the taxpayer fell upon the construction of cars, and how the car became an unparalleled source of tax revenue for the state. We also need not mention how disastrously great the Federal Republic's dependence has become upon a virtually irreplaceable imported raw material. The thirsty internal combustion engine has become, so to speak, the prime mover of the whole economy: Not only the overwhelming share of personal transit, but meanwhile, also most freight traffic was put onto the roads. Expressways were built everywhere in grand style; the railroads, on the contrary, with their track net essentially inherited from the 19th century, were maintained on a "diet" with only insignificant technological improvements. Warnings that this violated the most elementary economic priciples were already voiced by a few people in the 1960s, but were soon forgotten again in the general "auto-intoxication."

The error did not lie in the large-scale development of road infrastructure *as such;* that has certainly made a considerable contribution to overall economic productivity—up to a certain point. The error lay in the *one-sidedness* of development. For this reason, we do not even have the efficient combination of long-distance transit on the rails and short-distance transit on the roads, with container and combination transit at the center, as was already conceived in the 1960s, but instead we have the threatening "transit infarction."

Public or private financing?

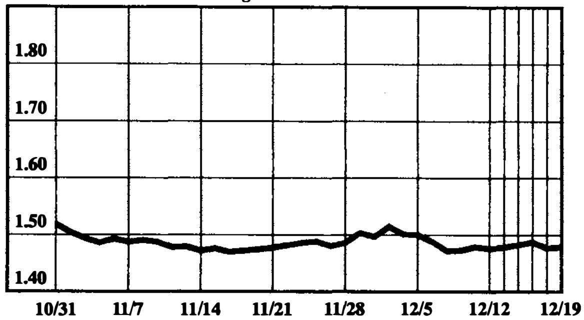
The question of the profitability of a given capital investment project looks quite different, according to whether one has in mind government financing or private financing. The state secures its investment by the fact that a given infrastructure project effects a significant increase of overall productivity, which in turn leads to expanded government revenue. The tax source includes all persons and businessmen who profit directly *or indirectly* from the availability of the infrastructure. In contrast, the private investor has to unconditionally cover the construction and operating costs, plus his profit, out of the *direct* proceeds of the infrastructure (freight charges, travel fees, tolls). In other words, the immediate user of the infrastructure alone must pay for the project.

Based on these and other considerations, Friedrich List came to the conclusion in the case of the German rail system, that the financing of basic infrastructure is a task for the state. Admittedly, the current discussion is running in the opposite direction: The German economy is apparently off on the "privatization trip" first launched in England and the United States. But this changes nothing with respect to the correctness of List's deliberations. The core problem, which almost everyone is running away from, lies in the *financing* of large infrastructural projects. In order to solve this problem, the creation and application of credit must be organized by quite different methods than have almost without exception become the rule since the spectacular rise of the international capital market.

Currency Rates

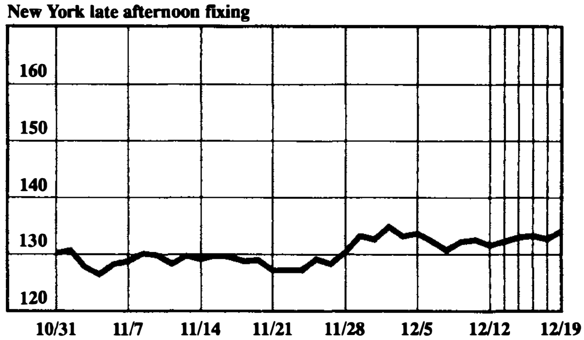
The dollar in deutschemarks

New York late afternoon fixing



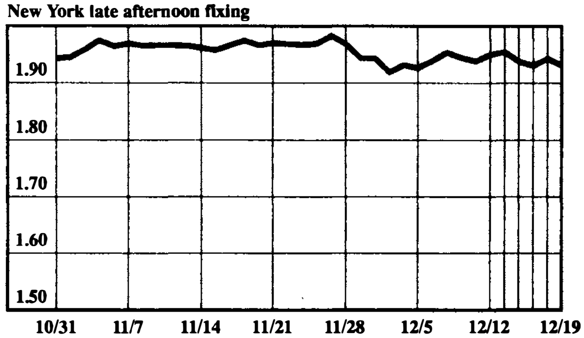
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing