

# The Delors plan: European rail infrastructure program set to go

by William Engdahl

One of the more significant statements of American President Bill Clinton during his talks in Berlin with German Chancellor Helmut Kohl and European Union Commission President Jacques Delors on July 12, was Clinton's whole-hearted endorsement of the Delors "White Paper" for Europe. On June 25, the heads of state of the 12 member nations of the European Union met at Corfu, Greece and formally approved a part of the Delors "White Paper," mandating immediate initiation of 11 major European-wide infrastructure projects.

The significance of this new European commitment to broad rail infrastructure cannot be underestimated. It represents the first concrete government-level action of significant scale since Lyndon LaRouche in late November 1989, on the opening of the Berlin Wall, called for an infrastructure program centered on high-speed rail linking the industrial capacities of the Paris-Berlin-Vienna Productive Triangle as the basis for rebuilding eastern Europe into a modern industrial economy.

Since that time, the most hotly fought battles in Europe have been over this issue of large-scale infrastructure. The opposition, centered around powerful interests in the City of London and the British monarchy, seek with all means to block such infrastructure links. They reason, as did Sir Halford Mackinder on the eve of the First World War, that continental European rail links from France and Germany to the East would eliminate the "balance of power" controlling role of England. Since Margaret Thatcher's frantic efforts in 1989 to stop German unification, every effort has been made, especially by Britain, to block any infrastructure-led initiative.

Only the alarming and growing unemployment problem across Europe in the past two years has enabled the Delors plan to advance. Today, the 12 European Union (EU) countries have an average unemployment officially over 11%, in the case of Spain as high as 19%, the highest since the depression years of the 1930s, and there are some 17 million jobless across Europe. In 1989, when Europe was still experiencing strong economic growth, unemployment was 12 million.

What has Delors's group proposed to address this problem?

## The Delors White Paper

On Dec. 5, 1993, Commission President Jacques Delors, a former French prime minister who is mooted as a likely

candidate to become the President of France in the 1995 elections, presented a proposal to the heads of state at their semi-annual summit talks. The White Paper was titled, "Challenges and Ways Forward Into the 21st Century."

While the document contains proposals for Europe-wide coordinated job-training and broad outlines of research and development support for new information technologies, the heart of the Delors proposal was the completion of vital transport infrastructure links, the so-called Trans-European Network. Taking existing national high-speed rail efforts such as the ambitious French TGV and Germany's comparable ICE, the Delors proposal would expand this into the basis of the most modern high-speed rail grid in the world.

The Delors paper states: "The establishment of networks of the highest quality throughout the whole Community and beyond its frontiers is a priority task. The potential to create jobs is substantial, both directly by initiating the large-scale projects, and through the beneficial effects in the long-term on production conditions in Europe." The commission estimates that by 1999, overall direct investment mobilized through initiation of the Trans-European Network rail links "could amount to 400 billion ECU [European Currency Units]." This is approximately \$540 billion, with 1 ECU equal to about \$1.30. Of this, ECU 220 billion (\$396 billion) alone would go to improve the trans-European transport grid.

The projects which have been selected have been given priority based on the criterion that they are of "Community-wide interest" in facilitating greater transportation efficiency in moving of goods and persons.

The result of the December heads of state decision was to mandate the European Commission in Brussels, together with representatives of the 12 heads of state, to work out a speedy set of proposals to begin implementation of the broad mandate. The initial part of this Interim Report was adopted in Corfu, to begin work within the coming two years:

- High-speed rail/combined transport North-South: Verona-Brenner Pass-Munich-Erfurt-Berlin; this would link Italy directly with the eastern part of Germany by high-speed rail;

- High-speed rail Paris-Brussels-Cologne-Amsterdam-London; this would link Paris to the Ruhr industrial heartland as well as to Dutch and Belgian industry, a vital prerequisite of LaRouche's Productive Triangle proposal;

- High-speed rail South: Madrid-Barcelona-Perpignan, France and Madrid-Vitoria-Dax, France; this would integrate Spain into the central European industrial region;
- High-speed rail East: Paris-Strasbourg-Karlsruhe, Germany with a link into Luxembourg; this ties Paris to the German industrial chemicals industrial concentrations;
- Betuwe Line: Rotterdam to the German border and on to Ruhr and Rhine links above;
- High-speed rail France-Italy: Lyon to Turin; this links the industrial center of north Italy to the second largest industrial region of France;
- Motor highway Greece-Bulgaria: part of the developing East-West highway corridor under way;
- Motor highway Lisbon-Valladolid; this links Portugal via modern road to Spain;
- Rail link (conventional) Ireland-U.K.; this links Dublin to London and on to continental Europe through the Channel Tunnel to France;
- New Milan airport, Malpensa;
- Road-rail link Öresund between Malmö, Sweden and Copenhagen, Denmark; this would link Sweden for the first time directly to the continent by road-rail rather than ferry, greatly facilitating development of a Baltic economic region which could better integrate parts of Russia (St. Petersburg) as well as Latvia, Estonia, Lithuania, and Poland.

These 11 projects are to begin immediately. Then, a second list of projects for which feasibility studies are not yet complete, is expected to begin in about two years, which includes modern highways from Nuremberg, Germany to Prague; from Berlin to Warsaw to Moscow, and this in parallel with a high-speed rail link Berlin-Warsaw-Moscow. The latter was the subject of talks in June in Bonn between Russian President Boris Yeltsin and German Chancellor Kohl, and both sides gave approval to begin preliminary work. In all there are now 34 such European infrastructure projects under consideration.

### Who pays?

With governments in deep recession across Europe, and national budget deficits and public debt at record high levels, the obvious question posed is, "Who pays?" For this, a series of innovative measures has been proposed. First, unlike the member states, the EU as a political entity so far has relatively little public debt outstanding. As a quasi-public body, its finance agency, the Luxembourg-based European Investment Bank, is in a position to issue new bonds for financing of these long-term projects, and this at below prevailing market interest rates. The Brussels European Commission has already freed ECU 2.4 billion for the 1994-99 period for financing the Trans-European Network (TEN). A separate EU Cohesion Fund is committing ECU 6.8 billion to TEN infrastructure projects; and a revised Regional Fund of the EU will invest ECU 1-1.6 billion annually to the TEN projects; as well the European Investment Bank (EIB) has already



*Jacques Delors: His "White Paper" for European development includes the essentials of Lyndon LaRouche's railroad infrastructure program.*

committed almost its full available issuing level of ECU 7 billion for the transport projects; and a newly established European Investment Fund set up by the 12 governments earlier this year began operation in June; in concert with the EIB, this new fund will play a key role in advancing the transport infrastructure.

By using the credit-creating capacities of the EU rather than national government resources, the Delors proposal has been able to silence the obstructionist British and others who until June had blocked anything other than endless "studies" from being approved. It now remains to be seen whether the national governments realize what a wealth-creating potential they are about to unleash, and how fast this can be extended to the east of Europe, to integrate that region. Evidently some in the circle around Delors have grasped the "secret" of the right kind of public economic infrastructure investment. As studies of the U.S. space program during the 1960s showed, for every tax dollar spent on developing such an advanced technological base for the economy, an average of \$10 is repaid to the state in the form of increased tax revenues from growth of industry. Creation of tens of thousands of new high-skill construction jobs in infrastructure building, added demand for steel output, construction of advanced rail locomotives and electronics, all create an enormous economic impulse to lift Europe out of its economic depression.