



California Water and Infrastructure Report

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

For November 29, 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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"Two systems are before the world; the one looks to increasing the proportion of persons and of capital engaged in trade and transportation, and therefore to diminishing the proportion engaged in producing commodities with which to trade, with necessarily diminished return to the labour of all; while the other looks to increasing the proportion engaged in the work of production, and diminishing that engaged in trade and transportation, with increased return to all, giving to the labourer good wages, and to the owner of capital good profits...."

Henry C. Carey, The Harmony of Interests

A Note To Readers

The rain and snow has finally come to California. The wildfires are under control. We can now return to providing the reports, background and perspective required to creating once again a nation, and a state, that provides its citizens with the future they require.

Our quote above is from Henry Carey's book, The Harmony of Interests, written in 1851, in which he elaborates the difference between the American System and the British System. That difference has always been, in summary, a focus on actual physical production from industry, new infrastructure and scientific progress, vs. a focus on trade and finance. The first, the American system, when it is actually in control of the nation, is what provides a real future of rising living standards and the foundation for the well-being of future generations.

More extensive quotations from Carey's book are the last item in this week's report.

In this week's report:

The report begins with the weather and the current status of the drought.

A short report on the failure of Proposition 3 to be approved by the voters on November 6 includes a serious problem for dealing with some broken pieces of California's water infrastructure.

But, as the next report demonstrates, the federal government is stepping in to help finance the building of the Sites Reservoir, providing \$450 million for one element of the project.

Now since there is very little other water news this week, and no news at all from the Oroville Dam spillway reconstruction, the remainder of this week's report consists of articles on the economy. For as we all know, "it is the economy, stupid."

We begin that section with a new report from the Department of Defense on the state of U.S. manufacturing industry. Despite President Trump's initiatives on bringing back industry to the country, what he has done and has proposed is far from what is required.

Several more articles covering homelessness, poverty in the Central Valley, and more, give some symptoms of the problem.

Solutions, too, are covered, beginning with the President's attack on the Federal Reserve and the Kansas cattlemen's resolution calling for the restoration of the Glass-Steagall banking law. That point, of course is the first law of Lyndon LaRouche's Four Laws proposal for a real restoration of the American System.

Again, as mentioned above, the report concludes with Henry Carey's "Harmony of Interest" excerpt.

The Weather and the Drought

Pacific Storm To Bring Rain, Mountain Snow To California

Tuesday, November 27, 2018 | Sacramento, CA

http://www.capradio.org/126854?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+CapitalPublicRadioLatestNewsRSS+%28Capital+Public+Radio%3A+Latest+News+RSS%29

AP) — California will see widespread rain and heavy Sierra Nevada snowfall through midweek, potentially bringing travel problems and raising the risk of damaging runoff from wildfire burn scars, forecasters said Tuesday.

The wet pattern from a deep atmospheric fetch of Pacific moisture marks a significant change in the weather following conditions that contributed to disastrous and deadly wildfires up and down California, where hundreds of thousands of acres have burned this year.

The National Weather Service said there was a risk of heavy rainfall in northwest California through Tuesday night, then spreading farther south down virtually all of the coastal ranges and some interior sections of the state through Wednesday and Thursday.

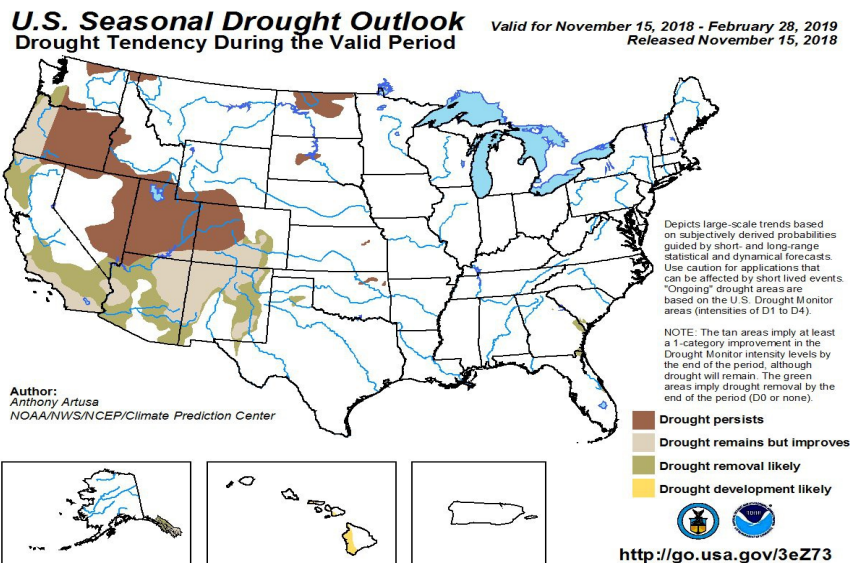
Snow accumulations in the Sierra could range from 2-4 feet, the NWS said.

Updated Winter Outlook from NOAA's Climate Prediction Center

Nov 16, 2018

<http://www.weathernationtv.com/news/updated-winter-outlook-from-noaas-climate-prediction-center/>

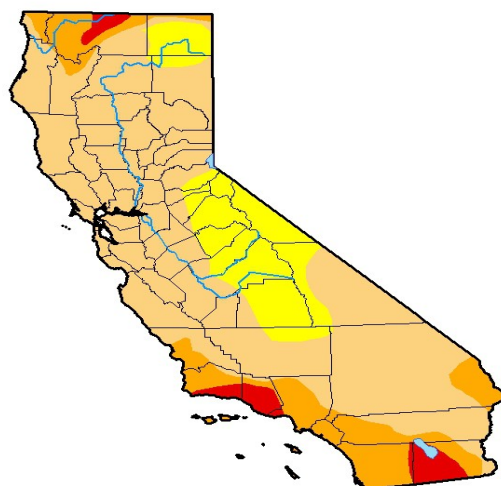
Good news is found in the drought forecast for the West, especially for California where wildfires continue to burn. Significant improvement is expected throughout the winter in California with wetter than normal weather expected. Drought conditions are still anticipated to improve throughout Arizona and New Mexico, southern sections of Utah and Colorado, the coastal Pacific Northwest and the Central Plains.



The basis for much of the forecast is the anticipated El Nino this winter. The CPC states that the Pacific Ocean is still in neutral ENSO conditions, but an El Nino Watch remains in place as sea surface temperatures continue to warm. The CPC outlook favors El Nino this winter and spring at a greater than 70% probability through March, decreasing to near 50% by June 2019.

U.S. Drought Monitor

U.S. Drought Monitor California



November 27, 2018

(Released Thursday, Nov. 29, 2018)

Valid 7 a.m. EST

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	0.00	100.00	83.66	18.33	3.78	0.00
Last Week 11-20-2018	0.00	100.00	77.62	18.36	3.78	0.00
3 Months Ago 08-28-2018	13.78	86.22	47.58	21.05	2.77	0.00
Start of Calendar Year 01-01-2018	55.70	44.30	12.69	0.00	0.00	0.00
Start of Water Year 09-25-2018	12.18	87.82	47.97	22.82	4.94	0.00
One Year Ago 11-28-2017	69.09	30.91	8.24	0.00	0.00	0.00

Intensity:

■ D0 Abnormally Dry ■ D3 Extreme Drought
■ D1 Moderate Drought ■ D4 Exceptional Drought
■ D2 Severe Drought

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

Author:
Richard Heim
NCEI/NOAA



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

Proposition 3 Failed to Pass On November 6

While attention was focused on Congress and the Senate in the mid-term elections, California voters for the first time since 1990 rejected a water oriented initiative. Probably the 2014 water bill, which still has not built a damn thing, not even a dam, had something to do with that rejection. Whatever. Consequences of that failed initiative include the following:

Prop 3 failed, so what's next for the ailing Friant-Kern canal?

by Kyle Harvey

Wednesday, November 7th 2018

<https://bakersfieldnow.com/news/local/prop-3-failed-so-whats-next-for-the-ailing-friant-kern-canal>

The Friant-Kern canal is the primary north-south water conveyance system for the east side of the Central Valley. (KBAK)

Local water officials went back to the drawing board Wednesday, looking for a way to fund needed repairs to the Friant-Kern canal.

The canal is damaged and requires an expensive project to repair. Farmers and water districts hoped voters would authorize the state to foot the bill by approving Proposition 3.

They didn't.

The Friant-Kern is like a big water highway. It delivers water from Millerton Lake to farms all over the south valley. An Eyewitness News analysis found that the canal is directly involved in the production of approximately \$2 billion of crops every year.

The canal's problems are tied to subsidence. For decades, farmers all over the south valley pumped more water out of the ground than was put back. This imbalance caused the land to sink. There are large swaths of the valley that have a lower elevation than they did 50 years ago.

The canal works because of gravity.

There's a gentle slope from the lake all the way to Bakersfield. But large depressions in the land have interrupted the downward slope, rendering the canal far less efficient.

Prop 3 would have invested hundreds of millions in construction to bring the canal back to its usual capacity.

Still, There Is Some Action on Water Infrastructure

Trump officials announce \$450 million loan for new California reservoir project

[*Damon Arthur*](#)

Redding Record Searchlight Published

Nov. 27, 2018

<https://www.redding.com/story/news/2018/11/27/trump-officials-announce-450-million-loan-california-sites-reservoir-project/2130237002/>

Trump administration officials were in California on Tuesday to announce a \$450 million loan for the Sites Reservoir project in Colusa County.

The money will be used to build a tunnel to carry water from the Glenn-Colusa Canal to an existing

reservoir, giving farmers on the west side of the Sacramento Valley more access to irrigation water.

The 12-foot diameter tunnel, called an intertie, will also be used to transport water to and from Sites Reservoir after it is built, said Jim Watson, general manager of the Sites Reservoir Authority.

“With the large reservoir, the benefits of the intertie get extended down into the San Joaquin Valley for rural communities and also to provide benefits for the cities in the Bay Area and Southern California,” Watson said of the 1.8 million acre-foot reservoir project.

Sites officials say the reservoir provides more flexibility for the state’s water system because during times of the year when runoff levels are high, water can be pumped from the Sacramento River and stored at Sites.

During drier periods, water can be taken from Sites, which will be the seventh-largest reservoir in the state, and used for irrigation and drinking water, officials said.



Sites Reservoir, if it is built would be located west of the Sacramento River in Colusa County. (Photo: U.S. Bureau of Reclamation)

Sites will allow the U.S. Bureau of Reclamation to keep more water in Lake Shasta, which will benefit salmon that spawn in the Sacramento River in the Redding area, said Jeff Sutton, general manager of the Tehama-Colusa Canal Authority.

The endangered winter-run salmon need colder water for spawning, and that cold water comes from Lake Shasta. Sutton said storing water in Sites Reservoir means the bureau can store more cold water in Lake Shasta for those salmon.

The \$449.2 million loan is the largest the agency has ever given, said Sarah Marquart, a spokeswoman for the USDA’s Rural Development program.

The loan will need to be paid off in 40 years at 3.875 percent interest, Marquart said. Money to repay the loan will come from rural and urban water users, Watson said.

It could be some time, though, before ratepayers see the cost of the projects on their water bills.

The Sites Authority, made up of 31 water agencies, is still going through environmental studies necessary before the project can be built.

Watson said the intertie should be complete by 2024, and he envisioned Sites Reservoir being completed by 2030.

Financing for the \$6.4 billion project is still being assembled, Watson said. But he expects the reservoir to be paid for through a series of loans, bonds and grants.

Watson said he expects finance charges on all the loans to cost around \$2 billion on top of the

construction costs.

The state has already granted the Sites project \$816 million from the Proposition 1 water bond. The authority also plans to seek loans from the EPA and the U.S. Bureau of Reclamation.

Groundwater

The following article presents a fairly comprehensive background of the new groundwater rules and regulations and the condition of the state's aquifers.

As California's Groundwater Free-for-All Ends, Gauging What's Left

Nov 9 2018

<https://west.stanford.edu/news/blogs/and-the-west-blog/2018/california-s-groundwater-free-all-ends-grappling-how-measure-what-s-left>

New rules and new technology are giving farmers and managers a better look at groundwater supplies.

By [Felicity Barringer](#)

Most areas of California farm country have a significant lack of information about their groundwater use. The water managers responsible for putting California's depleted aquifers on the path to sustainability now need to get the data to do the job. Running the new agencies created under the state's Sustainable Groundwater Management Act, these managers must first decide what they need to know, and how to get the information.

The measuring gauges they need would ideally give two different views of groundwater reality. First, account for withdrawals by identifying who is taking the water, then control the withdrawals to ensure sustainability, [now required in 109 of the state's 517 groundwater basins](#). Second, monitor the overall health of the aquifer to ensure it is not trespassing over the various boundaries of unsustainability now carved into state law.

Heavy users have for decades ardently resisted any accounting. Well meters were anathema. Newly drilled wells were reported to the state, but by law, that information was kept private.

Before they can explore the technical answers to measuring options, managers must wrestle with local attitudes about privacy that have prevailed in areas subject to chronic over-pumping. Heavy users have for decades ardently resisted any accounting. Well meters were anathema. Newly drilled wells were reported to the state, but by law, that information was kept private.

Such confidentiality restrictions ended in 2015, after the passage of the groundwater act; and in early 2017, the State Water Resources Control board made public its [digital map of state wells](#). But just knowing where the wells are isn't the same as knowing how much they pump, or their impact on the aquifer below.

The Economy

Defense Department Report Depicts the Sorry State of U.S. Manufacturing

Nov. 23 (EIRNS)—If there is any upside to the crazy “China threat” scenario now spewing out from the media and from statements by hysterical U.S. officials, it is the growing focus that has been placed on the dilapidated state of U.S. industry and manufacturing. The September 2018 Defense Department report “Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States,” while comprising another screed about the “China threat,” also includes a rather insightful depiction of the destruction of U.S. manufacturing over the last two decades. And, interestingly enough, its Introduction begins with a quote from Treasury Secretary Alexander Hamilton’s 1791 “Report on the Subject of Manufactures,” in which Hamilton polemicizes that the U.S. requires a domestic industrial basis to supply military manufacturing needs.

“Between 2000 and 2010, over two-thirds of U.S. manufacturing saw production declines in terms of inflation-adjusted output,” the report says. “While multi-factor productivity in manufacturing grew on an average of 2% per year from 1992-2004, productivity has declined an average of 0.3% per year from 2004 through 2016, implying diminishing economies of scale from inputs including labor, capital equipment, energy, materials and purchased services. Between 2000 and 2010 alone, the U.S. lost over 60,000 manufacturing facilities. While the U.S. has seen an uptick in manufacturing, adding around 380,000 jobs since January 2017, much work remains to be done to remedy years of decline in the sector,” the report says.

One of the key areas of the decline has been in the manufacture of machine tools. “Critical to creating modern defense and non-defense products, machine tools impact the entire supply chain and multiple sectors. The U.S. once led the world in the innovation and capacity of its high-end machine tools sector, but U.S. standing has dropped significantly since 2000. Key changes in machine tool consumption affected global patterns of production.” While here again the report places the blame on China, which now produces 24.7% of machine tools globally, the U.S. also lags behind Japan, Germany, Italy and South Korea in the production of machine tools.



Machine Tool

And the period of decline has also taken its toll on the labor force, the report states. “With the weakening of the U.S. manufacturing sector, the American manufacturing workforce has suffered, with employment peaking in 1979 and job losses accelerating significantly in the 2000s. ... [T]he share of employment attributed to manufacturing has fallen dramatically, from over 30% in the 1950s to less than 10% in 2017. From 1979 to 2017, the U.S. lost 7.1 million manufacturing jobs, 36% of the industry’s workforce, with more than 5 million manufacturing jobs lost since 2000 alone. Job losses have been most pronounced in vital sectors subject to import competition, including primary metals, electronics, chemicals, and machinery. Manufacturing and defense industrial base companies’ inability to hire or retain U.S. workers with the necessary skill sets has led to significant gaps in skilled labor.

“A lack of skilled manufacturing workers and a decreasing number of jobs is destabilizing workforce readiness and leading to skill atrophy. ... [S]uch instability and atrophy further increase the gap

between job openings and hires and accentuate the effects of a shrinking workforce, making worker placement more challenging even when labor is needed.”

The report also speaks of the decline of innovation in manufacturing. “With increased offshoring of manufacturing, many companies have excised their process engineering capabilities, further reducing technical innovation and deterring future investment in next generation manufacturing. Together, these effects jeopardize the ability of Americas manufacturing base to supply innovative products and skilled workers to the industrial base, threatening capabilities needed for national security.”

If these characters would drop their crazy China “blame-game” and begin to place the onus, as President Donald Trump has, on the absolute failure of previous administrations to address these growing problems, this wake-up call could very well lead to the type of paradigm-shift which would open the door to the policies that Lyndon LaRouche has been proposing for at least the last four decades.

Homelessness in the U.S. Is Shameful—and It’s on the Rise

California’s homeless population at 134,000

Nov. 21 (EIRNS)—The homelessness crisis in the city of Los Angeles is such that one non-profit group, Safe Parking LA, now designates certain parking lots as safe to be used by individuals who live in their cars. The group provides security guards, portable toilets, WiFi and solar-powered electrical chargers to people who may have full-time jobs, but cannot afford exorbitantly-priced housing.

This is just one alarming aspect of the U.S. homelessness crisis in major U.S. cities discussed by Bloomberg News Nov. 20. The crisis is greatest in West Coast cities—San Diego, Tacoma, and Seattle among them. A total of 10 West Coast cities have declared states of emergencies related to homelessness in recent years. San Diego and Tacoma recently began erecting tents normally used for disaster relief to provide shelter for the homeless. Sacramento and Seattle are expected to do so in the near future.

The astronomical cost of housing is one major cause of homelessness. According to the government’s Freddie Mac agency, from 2010 to 2016, the portion of affordable rental units for low-income people fell by 62%. The median rent for a one-bedroom apartment in Los Angeles was \$2,371 in September—a 43% increase from 2010. McKinsey & Co. consulting firm concluded that there is a 96% correlation between the increase in housing costs and Seattle’s soaring rate of homelessness.

William Yu, an economist at UCLA, told LA Weekly that the three states where homelessness is highest—Hawaii, New York and California—all have rents far above the average. (He notes that Washington, D.C. has an even higher homeless rate.)

As for Los Angeles, Yu says, “I have never seen a situation as shocking as in L.A.” In his own study, he found that while the percentage of homeless people in the United States, and even in California, remains “stable,” the percentage of homeless has been rising in Los Angeles County. Bloomberg reports that L.A.’s homeless population stands at 52,765, up 47% from 2012. The number of people homeless for the first time has increased by 16% just in the last year. Yet Los Angeles County last year provided shelter for 5,000 fewer people than in 2011.

In January this year, the annual homeless census done by the government’s Housing and Urban Development department placed California’s homeless population at 134,000, a 14% increase over 2016. About two-thirds of homeless individuals were unsheltered. A severe scarcity of homeless shelters is forcing people onto the streets or into their cars in several states.

Poverty plagues forgotten agricultural communities in California

By Brian Melley Associated Press

Huron, Calif.

October 19, 2018

<https://www.csmonitor.com/USA/2018/1019/Poverty-plagues-forgotten-agricultural-communities-in-California>

California may be famous for its wealth, but there is a distinctly different part of the state where poverty prevails: places like this one halfway between Los Angeles and San Francisco.

The Central Valley has long been short on resources no matter which political party is in power. Democratic and Republican candidates for Congress have blamed incumbents for doing little to create higher-paying jobs, curb homelessness, clean up blight, or solve disparities in health care and access to good schools.

Huron was founded in 1888 as a water stop for steam trains on the Southern Pacific Railroad. It became a destination for migrant laborers as crops blossomed and is now home to 7,000 people.

The region is unrivaled for farm production, but the rich earth has not given back equally to those who toil out of view of millions of tourists and Californians who pass through the valley each year.

Nearly 40 percent of Huron residents – and almost half of all children – live below the poverty line, according to the US Census Bureau. That's more than double the statewide rate of 19 percent reported last month, which is the highest in the US. The national average is 12.3 percent.

"We're in the Appalachians of the West," Mayor Rey Leon said. "I don't think enough urgency is being taken to resolve a problem that has existed for way too long."

Multiple families and boarders pack rundown homes, only about a quarter of residents have high school diplomas, and most lack adequate health care in an area plagued with diabetes and high asthma rates in one the nation's most polluted air basins.

Picking or packing crops pays about \$11 to 12.50 an hour, but jobs are seasonal, and many people go months without work.



Jobs in agriculture attract Mexican workers to California, but usually offer poverty-level wages.

The 1.5-square-mile city is surrounded by lettuce, cotton, and tomato fields, where technology has replaced the work of many hands.

Staring into 'Gates of Hell,' New Yorkers Trapped in Decrepit Transit System during Snowstorm

Nov. 17 (EIRNS)—The Eastern U.S. early season snowstorm Nov. 15-16 was no record-setter, but

nevertheless wreaked havoc and injury throughout the Eastern Seaboard, due to lack of modern mass transit. There is no redundancy in case of a breakdown in one element of the transportation system, many of whose vital segments, bridges, tunnels, rail lines are over a century old.

In New York City there were mob scenes of stranded commuters, trapped for hours at transit terminals. “The Gates of Hell” is how the New Jersey Hackensack Daily Voice headlined the situation in its photo-report yesterday, referring to Port Authority Bus Terminal in Manhattan.

Ground zero for the dislocation were the two long-outmoded commuter hubs in Manhattan, the Bus Terminal and the Pennsylvania Rail Station. Trains and buses couldn't move on time because of the storm and accidents, due to the completely inadequate grid of rail lines and roads, thereby stranding thousands of commuters in place. The Bus Terminal was so overcrowded inside the building, on No. 15, that officials blocked the entrances at 5:15 p.m., to prevent more people trying to get in, with the lock-out remaining for hours. The crowd outside quickly grew to thousands, and stretched a city block. Security guards were posted at the doors, trying to maintain order, as screaming and fights broke out.

The upper level of the George Washington Bridge over the Hudson River between Washington Heights in upper Manhattan and Fort Lee, New Jersey, turned into a parking lot, after icing caused a 20-vehicle crash. Several drivers abandoned their cars and fled on foot.

President Trump Excoriates Interest Rate Policy of Federal Reserve Chairman Powell

Nov. 28 (EIRNS)—In his Nov. 27 interview with the Washington Post, President Donald Trump had nothing good to say about Federal Reserve System Chairman Jerome Powell, expressing regret that he chose him for the post, even claiming that the Fed is “a much bigger problem than China.”

“I'm not at all happy with my choice” of Powell, Trump said. “I'm not being accommodated by the Fed ... they're making a mistake.” He blamed the Fed's interest rate increases for declines in the stock market and slower growth.

In a speech today before the New York Economic Club, which apparently pleased “the markets”—the Dow shot up by 600 points—Powell claimed that interest rates were still low “by historical standards, and they remain just below the broad range of estimates of the level that would be neutral for the economy—that is neither speeding up nor slowing down growth.”

Many analysts pointed out that this remark was quite different from Powell's statement in October, in which he said that interest rates were “a long way from neutral,” a remark some economists charged had triggered a stock selloff.

All of this discussion misses the fundamental point of what is happening with the physical economy of the United States, not the stock market gyrations which mean absolutely nothing. Trump is unfortunately still convinced that an increasing stock market is a sign of economic health.

Kansas Cattlemen Back ‘New Silk Road Spirit’ in Foreign Policy, Glass-Steagall at Home

Nov. 16 (EIRNS)—The Kansas Cattlemen's Association (KCA), at their 20th annual convention this month, passed a number of resolutions, among them a policy resolution, calling for U.S. foreign relations in the “spirit of the New Silk Road,” and also a call for reenacting the Glass-Steagall Act, to provide sound banking and credit to rebuild the United States.

The timing of these resolutions is significant, given that President Donald Trump in two weeks, will be at the G20 summit in Argentina, meeting with Chinese President Xi Jinping and Russian President

Vladimir Putin. The KCA “Silk Road” resolution specifically states that Xi has invited the U.S. to collaborate on the New Silk Road, which would be a “win-win” foreign policy for the United States.

The KCA was formed in 1998, and its gatherings bring together cattlemen and others from across Kansas and other states. The third largest cattle-producing state in the country, Kansas has 6.3 million head of cattle, a little over twice the state’s population. The KCA states that it is “committed to restoring profits, self-esteem, freedom, fair trade, trust, and community pride back to the farms, ranches, and rural communities across Kansas and the nation.”

EIR’s Bob Baker spoke at the annual KCA banquet, laying out the strategic picture of the world now poised to defeat the World Wildlife Fund/British Empire crowd once and for all, and potentially to enter a new paradigm of development for mankind. He stressed the importance of pushing for the great power leaders—the U.S., China, Russia, India, and others—to confer at the G20 summit on Nov. 30-Dec. 1, on starting talks for a new world financial system favoring development, a “New Bretton Woods” system. Many KCA members are very up-to-date and aware of the stakes involved, from Baker’s monthly updates in the KCA News over the past two years. In particular, he has reported on the history of the American System, and the urgency now for Lyndon LaRouche’s “Four Laws” of economic measures to restore it.

Expert Shows Maglev Transportation Is Eminently Feasible in U.S. Northeast Corridor

Nov. 16 (EIRNS)—Kevin Coates, an expert on magnetic levitation (maglev) technology, published a powerful article in the Baltimore Sun today, in which he argued for a maglev line for the Washington-Baltimore-New York-Boston corridor. He further explained that maglev is more than a new technology, but is rather an entire class of transport technologies.

Coates writes: “Since I arrived in Maryland 35 years ago, traffic congestion has increased almost exponentially. Yet relatively nothing has been done to alleviate the congestion problem. This is because very little can be done to accommodate a doubling or tripling of the number of vehicles. The simple reason for this is that road capacity is limited—and measurable. If the ‘throughput’ of vehicles exceeds 2,000 vehicles per lane-mile, per hour, you get traffic jams.”

The city of Shanghai, China, he writes, with a population of more than 24 million, will soon have 19 subway lines that will “provide station access that is no further than 2,000 feet from any resident in the central part of Shanghai.” The maglev connecting the city’s Pudong International Airport to the downtown, is being extended to the west to a domestic airport cum high-speed rail station, which will cut the present two-hour commute between airports to “15 reliable minutes.”

“This is a perfect example of why congested areas such as our Northeast corridor demand new transportation infrastructure that enables the reliable and efficient movement of more people per hour through a narrower right of way than any 20-lane highway—and something a dual-track maglev does in a financially sustainable and environmentally benign way.”

Coates points out that maglev has extremely low operational and maintenance costs, and that these are the same for low-, medium- and high-speed versions. “Through automated high-quality mass production of component parts and advanced construction techniques...” he says, “both manufacturing and construction times could be vastly accelerated and, as a consequence, result in an initial capital cost that was far lower than high-speed rail infrastructure costs.”

Coates concludes: “The real objective of the Northeast Maglev project is to build a 1-hour maglev from D.C. to New York City to make driving I-95 unattractive and financially impractical. Future generations are the ones who will thank us for building such a smart travel option.”

LaRouche's Four Laws for Economic Recovery and the Four Powers Agreement

Lyndon LaRouche has provided us with the Four Laws which can produce the economic recovery of the United States:

- 1. Re-enactment of the Glass Steagall Act separating commercial from speculative banking and ending public bailouts of Wall Street gambling debts;*
- 2. A new national bank or other credit-issuing mechanism, such as Lincoln's Greenbacks, capable of producing massive amounts of credit for long-term economic projects;*
- 3. Use of this national banking mechanism to fund only such projects as will raise national productivity and create high-paying jobs in productive sectors of the economy; and*
- 4. A crash program to develop fusion power, the energy source of the future, the energy flux density and power of which allows us to transform raw materials, power entire continents, and power space exploration and colonization.*

The most obvious place to invest the financing available through this long-term credit mechanism and participating private banks is in building a modern infrastructure platform for the U.S. economy, while also creating crash programs to develop fusion and explore near space and the Moon. Since we have damaged our physical economy, and savaged our labor force in the last decades, a crash effort in this respect is urgent if we are to raise productivity and ensure long term growth. New programs in classical education and the sciences and programs drawing our youth into rebuilding the country, akin to the CCC, are necessary elements of this economic thrust. The optimism generated by such a national mission is the best antidote to the drug epidemic and mental instability presently haunting our country, although major rehabilitative and interdiction efforts must also be urgently and ruthlessly undertaken in this regard.

None of this is possible, however, if the present financial system is allowed to continue and suffers its inevitable crash. An uncontrolled collapse will mean the certain unnecessary death and suffering of millions throughout the world. Just like we know how to prevent the fires in California, we know what type of stable financial system will allow for a world-wide economic renaissance, namely, a revived Bretton Woods system among sovereign nation states trading between themselves to massively advance each and every economy and human being in the world.

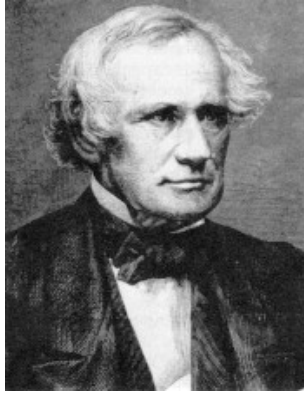
Feature

Henry C. Carey: The American System Vs. The British System

<https://larouchepac.com/20140407/henry-carey-american-vs-british-systems?fbclid=IwAR3-2cZaj3uu5drkKwImqdwTg8HOvyWeXtfeDUZ4USVPFrCnIwIQPt-4O6s>

Below are excerpts from American System economist Henry C. Carey's book, The Harmony of Interests, written in 1851, in which he elaborates the difference between the American System and the British System. Henry Carey, the son of Mathew Carey, who had begun his career as an agent of Benjamin Franklin in Ireland during America's revolution against the British, became the leading economist within Abraham Lincoln's new Republican Party and the intellectual author of Lincoln's program to save the Union and defeat the British-backed civil war. The "American System" embodied the principles of physical economy and credit founded by Alexander Hamilton, the first Treasury Secretary of the United States.

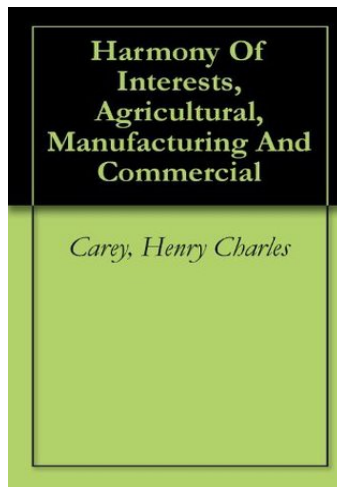
"Two systems are before the world; the one looks to increasing the proportion of persons and of capital



Henry C. Carey

engaged in trade and transportation, and therefore to diminishing the proportion engaged in producing commodities with which to trade, with necessarily diminished return to the labour of all; while the other looks to increasing the proportion engaged in the work of production, and diminishing that engaged in trade and transportation, with increased return to all, giving to the labourer good wages, and to the owner of capital good profits. One looks to increasing the quantity of raw materials to be exported, and diminishing the inducements to the import of men, thus impoverishing both farmer and planter by throwing on them the burden of freight; while the other looks to increasing the import of men, and diminishing the export of raw materials, thereby enriching both planter and farmer by relieving them from the payment of freight. One looks to compelling the farmers and planters of the Union to continue their contributions for the support of the fleets and armies, the paupers, the nobles and the sovereigns of Europe; the other to enabling ourselves to apply the same means to the moral and intellectual improvement of the sovereigns of America. One looks to the continuance of that bastard freedom of trade which denies the principle of protection, yet doles it out as revenue duties; the other to extending the area of legitimate free trade by the establishment of perfect protection, followed by the annexation of individuals and communities, and ultimately by the abolition of custom-houses. One looks to exporting men to occupy desert tracts, the sovereignty of which is obtained by aid of diplomacy or war; the other to increasing the value of an immense extent of vacant land by importing men by millions for their occupation. One looks to increasing the necessity for commerce; the other to increasing the power to maintain it. One looks to underworking the Hindoo, and sinking the rest of the world to his level; the other to raising the standard of man throughout the world to our level. One looks to pauperism, ignorance, depopulation, and barbarism; the other in increasing wealth, comfort, intelligence, combination of action, and civilization. One looks towards universal war; the other towards universal peace. One is the English system; the other we may be proud to call the American system, for it is the only one ever devised the tendency of which was that of elevating while equalizing the condition of man throughout the world.

"Such is the true mission of the people of these United States.... To raise the value of labour throughout the world, we need only to raise the value of our own.... To improve the political condition of man throughout the world, it is that we ourselves should remain at peace, avoid taxation for maintenance of fleets and armies, and become rich and prosperous.... To diffuse intelligence and to promote the cause of morality throughout the world, we are required only to pursue the course that shall diffuse education throughout our own land, and shall enable every man more readily to acquire property, and with it respect for the rights of property. To substitute true Christianity for the detestable system known as the Malthusian, it is needed that we prove to the world that it is population that makes the food come from the rich soils, and food tends to increase more rapidly than population, thus vindicating the policy of God to man."



Carey attacked British Free Trade economics as a system that destroys national agro-industrial productivity, reduces consumption, destroys freedom, and causes war:

"Two systems are before the world: on the one hand, that which is denominated protection, and on the other that which is denominated free-trade.

"A great error exists in the impression now very commonly entertained in regard to national division of labour, and which owes its origin to the English school of political economists, whose system is throughout based upon the idea of making England 'the workshop of the world,' than which nothing could be less natural. By that school it is taught that some nations are fitted for manufacturers and others for the labours of agriculture, and that the latter are largely benefitted by being compelled to employ themselves in the one pursuit, making all their exchanges at a distance, thus contributing their share to the maintenance of the system of 'ships, colonies, and commerce.' The whole basis of their system is conversion and exchange, and not production, yet neither makes any addition to the amount of things to be exchanged. It is the great boast of their system that the exchangers are so numerous and the producers so few, and the proportion which the former bear to the latter, the more rapid is supposed to be the advance towards perfect prosperity. Converters and exchangers, however, must live, and they must live out of the labour of others: and if three, five, or ten persons are to live on the product of one, it must follow that all will obtain but a small allowance of the necessaries or comforts of life, as is seen to be the case.

"The object of free-trade is proclaimed to be the increase of commerce, but commerce withers under it.

"We thus have here, first, a system that is unsound and unnatural, and second, a theory invented for the purpose of accounting for the poverty and wretchedness which are its necessary results.

"The object of what is now called free-trade is that of securing to the people of England the further existence of the monopoly of machinery, by aid of which Ireland and India have been ruined, and commerce prostrated. Protection seeks to break down this monopoly, and to cause the loom and the anvil to take their natural places by the side of the food and the cotton, and that production may be increased, and that commerce may revive....

"The object of protection has been, and is, to restore the natural tendency by which industrial manufacturing takes its place by the side of the producer of food (national self-sufficiency), thus reducing substantially transportation fees and middle men sales costs and bringing about the stabler self-sufficient communities and nations."