

# California Water and Infrastructure Report

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



**For March 1, 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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*Zepp-LaRouche identified the two trajectories that the world is facing.*

*"One is a very optimistic one, regarding the potential of the Belt and Road Initiative to transform the world. The second one is that parts of the West are still suffering from what the Governor of Kentucky Matt Bevin has called a 'culture of death.' As VIPS whistleblower Coleen Rowley stated recently, this is the result, at least in large part, of the policy of perpetual wars. Actually, you can say that both the violent video games and the mass school shootings have been indirectly or directly the result of these perpetual wars — which makes it very clear that we absolutely have to have a New Paradigm.*

*"On the optimistic side, the Belt and Road is moving ahead very quickly, and this is uplifting to everybody who knows about it. It's also important that there is a very significant President-to-President diplomacy going on. The latest development is that Chinese Politburo member Liu He is coming to the U.S. for five days, for in-depth discussions with the Trump administration on economic and trade issues. This comes just two weeks after State Councillor Yang Jiechi was in the U.S. So this personal dialogue between Trump and Xi is extremely important."*

*Zepp-LaRouche recalled the point made by one Chinese commentator, that the Belt and Road is an irreversible trend, and those countries that don't want to join the bandwagon, will end up looking at the tail lights of the caboose as it leaves the station. "That is a very optimistic dynamic; and I think the fact that both Trump and Xi Jinping will stay on, is extremely good news."*

<https://larouchepac.com/20180228/defeat-culture-death-there-has-be-renaissance-movement>

## A Note To Readers

Without a fundamental change in America's culture an infrastructure building policy will not only not happen, but, in the unlikely case it does, will not work. So, we welcome the call by Kentucky Governor Matt Bevin and from President Trump that the death culture of the nation's entertainment mafia must be challenged head-on.

With lots of noise about U.S./China conflict on trade issues, the truth is that the Trump administration is very engaged with President Xi, and with a few changes in the administration, along with the realization that only with the U.S. adopting a comprehensive policy of financial and economic reorganization, and joining with China in its Belt and Road Initiative, is there any hope at all that the announced infrastructure program of one week ago, can be more than mere words.

Here is that comprehensive program: <https://larouhepac.com/20170225/four-laws-pamphlet>

### In This Week's Report

As the state week by week sinks deeper into drought once again, even the “monster storm” that is beginning now will not do too much, if anything, to alleviate that process. And as the meteorologists keep telling us, a “miracle” March is highly unlikely.

As the articles below highlight, it is the snowpack, or the lack of it, that is the central issue that will determine just how bad the drought will become.

The agriculture sector is responding to the possibility of a serious infrastructure policy from the Trump White House with both enthusiasm and caution. Caution because they recognize that the funding as so far announced will not work. They are right on that later point.

The Oroville Dam update includes a couple of videos and construction progress reports.

Remember the governor's tunnel project? Who could ever forget it. Well know it “has become absolutely Byzantine.” I won't explain it here. See the section under that title.

Not Byzantine, but something that might be even worse, is the ongoing battle of the midget minds over the project funding from Proposition 1. The important question is not which projects will be funded, but if any water storage projects will ever be funded.

The final section this week inaugurates a new title: “If China Can Do It, So Can We.”

## Finally, A Winter Storm

### ***Can one monster storm save California from drought?***

*The Sierra could get up to seven feet of snow*

By [Megan Barber@megcbarber](mailto:Megan_Barber@megcbarber)

Feb 28, 2018

<https://sf.curbed.com/2018/2/28/17062964/california-storm-snow-drought>

*After months of relatively dry weather in California, [this winter's biggest storm](#) to date is set to deliver rain at lower elevations and feet of snow in the Sierra Nevada mountains. That's good news for the precipitation-starved state, but will this storm be enough to mitigate the growing number of areas facing severe drought?*

*The National Weather Service reports that the storm will begin [late tonight](#) and impact the state*

through Saturday. The Bay Area will see about an inch of rain on Thursday and Friday, but the bigger action will be in the Sierra. In lower-elevation cities like Truckee, you can expect one to three feet of snow. Higher up along the Sierra Crest, amounts should total as much as three to seven feet.

High amounts of snow and wind gusts up to 100 mph will make travel difficult and raise the avalanche danger. The National Weather Service in Reno has issued a blizzard warning from Thursday morning to Friday morning, [advising](#) people that “Even a short walk could be deadly in these conditions.”

This week's storm is a welcome break from the West's [abysmally dry winter](#) that has revived concerns about water. Last winter, a [record-breaking](#) amount of snow lifted the state from a multi-year drought that caused Gov. Jerry Brown to declare a state of emergency.

Just recently, the statewide snowpack was at [19 percent](#) and the Northern Sierra water stations had received [even less precipitation](#) than the historically low winter of 2014-2015. At the end of January, Los Angeles had seen just [28 percent of its average precipitation](#) since October and the Bay Area is currently only at about [50 percent](#) of average.

This winter's lack of precipitation has plunged much of the state [back into drought](#), with most of Southern California in moderate or severe drought and almost the entire state considered “abnormally dry.” Those assessments are made after considering the state's precipitation totals, temperatures, moisture levels in soils, and water levels in streams and lakes. The recent lackluster numbers caused the [LA Times](#) to wonder whether Gov. Brown should have ever lifted the statewide water restrictions.

The big question remains: Is this upcoming storm—proclaimed to be the biggest of the winter so far—our last hope to avoid a potentially severe drought this summer? Unfortunately, the answer is no. While any moisture is better than no moisture, even a five- or seven-foot storm won't be enough to return the Sierra Nevada—which is the source of about [30 percent of California's water supply](#)—to normal.

## The Snowpack and the Drought

### 'Critical' California snowpack could disappear by Spring

Dr. Mario Picazo  
Meteorologist, PhD

<https://www.theweathernetwork.com/us/news/articles/california-norcal-socal-spring-forecast-rain-snow-wind-storms-snowpack-sierra-nevada-mountain-snowmelt-flood-drought/96375>

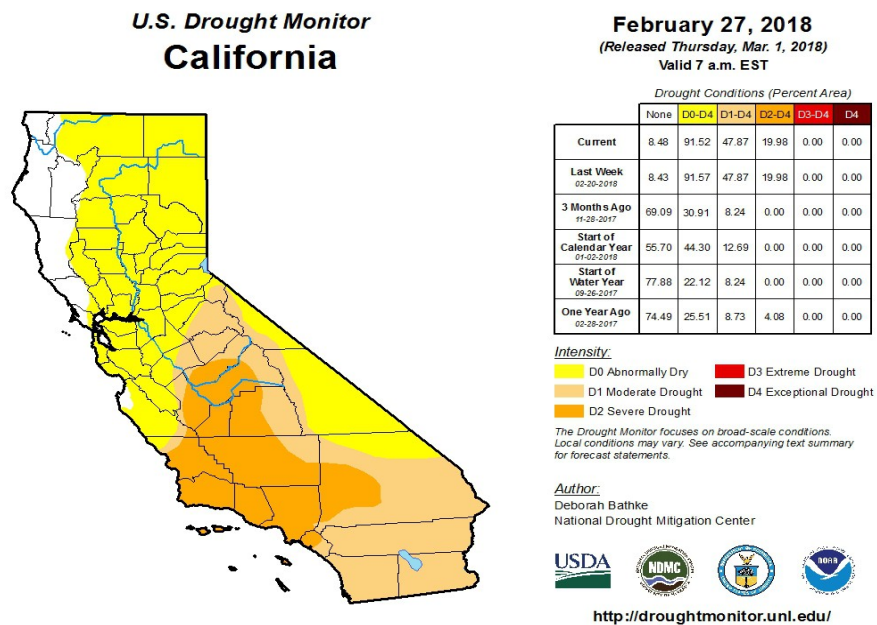
Monday, February 26, 2018, 11:28 - Despite the cold weather across parts of Western U.S., including California, over the final stretch of February, [The Weather Network's Spring Forecast](#) is calling for a drier and warmer than average three- month period.

But, this shouldn't really come as a surprise. So far, the 2017-18 precipitation season has been one of a kind, making the top of the list for one of the driest on record in Southern California. The [dry scenario](#) in the south has actually extended to other areas of the north as the season has been moving along. Temperature-wise, until mid-February -- before the colder weather arrived -- California had experienced one of its warmest starts of winter on record, and this obviously impacted the [state's snowpack](#).

## U.S. Drought Monitor

This week's U.S. Drought Monitor shows little change from the one from last week. So, we will just note the gross numbers. Ninety-two percent of the state is "Abnormally Dry," and 20 percent of the state is in "Severe Drought." And it is not just California as the last article in this section reports on Klamath County, Oregon declaring a drought emergency.

And if that is not enough, the record low temperatures have already done significant damage to California' almond crop. An article below reports on that.



## ***Snowpack levels well-below average and expected to drop in Spring***

As of late February, the "critical snowpack" was close to a third of the average for the state. These limited values, together with an [unfavorable spring weather forecast](#), could definitely step up the intensity of the current drought as summer nears. However, the flip from very warm weather to much colder weather during the final stretch of February has certainly helped keep the [little snow available in place](#), although that may just be a passing trend.

## ***California's \$6 Billion Almond Crop Threatened by Frost, Rain***

by [Chriss W. Street](#)

23 Feb 2018

<http://www.breitbart.com/california/2018/02/23/californias-6-billion-almond-crop-threatened-by-frost-rain/>

Due to unseasonably warm and sunny weather through January, California's 2018 almond bloom was expected to be one of the earliest on record and generate a record crop.

But after three days of flirting just above the 32 degree level where water freezes, Central Valley temperatures plunged to an average of 26 degrees in the early morning of February 22.

The risk that frost will kill the flowering buds that are necessary for crop production is being compounded by the expectation of cold rain, followed by another hard freeze overnight. Even if the buds survive the frost and ice, pollinating bees will not fly if temperature remain near-freezing.

Given that California produces 81 percent of the world's supply of almonds, the economic impact on California's Central Valley and the U.S. trade deficit could be substantial.

## Commissioners seek state, federal drought help

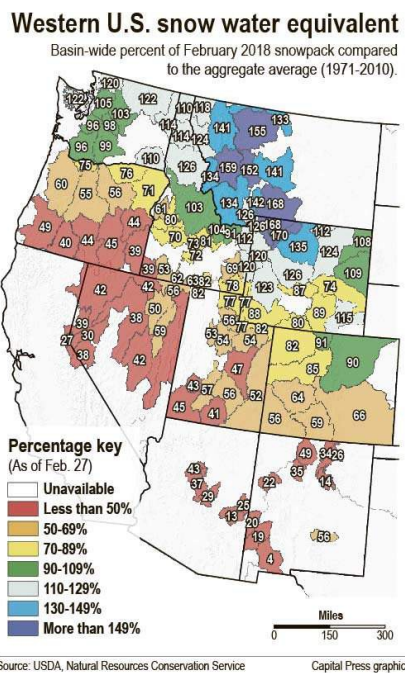
By Lee Juillerat

For the Capital Press

Published on February 28, 2018 10:12AM

<http://www.capitalpress.com/Water/20180228/klamath-county-seeks-state-federal-drought-help>

Snowpack and water levels in the Klamath Basin were at 28 percent of average in late February, prompting Klamath County commissioners to declare a drought emergency.



## The White House Infrastructure Plan and Water Projects

Here is an extremely thoughtful and thorough article from the *National Association of Clean Water Agencies* CEO Adam Krantz. Included here is just the summary statement. For the entire article go to the link.

### ***White House's "Jump Ball" Infrastructure Financing Plan: Unpacking Its Impact on Water Projects***

February 22, 2018 - From the [February, 2018](#) issue

<https://www.planningreport.com/2018/02/22/white-house-jump-ball-infrastructure-financing-plan-unpacking-its-impact-water-projects>

*Last week, the White House unveiled its long-awaited plan for addressing the nation's \$1.5 trillion in pressing infrastructure needs. In this **TPR** interview, National Association of Clean Water Agencies CEO **Adam Krantz** unpacks how the administration's proposal would impact water infrastructure projects around the country, especially in contrast to other Congressional proposals under consideration. While supportive of elements of the plan that promote innovation and private-sector collaboration, Krantz stresses that any successful infrastructure program will need to include substantial direct federal spending. He compares the administration's framework—which puts the onus on already overburdened municipalities to raise capital—with House and Senate plans, arguing for a combination of traditional and new funding mechanisms to create resilient water infrastructure nationwide. For more information about NACWA's response to the White House plan, their response is accessible [here](#).*

### ***Agriculture Industry Eager for Action on Infrastructure***

*February 24, 2018 10:00 PM, EST*

<http://www.ttnews.com/articles/agriculture-industry-eager-action-infrastructure>

*WASHINGTON— The fate of American agriculture hinges upon the strength of the nation's infrastructure, according to Zippy Duvall, president of the American Farm Bureau Federation.*

*Duvall, a third-generation farmer who specializes in beef cattle and poultry, stressed the importance of delivering infrastructure projects to support farmers and the movement of goods. Beef cattle, as opposed to dairy cattle, are raised for meat production. Duvall spoke at the National Governors Association's winter meeting Feb. 24.*

*"Infrastructure's so important. Road, bridges, dams and locks are so important," Duvall said. "What sets us apart from the rest of the world is our infrastructure. Yes, it is crumbling, but we have a president who wants to rebuild it."*

## **They Do Not Learn Because They Do Not Want To Learn**

Last week I wrote the following in the report that the state was going to make water conservation rules permanent. As you will see in the below editorial from the *Mercury News*, the bullshit has begun:

*"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."*

### ***Editorial: Make California farmers do their part to conserve water***

*By [Mercury News & East Bay Times Editorial Boards](#)*

*February 22, 2018*

<https://www.mercurynews.com/2018/02/22/editorial-make-california-farmers-do-their-part-to->

[conserve-water/](#)

*The Bay Area should embrace the state's call Tuesday to make permanent water-wasting rules that were in effect during the last drought. It's the responsible thing for urban water users to do when the Sierra Nevada snowpack stands at only 20 percent of normal.*

*But farmers should be required to do their part, too.*

*The State Water Resources Control Board should approve the permanent rules for urban users when it meets next month. The board should also impose a similar set of rules on farmers, including penalties for irrigating low-value crops in dry areas of the state. A little-known provision of the California Constitution gives the state the power to ban "waste or unreasonable use" of water. It's past time the board put that power to use.*

*California is the nation's No. 1 food producer. Its 75,000 farms grow more avocados, grapes, lemons, lettuce, melons, peaches, plums, tomatoes and strawberries than any other state. But California farmers should be held accountable for the irresponsible choices they make on which crops to grow and the method of irrigation.*

## Oroville Dam Update

### Videos

#### [California DWR](#)

Published on Feb 22, 2018

The crew prepares rock below the dentates for a new construction road. Downslope of the emergency spillway, Kiewit continues preparatory work for the splashpad, excavating and removing loose decomposed rock with a loader and a sweeper attachment.

<https://www.youtube.com/watch?v=A5Xka0CtA9c>

### Oroville Dam's spillway expeditious emergency rebuild

Engineering News Record

December 7, 2017

After the Oroville spillway was damaged in February of 2017, Kiewit was able to design and build the first phase in 165 days. <https://www.enr.com/oroville-dam>

<https://www.youtube.com/watch?v=tJNgWV2nTWY>

## Construction Updates

### ***DWR: Work on emergency spillway nearing completion***

*By Jake Abbott*

*February 21, 2018*

[http://www.appeal-democrat.com/news/dwr-work-on-emergency-spillway-nearing-completion/article\\_ce7902c4-17a4-11e8-bfe0-938c6c6d219d.html?referer\\_url=/news/dwr-work-on-](http://www.appeal-democrat.com/news/dwr-work-on-emergency-spillway-nearing-completion/article_ce7902c4-17a4-11e8-bfe0-938c6c6d219d.html?referer_url=/news/dwr-work-on-)

[emergency-spillway-nearing-completion/article\\_ce7902c4-17a4-11e8-bfe0-938c6c6d219d.html](http://www.actionnewsnow.com/content/news/DWR-crews-will-be-ready-to-work-on-main-Oro-Dam-chute-May-1st-474782993.html?ref=993)

*Though the final phase of repair work on the main spillway at Lake Oroville is now on the back burner until spring, Department of Water Resources officials said crews are making significant progress on repairing the emergency spillway.*

*Kiewit Infrastructure West Co., the company in charge of repairing the reservoir's damaged spillways by January 2019, stopped heavy construction on the main chute over the winter months.*

*"Our crews will be ready to go May 1, weather permitting," said Jeff Petersen, project director for Kiewit.*

*An update by DWR and Kiewit was provided to the media Wednesday morning, via a phone conference.*

*Ted Craddock, DWR's assistant deputy director of the State Water Project, said most of the major work over the past two months has been focused on the emergency spillway.*

*The goal is to build a secant pile wall below the crest of the emergency spillway to prevent or mitigate the hillside from eroding when water flows over the structure – which is what led the Butte County sheriff to initiate the mandatory evacuation last year.*

*In addition to the wall, crews are planning on constructing a roller-compacted concrete (RCC) splashpad that will help armor against uphill erosion.*

*Petersen said the secant pile wall is 95 percent complete and is expected to be finished by March. Then, as early as next week, crews will begin placing some of the initial RCC for the splash pad.*

*Craddock said the final touches will include constructing an RCC buttress at the base of the emergency spillway later this year to reinforce the structure further.*

### ***DWR: Crews will be ready to work on main Oro. Dam. chute May 1st***

*The Department of Water Resources is expecting to resume work on the main Oroville Dam Spillway chute in the beginning of May as long as the weather allows.*

*Posted: Feb. 21, 2018 6:45 PM*

*By: AJ Abell*

<http://www.actionnewsnow.com/content/news/DWR-crews-will-be-ready-to-work-on-main-Oro-Dam-chute-May-1st-474782993.html?ref=993>

*The Department of Water Resources is expecting to resume work on the main Oroville Dam Spillway chute in the beginning of May as long as the weather allows.*

*In terms of the dollar amount, that number remains at \$870 million, and the DWR is operating as if FEMA will reimburse about 75% of that cost.*

*Most of the work this year has been focused on the emergency spillway.*

## **The Tunnel Project Has Become Absolutely Byzantine**

First two tunnels became one. Then the Metropolitan Water District of Southern California (MWD) announced it may take over the entire project from the state and still build two tunnels. Of course, all the opposition to any tunnels at all have filed another law suit. And the new head of the Department of



Water Resources is a former employee of the MWD.

## **California Cities Sue State, Allege Secret Discussions of Water Project**

*February 27, 2018 NICK CAHILL*

<https://www.courthousenews.com/california-cities-sue-state-allege-secret-discussions-of-water-project/>

SACRAMENTO (CN) –Over a dozen California cities, water agencies and environmentalists sued the state late Tuesday, alleging that state regulators have been secretly plotting and discussing a contentious \$16 billion water project.

The petitioners, led by Sacramento and San Joaquin counties, have uncovered public records that they claim prove that State Water Resources Board staffers discussed technical reviews and other documents regarding the California WaterFix with the project's lead agencies.

“Evidence revealed in response to a recent request under the Public Records Act demonstrates deliberate obstruction, and possible collusion by the Department of Water Resources, U.S. Bureau of Reclamation and [water board staff],” the complaint filed in Sacramento Superior Court states.

In their 37-page complaint, the petitioners are asking the court to prevent the water board from continuing public hearings and force it to release all evidence of off-the-record talks between water board staffers and project stakeholders.

In the latest twist of the project that has been perennially delayed by lawsuits, design changes and money shortages, someone opposing the project filed a public records request for ex parte or private communications between the department of water resources and the water board.

## **METROPOLITAN BAY DELTA COMMITTEE: Committee members discuss financing construction of entire Cal Water Fix project**

*February 28, 2018 Maven Meetings*

<https://mavensnotebook.com/2018/02/28/metropolitan-bay-delta-committee-committee-members-discuss-building-entire-project/>

At yesterday's meeting of Metropolitan's Special Committee on the Bay-Delta, the entirety of the meeting was devoted to discussion of financing the entire Cal Water Fix project.

Prior to the start of the discussion, five members of the community, including LA Waterkeeper and Food and Water Watch, spoke in opposition to the Cal Water Fix project, citing ratepayer impacts and stating preference for developing regional solutions, such as conservation and water recycling.

Bay-Delta Initiatives Manager Steve Arakawa began by noting at the last Water Planning and Stewardship Committee meeting, Committee members asked for additional information, so he would be discussing the economic analysis and additional modeling analysis received subsequent to that meeting; Assistant General Manager would discuss the alternative financing considerations.

## **MWD Looking to Get Control of First Delta Tunnel and State's Water Distribution**

*Restore the Delta February 27, 2018*

<http://www.restorethedelta.org/2018/02/27/mwd-looking-get-control-first-delta-tunnel-states-water-distribution/>

Today at the Metropolitan Water District of Southern California (MWD) Bay-Delta Committee meeting, General Manager Jeff Kightlinger and Assistant General Manager Roger Patterson revealed

*that Governor Brown, the State Water Contractors, and the Department of Water Resources (DWR) have been part of discussions to move forward with the first tunnel of the phased-in CA WaterFix project, while keeping quiet about specifics of a potential second tunnel.*

*In addition to contributing to half of the State Water Project share of the tunnel project, MWD is considering the creation of a separate joint-powers authority (JPA) to pay for the Central Valley Project share of the tunnel, providing it can achieve favorable contractual guarantees from the state to control water deliveries and repayment terms for the project.*

## ***DWR Director Nemeth Contracted with California State Water Agencies to Plan Delta Tunnels While Employed at MWD***

*Restore the Delta*

*February 23, 2018*

<http://www.restorethedelta.org/2018/02/23/dwr-director-nemeth-contracted-california-state-water-agencies-plan-delta-tunnels-employed-mwd/>

**STOCKTON** – Documents acquired by Restore the Delta from a recent a public records act request to Metropolitan Water District of Southern California (MWD) confirm that newly appointed California Department of Water Resources Director (DWR) Karla Nemeth was a MWD employee from 2009 to 2014, earning over \$900,000 in total compensation. During her MWD tenure, she was contracted to work for Bay Delta Conservation Plan (BDCP) planning under the CalFed program, and then by the California Department of Water Resources. All PRA documents sent by MWD to Restore the Delta can be read [here](#).

## **Proposition 1 Revisited-- Again and Again-- but Impotence Reigns**

This is what it is all about: The proposition, which in its title has the words water storage more than once, then, in the fine print, the text limits the money's use to build storage to just five specified public benefits. Increasing the amount of water stored and available for public use is not one of those five benefits. Instead the benefits are: ecosystem improvements, water quality improvements, flood control, emergency response and recreation. And as one of the staff members of the commission stated, this is not about water storage. I had the exact quote in an earlier report, but that is close enough.

Unless those who wish to see actual water storage build, like the Sites and Temperance Flat reservoirs, really start to raise hell, denouncing the “environmentalist criteria” the water commission insists upon, then the impotent gestures as described in the excerpted article below, “Sites Authority officials appeal project’s initial score,” will ensure nothing will be built. Read the full article from the link to really get a flavor of how relatively powerful water managers and state assembly members can and do express such pathetic protests.

### ***Editorial: Water bond blame belongs to legislators***

*Posted: 02/25/18,*

<http://www.chicoer.com/opinion/20180224/editorial-water-bond-blame-belongs-to-legislators>

*We watch with wonder as legislators lash out at the California Water Commission for its handling of the water storage money included in Proposition 1.*

*That's because the commission is doing exactly what those legislators — and the public — told it to do. Clearly a lot of voters thought they were voting to get Sites and Temperance Flat reservoirs built. But that's not what Proposition 1 said.*

*It's understandable that regular voters might have missed that. The water storage part of the measure is buried 10 pages deep in dense legalese.*

### ***Sites Authority officials appeal project's initial score***

*Gallagher at CWC meeting: 'If these projects meet the criteria, they need to be funded and they need to be taken seriously'*

*Posted: Wednesday, February 28, 2018 5:41 pm*

*By Jake Abbott / [jabbott@appealdemocrat.com](mailto:jabbott@appealdemocrat.com)*

*[http://www.appeal-democrat.com/news/sites-authority-officials-appeal-project-s-initial-score/article\\_c4a40708-1d21-11e8-824c-73c78cecfce.html](http://www.appeal-democrat.com/news/sites-authority-officials-appeal-project-s-initial-score/article_c4a40708-1d21-11e8-824c-73c78cecfce.html)*

*Sites Project Authority officials recently appealed the California Water Commission's initial public benefit score in hopes of improving their pitch for a chunk of the \$2.7 billion in available Proposition 1 funding for state water storage projects.*

*The commission was looking for the authority to further explain how the proposed reservoir in Colusa and Glenn counties would provide enough environmental benefits to match, or exceed, the state's investment. Jim Watson, general manager for the Sites Project Authority, is confident those questions were answered.*

*"We provided additional information, or supporting information, addressing concerns raised by some of the technical reviewers, primarily regarding the environmental benefits for salmon and Delta smelt," Watson said. "We are confident the information we provided was responsive to their questions."*

*Sites is one of 11 projects vying for the Prop. 1 funding for water storage projects. The California Water Commission is tasked with determining which of the projects will provide the most public benefits using a scoring system, then allocating the funds based on the state's expected return on investment.*

*The exception to expressions of impotence comes from *Families Protecting the Valley*. Here is their comment:*

### ***New Traditions***

*"It's time to embrace this challenge and advance projects that deliver the environmental benefits and water supply resilience that California needs."*

*Feb 23, 2018*

*<http://familiesprotectingthevalley.com/news.php?ax=v&n=5&id=10&nid=707>*

*The article below from the EDF (Environmental Defense Fund) indicates how much they like the direction the California Water Commission is taking with Prop 1 water storage funds. If you've been following the story you know the Commission is scoring traditional storage facilities like dams very*

*low when it comes to allocating funding from the Proposition ([Temperance Flat Dam Scores a big, fat zero from the state. Project's boosters are shocked](#)).*

*The EDF explains, "while some of the projects now vying for funding include construction of more traditional storage projects – new or expanded surface storage reservoirs – there are a number of projects that are breaking new ground in water storage." And these 'breaking new ground projects' are more favored by the Commission which "has also made clear that California's storage needs and priorities are changing." In case you need interpretation, it means they don't like a project like the traditional dam and reservoir that would be created by Temperance Flat.*

*The EDF is sympathetic to the difficulty of decision making by the Commission saying, "this is uncharted territory for the Water Commission, state agency staff and project proponents. As a result, the process has not been easy." Yes, we do believe it is tough to create new storage when the rules say 'traditional' storage isn't defined as storage with a 'public benefit' by the rules of the Proposition.*

*But, don't be depressed. The EDF says, "it's time to embrace this challenge and advance projects that deliver the environmental benefits and water supply resilience that California needs."*

*We wish the supporters of Prop 1 would have carefully explained their concept of 'new traditions' before California voters approved it back in 2014. If voters had known that 'storage' meant 'no storage' they might not have supported it.*

*<http://blogs.edf.org/growingreturns/2018/02/16/funding-for-water-storage/>*

## **The Economy**

Regular readers well know that a real economy is driven by scientific discovery, industry, agriculture and the building of infrastructure. An economic policy must be based on where the nation must be 50-100 years into the future. An economy dominated by financial markets, speculation and gambling has no future. We are once again close to a blow-out of this one, which, unless LaRouche's Four Laws becomes the law of the land, will be worse than that of 2008. But, as the President often states, even now the U.S. has an infrastructure equivalent to some Third World countries.

### ***Rising Interest Rates Starting To Affect U.S. Economy***

*Feb. 26 (EIRNS)—The upward movement of key interest rates is beginning to pull down certain key sections of the U.S. economy, and at the same time threatening a more destructive financial blowup.*

*Today's Wall Street Journal reported, in a front-page article, that stock market margin debt has rapidly risen even as rising rates have increased the cost of servicing it, making "margin calls" to sell stock more likely. Only three months ago, margin debt equalled for the first time the 2007 record level of 2.4% of the total value of all stocks; now it is nearing 3%, at \$650 billion in total. The Journal's main theme was that margin calls on this debt were the accelerator which turned the stock market downturn three weeks ago into a deep plunge; and that it will drive more such in the near future.*

*The American housing market has also been sharply affected by rising mortgage rates since December. Both new home and existing home sales have suffered drops totalling 10% or more over the past two months, and real estate experts have reported that sales have also shifted toward the "luxury segment" of the home market.*

*The most important bottleneck may be the shrinkage of the municipal (state and city) bond market, hit*

by unintended consequences of the GOP “tax reform” legislation as well as rising interest rates. Municipal bond issuance in January was 27% lower than January 2017, and dropped 57% from December 2017.

“New muni volume in 2018 is indeed headed for a steep decline,” according to CUSIP Global Services. Interest rates on these bonds have risen even more quickly than for Treasuries, while the interest-income tax-exemption for investors who buy “advance refinancing” municipal bonds was eliminated in the tax bill.

This is a crucial market for infrastructure investment. Paradoxically for the White House, its infrastructure plan relies predominantly on the now-shrinking municipal bond market for the \$1 trillion-plus supposed to be raised for infrastructure.

## ***Entire Baltimore Metro system to close for a month for emergency repairs***

[Colin Campbell](#) Contact Reporter

*The Baltimore Sun*

<http://www.baltimoresun.com/news/maryland/baltimore-city/bs-md-ci-subway-emergency-repairs-folo-20180211-story.html>

Baltimore’s entire Metro SubwayLink system will remain closed for a month, the Maryland Transit Administration announced Sunday, after safety inspections showed sections of track needed emergency repairs that couldn’t wait until this summer.

The MTA shut the system down on Friday for a safety evaluation after discovering an urgent need for repairs on sections of the aboveground [northwest leg of the system](#) between the Owings Mills and West Cold Spring stations. Sunday’s decision expanded the closing to the entire system.

## **If China Can Do It, So Can We**

I guess I must create a special section in this report with the above title, since really, the model for building infrastructure today is China. And China is investing in the U.S., as the article on the Ohio Valley, below, demonstrates-- \$83 billion into West Virginia alone. Just a word on the first article below: The author's anti-Trump temperament does not negate the important point he makes.

### ***Could the US grow as fast as China? Of course it could.***

[Paul London, PhD](#) Former deputy undersecretary, US Department of Commerce  
February 22, 2018

<https://qz.com/1213429/economy-could-the-us-gdp-grow-as-fast-as-chinas-of-course-it-could/>

The US still has what founding father Alexander Hamilton called “the adventurous spirit, which distinguishes the commercial character of America.” [Hamilton knew](#) that British monopolists feared that spirit 250 years ago and China ought to be fearful of it today. Yet in 2017 we have a president who is cheerleader-in-chief for those who believe America can’t compete, and a Congress that makes it harder, rather than easier, to do so.

The question is why China, the world’s second largest economy since 2010, is gaining on us, and why Trumpers are circling the wagons instead of going for first place, the way Hamilton did. Trade, Trump’s culprit-of-record, is just a 10% sliver of the US economy. So, it is not trade policy that is

*holding America back. No, it's the country's austere macro-economic policies that suffocate the whole 100% of our economy. It's our austere unwillingness to let government spend on things that businesses and the ambitious, job-seeking public need to prosper.*

*China is gaining on America because its government is not prevented by the astounding economic ignorance of its legislature from spending on modern infrastructure, renewed cities, education, and new scientific centers that produce state-of-the-art public assets. This spending creates jobs for the hundreds of millions of its people moving from rural occupations to its cities. The US's congressionally imposed austerity policies deprive us of both the new facilities and the jobs.*

### ***Invest over \$1.5 Trillion in Infrastructure? No Problem—At Least Not in China***

*Feb. 25 (EIRNS)—“A slew of big projects, with total investment of more than 10 trillion yuan (\$1.58 trillion), are about to kick off in a number of Chinese provinces and regions in the new year,” China Daily reported Feb. 24. Most of the projects, the publication said, “will be in strategic and emerging industries, such as high-end equipment manufacturing and information technology, as well as infrastructure construction related to transportation and energy including the building of high-speed railways and airports.”*

*For example, Shandong province in eastern China—about halfway between Beijing and Shanghai—will be launching some 900 projects with a total investment of about \$400 billion. Liu Jiayi, Communist Party chief of Shandong province, stated: “Upgrading industrial structure is a hard fight that we must win. We will speed up fostering emerging industries and upgrading traditional sectors, while axing outdated capacity, to improve our economic growth quality and competitiveness.”*

*China Daily explained that local governments are “shifting their development strategies in accordance with the call by the country's top leadership for high-quality development,” although the projects “will also offer strong support for traditional industries, such as construction machinery, coal and steel.”*

*By way of contrast, the recently surfaced so-called White House infrastructure plan calls for \$200 billion in federal government spending on infrastructure, which would then somehow leverage \$1.3 trillion in additional state and private sector spending—although no one has yet explained how that is supposed to happen under conditions of a bankrupt trans-Atlantic financial system, that is asphyxiating under nearly \$2 quadrillion in speculative financial aggregates.*

### ***Ohio Valley Development--Not Just Oil and Gas, But 'Population'***

*Feb 24 (EIRNS)--An event was held Feb. 22 in Wheeling, West Virginia, on "Emerging Opportunities--Ohio River Valley Conference," co-sponsored by the Thrasher Group (a West Virginia-based engineering-design group), and Shale Directories. Over 100 people attended the long sold-out confab, from the tri-state region of Ohio, Pennsylvania and West Virginia.*

*While the main focus of the agenda was on oil and gas development in the Appalachian region, one speaker stressed to a local TV reporter, the larger intent was for bettering the economy. Thrasher Group CEO Chad Riley spoke of overall transformation, to the local Fox WTOV9 reporter: "If anywhere*

*near the potential of what could happen to us, does, it would be transformative. I think that it would be a positive impact for the community. But the community would also have to get ready. I think it would lead to infrastructure that would need to be done. It would lead to new housing, and hopefully, an influx of new people--population, that provides good paying jobs, and a nice quality of living for the people in the tri-state area."*

*The Thrasher Group, headquartered in Bridgeport, West Virginia, was co-founded by the state's current Commerce Secretary Woody Thrasher, who has been back and forth to China, working on implementing the gas infrastructure and chemical industry development plans for the region, embodied*

*in the \$83.7 billion accord signed Nov. 9, 2017, between China Energy Investment Corp. and the state. There are high hopes.*

*Not just mining counties, but the formerly industrialized area of the Upper Ohio Valley have suffered depopulation in recent years. In the Upper Ohio Valley, a loss of some 3,000 people was estimated, from 2015 to 2016, for the six northernmost counties in West Virginia, and four eastern Ohio counties. This reflects the dramatic loss of manufacturing in Wheeling, Weirton, and other former steel centers. In West Virginia itself, the absolute population fell from 2015 to 2016 by nearly 10,000.*

## ***China set to overtake U.S. as biggest nuclear energy nation, IEA says***

*February 21, 2018*

*Reuters*

*By [Sara S Jolin](#)*

[https://www.marketwatch.com/story/china-set-to-overtake-us-as-biggest-nuclear-energy-nation-iaa-says-2018-02-21?mod=mw\\_share\\_facebook](https://www.marketwatch.com/story/china-set-to-overtake-us-as-biggest-nuclear-energy-nation-iaa-says-2018-02-21?mod=mw_share_facebook)

*China is set to more than triple its nuclear energy capacity over the next 20 years, overtaking the U.S. to become the world's largest nuclear-power producer, according to the International Energy Agency.*

*Speaking at the International Petroleum Week conference in London on Wednesday, IEA Executive Director Fatih Birol expressed concerns that the U.S. and Europe aren't investing enough in nuclear power, while China is charging ahead.*



*“China is coming back strong. Today there are about 60 nuclear power plants under construction and more than one third of them are in China. China is growing and as a result of that we'll soon see China overtaking the United States as the number 1 nuclear power in the world,” he said.*

## ***‘China is the best implementer of Catholic social doctrine,’ says Vatican bishop***

*by [Staff Reporter](#)*

*posted Tuesday, 6 Feb 2018*

<http://www.catholicherald.co.uk/news/2018/02/06/china-is-the-best-implementer-of-catholic-social-doctrine-says-vatican-bishop/>

*The chancellor of the Pontifical Academy of Social Sciences praised the 'extraordinary' Communist state.*

*“Right now, those who are best implementing the social doctrine of the Church are the Chinese,” a senior Vatican official has said.*

*Bishop Marcelo Sánchez Sorondo, chancellor of the Pontifical Academy of Social Sciences, praised the Communist state as “extraordinary”, saying: “You do not have shantytowns, you do not have drugs, young people do not take drugs”. Instead, there is a “positive national conscience.”*

### ***China Puts Its Money Where Its Mouth Is on Funding of Basic Science***

*Feb. 11 (EIRNS)—China’s Ministry of Science and Technology announced Feb. 11 that the government’s financial support for R&D in basic sciences doubled over the last five years, from about \$6.5 billion in 2011 to \$13 billion in 2016.*

*A spokesman for the Ministry stated that the percentage funding for basic R&D “has reached the level of developed countries.” State funding accounts for most of the investment in basic science, as “financial input from businesses and other forces of the society remains low.” In reporting on the announcement, Xinhua noted that the emphasis on basic science is national policy: “The State Council recently released guidelines on strengthening research in basic science to lay out basic principles and major arrangements.”*

### ***Why China Is Running Circles Around America***

*By Ellen Brown*

<http://www.informationclearinghouse.info/48872.htm>



*February 27, 2018 "[Information Clearing House](#)" - “One Belt, One Road,” China’s \$1 trillion infrastructure initiative, is a massive undertaking involving highways, pipelines, transmission lines, ports, power stations, fiber optics and railroads connecting China to Central Asia, Europe and Africa. According to Dan Slane, a former adviser in President Trump’s transition team, “It is the largest infrastructure project initiated by one nation in the history of the world and is designed to enable China to become the dominant economic power in the world.” In a [Jan. 29 article](#) titled “Trump’s Plan a Recipe for Failure, Former Infrastructure Advisor Says,” he added, “If we don’t get our act together very soon, we should all be brushing up on our Mandarin.”*