreation, climate regulation, pollination and protection against flood."

So we must not disrupt these "natural capital assets" – the old British "noble peasant" idea that we must not disrupt the poor peasant's unspoiled relationship to nature by introducing infrastructure.

## Feature: The American Credit System-- The Only Way America's Infrastructure Can Be Rebuilt

The following dialogue from the February 16 LaRouche PAC webcast is a rich discussion of the financing, structure and principles of how President Trump's desire to make America's infrastructure great again can be done. Among other topics, the point is made that a serious infrastructure building policy requires the reindustrialization of the economy, and for that to occur we must rapidly expand electricity production.

That is followed by some reports of interest.

### LaRouche PAC Friday Webcast, with Paul Gallagher

February 16, 2018

#### Rebuilding America's Infrastructure: Escalate the Campaign for the LaRouche Plan

<https://larouchepac.com/20180216/larouchepac-friday-webcast-special-guest-paul-gallagher>

From the introduction by Mathew Ogden:

Mathew begins by quoting from this article from CGTN (China's largest TV station)

"Opinion: Make America Great Again – with Chinese money!" A guest commentary by Dr. John Gong, published on February 14, 2018.

[https://news.cgtn.com/news/79596a4d33677a6333566d54/share\\_p.html](https://news.cgtn.com/news/79596a4d33677a6333566d54/share_p.html)

This is what he had to say: "Trump is absolutely right that Americas crippled bridges, potholed highways, and crooked railways cannot wait any longer. America needs to be great again. The only question is, where is the money coming from?"

And then later in the article he said, "I have a great idea. Bank of China and other major banks from China are now flush with dollar cash and other dollar-denominated liquid assets, totaling over \$3 trillion, mostly in the form of holdings in U.S. Treasury bills and bonds. This money can be readily used for Chinese investors to participate in Americas infrastructure boom. By that I mean Chinese investors can participate in those infrastructure projects as active equity investors, and maybe contractors or suppliers at the same time.

"Call it the Belt and Road. Call it America-belt-America-road. I don't care, as long as China's current account trade surplus can be somehow transformed into a capital account stock, in the form of money invested in America as permanent equity shareholders, and more importantly permanent stakeholders of a stable and prosperous Sino-U.S. Economic relationship. This could be a win-win mode for both countries."

So that's Dr. John Gong.

**Paul Gallagher:** Now, that's very important, in the way it is formulated, in the precision of it. He's talking about Treasury holdings, -- he's not the first Chinese official to do this. In fact, a year ago, in late January of 2017, Ding Xuedong, the then-chairman of the Chinese Investment Corp., which is one of their two big sovereign wealth funds, made essentially the same proposal. He said, we have such and such a volume of long-term U.S. Treasury holdings, they're not earners, their interest rates are very low, their return is very low; we would like to trade them for a long-term investment in a U.S. infrastructure bill, as he put it. And he, at the time, estimated that really the need for investment in the United States for new infrastructure was \$8 trillion, a figure which may seem impossibly large to many, but actually isn't. [http://www.larouchepub.com/pr/2017/170116\\_chinese\\_invest.html](http://www.larouchepub.com/pr/2017/170116_chinese_invest.html)

*And then Gallagher discussed the issue of tariffs on aluminum imports from China, which was part of*

*the discussion last week President Trump had, and made this interesting observation:*

**Gallagher:** There was at least one representative from Missouri, who brought up the issue, when the discussion was about trade, and specifically whether there might be tariffs against aluminum imports from China, he brought up the fact that there is a grave lack of capacity to produce sufficient aluminum for industry in the United States, and where is that lack coming from? The lack of power supplies. So that, this is an infrastructure question, although if you ask the simple question, "Is there an apparent sufficient amount of kilowatt-hours per year per capita in the United States?" Yes, there is. But is there sufficient, reliable electrical power supply – constantly online, reliable, electrical power supply -- for an expansion of industry? The answer would be in many cases, "no." And that was what he was bringing up, in particular with respect to more aluminum plants in the United States. You have a grave inability to produce enough power, particularly since the fiasco of electricity deregulation out on the West Coast 15 years ago: That deprived the aluminum industry and shut down a very significant amount of it.

Now, if there's going to be that kind of investment in infrastructure across the country, it's not going to be one, or two, or three, or four, very famous big projects, like the renovation of the whole Northeast rail corridor of Amtrak, and the bridges and the tunnels in New York and so forth. It's not going to be simply those things. It's going to be, at many, many levels around the country, the production of enough clean water supplies, the production of enough electrical power supplies; the replacement and renovation -- mostly replacement -- of the river navigation systems, locks and dams, and many of these things.

And for those, the commercial banks have to be ready to lend, because it takes a lot of employment, a lot of contracting, a lot of local borrowing: The banks have to be ready to lend and if you allow them to stay the big commercial banks, and the mid-size regional banks -- if you allow them to stay in the Wall Street casino, that's where they'll stay. If you say, "no, your business as a commercial bank is lending," then you have a credit channel through the banking system through which national credit can flow, and cooperate in this kind of thing.

So it starts with restoring bank separation under Glass-Steagall.

Then, the specific second law of LaRouche, a national credit institution, which is able to produce large volumes of productive credit for productive employment of the people, and for increased productivity. And that is where not only the White House plan, but many other plans that have been put forward, are really completely inadequate, where we do have to talk about several trillions of dollars at least of investment, and the way to do that, is exactly the way that was reflected in that comment by Dr. Gong: That is, there is a lot of long-term Treasury debt held out there; three major holders of this long-term Treasury debt, which totals \$7.5-\$8 trillion, are the commercial banks of the United States, again, which hold it in their reserves and all their excess reserves which are very large right now; second, Japan, which holds more than \$1 trillion in primarily long-term U.S. Treasury debt; thirdly, China, which actually holds now somewhat more than Japan; about \$1.2 trillion of the same kind of debt. Those are potential shareholders, equity holders, subscribers of that Treasury debt into a new bank created by Congress for the purpose of generating this kind of credit.

That is exactly how we have proposed and circulated and organized that this is the way to form-- without a tremendous amount of new borrowing -- to form a sufficiently large national bank for infrastructure; essentially by swapping existing long-term Treasury debt holdings for equity in such a new national bank created by Congress with a guarantee from the Treasury for the payment of the dividends on that equity. And with taxes -- this is not free; it's never free, -- but with taxes assigned to make sure that those dividends can be paid.

That's where the increase in the Federal gasoline tax and potentially the use of other what you would

call infrastructure excise taxes, like the port excise tax and the navigation tax on the locks and dams, that's where these would come in. Because if you simply go and raise the gas tax by 25 cents and spend the money for infrastructure projects, it will not produce nearly, nearly enough. But if you use it in this way as leverage to guarantee the equity in a new national bank in exactly the way that we're seeing reflected in that proposal, that article from Dr. Gong, then it'll work. As I said, he's not the only person, not only among leading Chinese thinkers about this, but also from Japan, there's the same kind of positive view of this idea. Potentially, there you have it -- an infrastructure bank.

**OGDEN:** The idea of national banking is, I think, really the critical idea; and it takes us obviously directly back to Alexander Hamilton. If you look at Hamilton's view on infrastructure, the idea of public infrastructure is very much an American idea, and is a major pillar of the American System. Hamilton's emphasis on the necessity for the rapid upgrading of the national infrastructure, the ports and dredging the harbors and things like this, what was called "internal improvements." But this idea of public infrastructure has an American idea to it.

In fact, it was written directly into the Constitution in the form of the General Welfare. There were huge fights, including Hamilton's defense of the Constitutionality of a national bank against Thomas Jefferson around this idea of the General Welfare.

## ***Building a Stronger America: Rural Infrastructure for the 21st Century***

### *Infrastructure & Technology*

*Issued on: February 20, 2018*

[https://www.whitehouse.gov/briefings-statements/building-stronger-america-rural-infrastructure-21st-century/?utm\\_source=ods&utm\\_medium=email&utm\\_campaign=1600d](https://www.whitehouse.gov/briefings-statements/building-stronger-america-rural-infrastructure-21st-century/?utm_source=ods&utm_medium=email&utm_campaign=1600d)

### ***Quote***

*We have to make sure American farmers and their families, wherever they may be, wherever they may go, have the infrastructure projects that they need to compete and grow.*

*President Donald J. Trump*

*BUILDING STRONGER RURAL COMMUNITIES: President Donald J. Trump's Infrastructure Initiative will help ensure Americans living in rural communities have access to the quality infrastructure they deserve.*

## ***Influential Senator Confident an Infrastructure Bill Will Pass***

*Feb. 20 (EIRNS)—Sen. James Inhofe (R-OK) told the Washington Examiner's "Examining Infrastructure" panel on Feb. 15 that he expects an infrastructure funding bill can be passed by Congress before the midterm elections—because President Trump has decided to get a bill through, and because "everyone wants it," Democrats and Republicans alike.*

*Inhofe chairs the Transportation and Infrastructure Subcommittee of the Senate Committee on Environment and Public Works, which is already drafting the framework for an infrastructure bill, he reported. Senator Inhofe, a conservative, has his own "marketplace" views about how to fund infrastructure, but believes federal support for infrastructure is necessary. He believes various ways of funding are all up for discussion now.*

## ***China Following a Hamiltonian Model, Writes Indian Scholar in the New York Times Magazine***

*Feb. 10 (EIRNS) -- A fascinating article in the Feb. 11 New York Times Magazine, posted Feb. 7 by Indian essayist and novelist Pankaj Mishra reflects many of the salient points regarding successful economic development that have been most forcefully brought into the political arena by Lyndon LaRouche and his associates in stressing the significance of Alexander Hamilton and his system. Mishra, who nowhere mentions LaRouche, duly notes the importance of the protectionist system of Alexander Hamilton in allowing the U.S. economy to develop out of its economic dependence on Great Britain. And a similar system is being utilized today by China, he says, which has allowed its successful emergence as one of the major, and perhaps {the} major, economic power in the world. In his lengthy piece, Mishra relates how the "Asian tigers," Japan and South Korea, during the 1950s and '60s, had also implemented the Hamiltonian system, or the Listian variant, in order to become major industrial powers.*

*He claims that the Western powers, particularly the U.S., had allowed this breach of free market orthodoxy because the growth of these nations was an important element in serving as a bastion against communism during the Cold War. That may well be the case, but what he fails to see is that the United States at that time still had more of the "Hamiltonian influence" stemming from the era of Franklin Roosevelt than it does today. While free trade was already becoming the shibboleth, particularly during the Eisenhower Administration, entities like the Atomic Energy Commission, pursuing Atoms for Peace, the TVA, the Rural Electrification Administration, and others, would not be entirely dismantled until the deregulation mania of the Carter years, which were unfortunately followed up by the Reagan Administration.*

*Mishra's thesis that "no one who preaches free trade really practices it" is no doubt accurate, except in those cases where the practice of "free trade" has been forced on a nation entirely with disastrous consequences. He is also quite correct in his saying "it was always wildly optimistic to suppose that China would eventually be integrated into an American-dominated order and persuaded, if not forced, to adopt its norms." But this is not simply due to the fact of the strong nationalist feeling in China, as Mishra asserts, but rather to the fact that these "norms" have proven disastrous for those who attempted to follow them, as witness the deteriorating conditions in Europe and the United States and elsewhere where these have been so faithfully practiced.*

*China is pointing the world in a new direction, which ought not to create a great deal of surprise for anyone with a real sense of history. For if the United States were really to return to its roots in the Hamiltonian system, and create a new national bank for development, it would find itself much more in sync with what China is attempting to accomplish. For what the free market fanatics in the Trump Administration are labeling as "predatory economics" is simply a nation taking responsibility for the well-being of its own people, and not letting the Wall Street- and City of London-run "market" decide their fate. And, in the case of China, they are willing to share their success and the "secrets" of their success, with others. Alexander Hamilton would have been duly impressed with the results.*

I think you all will enjoy the video below the following article on the building of the Hong Kong-Zhuhai-Macao Bridge. The title of the article below does not refer to the San Francisco Bay Area.

### ***Bridge signals boom for Greater Bay Area***

*By Xinhua*

*February 19, 2018*

<https://www.chinadailyhk.com/articles/122/63/204/1519034962476.html>

*ZHUHAI - Engineer Yu Lie has spent more than 30 years working on bridges and if there's one that he is proud of, that would be the Hong Kong-Zhuhai-Macao Bridge.*

***“The HK-Zhuhai-Macao Bridge highlights China's achievements in technology, equipment and research, and stands at a point leading to a brand new future.”***

***Yu Lie, Engineer***



*The Zhuhai section of Hong Kong-Zhuhai-Macao Bridge. (ZHONG FAN / FOR CHINA DAILY)*

*Nearly 135 years ago, thousands of people in New York celebrate the commissioning of the Brooklyn Bridge, and people marveled at its magnificence. The Brooklyn Bridge witnessed the rise of New York as the economic and financial center of the world. And after more than a century, the greatest engineering work of modern times is finally happening on the other side of the Pacific, that is, in China.*

*Final touches are now being made to the bridge, which will be the world's longest traversing over the waters in southern China.*

*Using 420,000 tonnes of steel and consuming 1.08 million cubic meters of cement, the main structure measures 29.6 kilometers, consisting of a 22.9-km bridge section and a 6.7-km underground tunnel. The bridge, with a total length of 55 kilometers, can withstand an 8-magnitude earthquake and strong typhoons, as well as it lasts for 120 years.*

*Final touches are now being made to the bridge, which will be the world's longest traversing over the waters in southern China.*

### ***Amazing China: Hong Kong-Zhuhai-Macao Project Raises Bridge, Tunnel Engineering to New Heights***

<https://www.youtube.com/watch?v=AVnIR9ZBTVY>

*A technologically complicated bridge that took seven years to build, it crosses shipping lanes in the Lingding Ocean.*

### **Meanwhile in the U.S:**

#### ***Public Private Partnerships Already Give You the Shaft***

*Public Private Partnerships (PPP) disasters are already on full display under the noses of Congress, Trump's "infrastructure guy," Gary Cohn, etc.*

*Maryland Gov. Larry Hogan, an anti-Trump Republican nearly sainted in the Washington Post, announced his "transportation policy", which consists of building new high-toll lanes throughout the area, on the Baltimore-*

*Washington Parkway (Rte. 95) north of Washington D.C., the Washington and Baltimore Beltways (Rte. 270), and building two new bridges, one over the Potomac and one over the Chesapeake Bay.*

*They would be built by private consortia with toll money, and so far one route has been projected: From Frederick, Md. to Shady Grove, MD. The rush-hour one-way toll would average \$41. Beltway drives would cost even more than that. If traffic consequently avoids the so-called HOT lanes, and the consortium loses money, the state will compensate it.*

*Meanwhile for months, drivers up Rte. 95 from Virginia into Washington have been paying HOT-lane tolls of \$40-50 in morning rush hours to travel 20-30 miles. This was a Gov. Terry McAuliffe special, a PPP arranged with a consortium led by MacQuarie.*

### ***In RNC Internal Poll On Infrastructure -- Republicans Discover The Real America***

*Feb. 21 (EIRNS)--President Trump has consistently criticized the last two administrations for \$7 trillion plus wasted on wars, and really much more when you include the bailouts. It should come as no surprise that when the RNC takes an internal poll of 9 key states in the coming midterm elections, that the American people are strongly in favor of going into more debt, but this time to build the nation. An internal RNC poll, as reported by Fox News, reports overwhelming support for increased federal and state infrastructure spending. This poll also exposes the right wing Koch-von Hayek austerity wing of the Republican party as bankrupt, and reinforces the political shift of the party system around the FDR-LaRouche legacy.*

*In answer to the Poll question: "I support an increase in spending to pay for infrastructure," the results in the nine so-called "Battleground states" was overwhelmingly "yes:"*

<i>STATE</i>	<i>DATE</i>	<i>AGREE</i>
<i>MO</i>	<i>1-8-18</i>	<i>74%</i>
<i>WI</i>	<i>1-8-18</i>	<i>74</i>
<i>PA</i>	<i>1-14-18</i>	<i>77</i>
<i>AZ</i>	<i>1-21-18</i>	<i>70</i>
<i>NV</i>	<i>1-21-18</i>	<i>70</i>
<i>FL</i>	<i>1-28-18</i>	<i>76</i>
<i>OH</i>	<i>1-28-18</i>	<i>81</i>
<i>LA</i>	<i>2-3-18</i>	<i>78</i>
<i>WV</i>	<i>2-3-18</i>	<i>82</i>