

# European floods demonstrate the need for infrastructure

by Anna Kaczor Wei

During the last few weeks, the population of Central European countries was reminded, in a very dramatic way, of the importance of modern infrastructure for their own survival and the development of their countries. Raging waters of the Oder River and its tributaries covered 600,000 hectares of land in Poland, 42% of the territory of the Czech Republic, and caused a lot of problems in Slovakia and Germany.

Now, people in the devastated areas in Poland are asking

themselves: Shouldn't we have anticipated something like this, because, according to the Main Anti-Flood Committee, during the last years the sum spent on necessary maintenance of levees and other flood-control infrastructure constituted only 30% of what was required? Shouldn't we have demanded that the old levees along the Oder River, most of which were constructed 90 years ago, be modernized and extended? They look with envy at the southern region of Podhale, which was spared the disaster thanks to the dam at Czorsztyn on the Dunajec River. It had prevented serious flooding already last year, and this time, according to Parliament Deputy Wojciech Blasiak, protected at least five towns from an unpleasant bath.

Deputy Blasiak noted that the only positive outcome of the tragedy is a renewed interest in great infrastructure projects, such as the one he had presented during the Warsaw Schiller Institute conference in April, which includes regulating the Oder and connecting it via canal with the Danube, thus opening a waterway from the Baltic Sea to the Middle East, and giving people more control over the water system. To make a point about the importance of infrastructure, during the debate about what went wrong when the flood hit the Polish cities, the Polish daily *Rzeczpospolita* published an article praising an Austrian program of flood control on the Danube, which allowed the citizens of Vienna to sleep in security, while people in the Polish cities of Wroclaw and Opole were forced to evacuate and could only watch the destruction helplessly.

## The range of devastation

The range of destruction is almost unimaginable. About 100 people lost their lives. In Poland, about 25 out of 49 administrative districts have been affected, about 400,000 hectares of arable land contaminated and destroyed. Nearly 600 kilometers of rail tracks suffered different categories of damage, 137 bridges and 200 rail bridges will have to be rebuilt or repaired, 600 schools and numerous hospitals will have to be made functional again. All in all, 85 cities and 875 villages will have to be partially rebuilt, as well as about 3,000 kilometers of river dikes and other water-management infrastructure—of which 2,000 kilometers of river dikes were proposed for overhaul by the National Accounting Office in 1994.

About 15,000 Polish households have lost everything, and another quarter-million households report considerable



*Schiller Institute delegation marches in a Solidarity demonstration in August 1996. The banner in the upper left calls for a "sovereign economy to protect the family." The Schiller Institute is calling for a national reconstruction program, in response to the floods (see EIR, Aug. 1, p. 7).*

material losses. Unofficial estimates speak of \$5-7 billion as being required for the economic reconstruction, of which at least \$1 billion will be required for the farm sector.

In the neighboring Czech Republic, 42% of the national territory has been affected, including areas with a traditionally high concentration of manufacturing and transport infrastructure, and a corresponding high population density, in the northwestern and northeastern regions of the country. About 900 kilometers of rail tracks have been damaged, and 700 kilometers of overland power lines. About 10,000 households have lost everything, another 110,000 report heavy or considerable damage, at least 23,000 homes will have to be rebuilt or restored to a significant degree, and at least 100,000 hectares of arable land have suffered from the flood. Unofficial estimates from Prague speak of damage in the range of \$4-6 billion. In Germany, the damage along the Oder River so far (the disaster is not yet over, because new flooding is expected) is in the range of \$1.5 billion.

### Time to reconstruct

In all affected countries, huge infrastructure-building programs in water management and flood control, such as dams, levees, and canals, would cost an estimated \$20-30 billion. It is evident that such sums cannot be allocated out of existing austerity budgets, but will have to be provided by classic methods of state-guaranteed generation of reconstruction credits — as has traditionally been done in reconstruction periods immediately after a war.

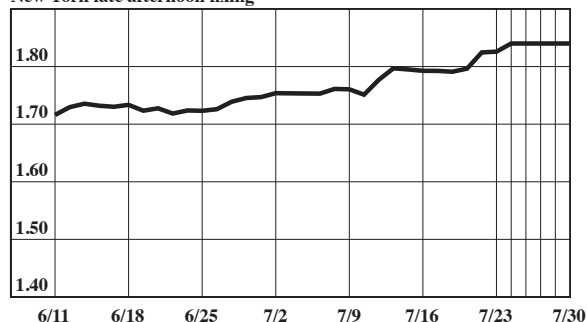
The Polish government and the Parliament decided to take a \$300 million loan from the World Bank, and to open a modest \$750 million credit line from the National Bank for the purpose of reconstruction. However, opposition leaders worry that even this little money will be spent for current budgetary expenses (there is a serious budget crises in the country) rather than rebuilding infrastructure. What was said by free market Finance Minister Marek Belk, praising the government at the beginning of the catastrophe for not planning to spend too much money, is symptomatic of the kind of thinking imposed by the International Monetary Fund and other financial institutions. As long as governments live in this monetarist bondage, any serious reconstruction program, along the lines of the Eurasian Land-Bridge project proposed by Lyndon LaRouche, will be impossible.

However, the flood has encouraged the anti-free trade forces to raise a voice against the neo-liberal dogma which labels the state “the main enemy of citizens,” and to discuss the idea of a nation-state and the common good. A columnist in a major Polish newspaper noted with irony that all orthodox neo-liberals should have praised Prime Minister Włodzimierz Cimoszewicz for saying that people without proper insurance will not be reimbursed for their losses (a statement for which he later apologized). In the face of the latest tragedy, the “every man for himself” idea seems to have lost all popularity in Poland.

## Currency Rates

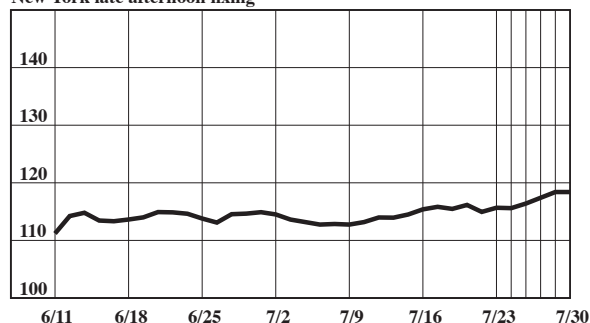
### The dollar in deutschemarks

New York late afternoon fixing



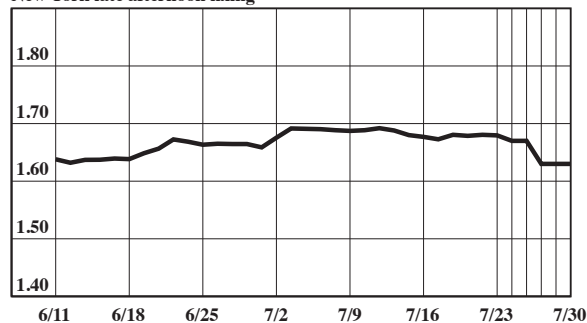
### The dollar in yen

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

