

# Without a program for infrastructure development, Europe cannot survive

by Helga Zepp-LaRouche

*On Sept. 14, Helga Zepp-LaRouche was the keynote speaker at the opening assembly of the biggest construction fair in northern Germany, in the state of Schleswig-Holstein. Mrs. Zepp-LaRouche was the leader of a slate of more than a dozen candidates running on the platform of the Civil Rights Movement-Solidarity in the Oct. 6 German federal elections, and the leading European spokesman for an industrial recovery policy based on the "European Productive Triangle" proposal of her husband, American economist Lyndon H. LaRouche.*

*Some 500 leaders of the Nordbau construction association were present to hear her call for a global program of infrastructure building, to begin a worldwide economic recovery. The full text of her speech follows.*

The world economy is definitely in a difficult situation. The only positive thing that can be said about the problems in the economy is that they are not the result of an unavoidable natural catastrophe; they are the consequence of misguided government policies.

Therefore: If we proceed to use our powers of reason to identify what the misguided economic decisions have been, and correct these errors, then a process of economic recovery can begin in Europe.

The truly positive new development is the discussion which has begun among several heads of state and leading political figures about the necessity of great construction projects—for instance, among President Clinton, Chancellor Kohl, and Jacques Delors. These discussions are a heartening indicator that at least some people in responsible positions are seriously looking for ways to overcome the mistakes of the past period.

I would therefore like to direct your attention to the fact that a growing number of influential circles in various parts of the world are currently examining the fundamental reasons for the economic decline, and at the same time investigating possibilities for overcoming them.

## The collapse

If physical economic output is measured per capita and per square kilometer, it becomes clear that the world econo-

my has suffered an overall contraction since 1971-72. The economic situation in Europe is the worst since the immediate post-World War II reconstruction period.

This downward trend began roughly 30 years ago, around 1964, when Harold Wilson became prime minister of Great Britain. In Wilson's term of office a new malthusian doctrine of "post-industrial economic policy" began to spread in the United States and on the European continent. As a result of this policy, the British pound collapsed, the dollar followed in March 1968, and the Bretton Woods accords broke down altogether in August 1971. From 1971 on, total production of physical goods worldwide, measured per capita and per square kilometer, has collapsed.

It is helpful to consider the simple demographic facts with respect to the changes in humanity's physical relationship to nature on this planet since 1971. Take the changes in infrastructure, industrial production, and agricultural production. The downward tendency began with a sharpening collapse in the so-called developing sector; then, in the mid-1970s, came the effect of oil-price increases; and, finally, the collapse in the developing sector began to pull down the export-dependent economies of the industrialized nations, for example, those of continental Europe.

Next, in 1979, when Paul Volcker became chairman of the U.S. Federal Reserve System, a further reduction occurred in the rate of investment in infrastructure and agro-industrial production. Ever-wilder financial speculation took over the world economy, so that today the biggest speculative bubble in the history of the financial markets has supplanted production of real goods practically everywhere in the world. And that includes the territory of the former Soviet Union!

The rate of bankruptcies among farms and industrial companies, as well as the accelerating rate of crises in the world's financial centers, necessarily deliver a dramatic warning to all those who are examining the actual state of national economies and the world economy. This has led to a recognition that we cannot continue moving in the direction in which the world has been drifting for the past three decades, since Harold Wilson took office.

We have arrived at the point where governments no

longer have any choice other than to change the policies which have led to the spiral of collapse in productive investment. The anti-technological malthusian policy of a post-industrial utopia has exposed itself as a catastrophic failure; no economy on earth could survive a continuation of this policy.

### **The Delors plan**

Yet hopeful and important signs of a re-thinking have occurred. The growing interest in the so-called Delors plan is certainly among them. The outlook for construction of the Transrapid fast rail from Hamburg to Berlin, by now considered a realistic project, is another.

China's serious efforts to build both rail corridors of the "Silk Road" across all of Asia to Europe are also part of the current re-thinking of economic policy. Of still greater strategic importance is the speech given by President Clinton in July before the Brandenburg Gate.

After 30 years of slower and slower expansion, and then an ever more massive contraction of the world economy, the time has finally arrived to return to a policy of economic growth!

Various nations have placed an array of development concepts on the table. Like the outlines in Jacques Delors's "White Paper," or the proposal for a "Paris-Berlin-Vienna Productive Triangle" which my husband Lyndon LaRouche had already put forward in 1989, all these plans emphasize extensive infrastructure projects.

I believe that most of the population, even in our own country, has not really received an explanation of why investment in large-scale infrastructure projects represents an absolute, indispensable prerequisite for solving every economic and social problem in the entire world. It is of the utmost importance that experts who understand these things take the responsibility to explain to the population, for example, why the construction of the Transrapid line from Hamburg to Berlin represents the precondition for an economic recovery.

I invite you to examine on the relevant maps the differences in existing infrastructure between western Europe and the entire remainder of Eurasia. Compare the canal and waterway system built up in western Europe since the time of Charlemagne, with the situation in the area of the former Warsaw Pact and Asia overall. Compare the rail networks! Compare the production and distribution of energy, down to the local level.

Compare the maps of existing systems of modern water supply, well-maintained forests, and other land improvements carried out by agricultural producers and others. Compare the density of hospitals, medical care, and physicians. Compare the density of industrial capacity.

Now compare the statistics for the physical output of agricultural and industrial goods per capita and per square kilometer. Compare the productivity of labor power per

capita with the consumption of clean water, energy consumption of households and industries, ton-miles of freight transport, and with life expectancy and health levels.

### **Infrastructure spurs growth**

These comparisons show clearly that the economic growth of the past took place because we invested at the outset in basic economic infrastructure. Construction of ports, inland waterways, highways, rail systems, energy production, and the improvement and maintenance of agricultural and forest land put our farmers and industrialists and our workforce in a position to achieve the higher levels of life expectancy and living standards that we have begun to lose in recent years.

If we want to resume economic growth in Europe, we have to start by modernizing and renovating our economic infrastructure. In what was formerly East Germany, it is obvious that the communist regime's neglect of infrastructure has left behind a total disaster. There is no hope whatever that these regions can enjoy economic advantages if this deficit is not remedied.

In other parts of eastern Europe, Asia, and Africa, the situation will remain hopeless if we do not build precisely the kind of inland waterways, land improvements, railroads, and energy systems which formed the basis of the economic development of western Europe.

The question will naturally arise: How probable is such a change of policy direction? In brief—ask yourself, "What are President Clinton's chances of success?" and secondly, "Will it be possible to overcome such strong resistance against financing great projects?"

Admittedly, President Clinton has staunch enemies in London and in the circles around former President Bush, and therefore he has encountered massive problems in winning congressional agreement to his domestic program. But as President of the United States, directly elected by all the citizens, he has special constitutional powers, and, on top of that, he has great personal authority as the chief of state as the world's leading superpower.

With the help of leading circles in continental Europe and Japan, with cooperation from great nations such as Russia, China, and India, the ideas of economic growth which President Clinton articulated in Bonn and Berlin can be transformed into the dominant policy around the world.

### **The opposition**

As for the second question, the most significant resistance to growth-oriented policies comes from extremely powerful financial interests which control many influential institutions on this planet, including prominent mass media. These circles base their political power on the giant speculative bubble which is now about to collapse.

During the past six months, the crisis now intensifying in the financial markets has already weakened some of these

## Zepp-LaRouche on TV: 'We need development!'

*Helga Zepp-LaRouche appeared on a television broadcast by the Civil Rights Movement-Solidarity on Sept. 22 at 11 p.m., after the evening news. Here is the text of her statement:*

At the Cairo world population conference, the outrageous attempt was made to set up a U.N. world dictatorship, charged with deciding who is to live and who is to die. The fact that this attempt failed represents a historical turning point, and was the achievement of Pope John Paul II.

The main problem in the world is the enormous lack of development.

The horror images from Rwanda and the economic breakdown of the East make clear that the collapse of the Soviet Union was only the first phase of the collapse of the global economic and financial system.

There is only one way out: an immediate, worldwide reconstruction program. We need the economic integra-

tion of the Eurasian continent, for example, the construction of a land bridge along the old Silk Road, as far as China and South and Southeast Asia.

We urgently require a continental African development program. The same goes for Ibero-America.

Through the cooperation between Chancellor Kohl and President Clinton, the possibility for a change in policy direction has opened up: away from the disastrous Thatcher-Bush policy, which was bent on destroying the East and the Balkans, for geopolitical reasons; toward unlimited job creation in the East!

*Film clip shows President Clinton at the Brandenburg Gate on July 12, 1991, saying in German: "Nothing can stop us, everything is possible."*

Yet, from Chancellor Kohl we unfortunately still have to hear that there is no *Patentrezept* ["cure-all prescription"].

Support our policy for a reorganization of the financial system and for a global reconstruction program, so that we can exert a decisive influence over policy-shaping.

Vote for the Civil Rights Movement-Solidarity, and with it, a policy whose implementation will determine the destiny of our country, and not only of our country.

financial interests; in the coming weeks and months the crisis hitting them will become far worse.

These inevitable developments will create a more and more favorable situation for changing the direction of policy, as exemplified by the Delors Plan, the Transrapid railway, and the rail corridor along the Silk Road.

The greatest problem for the governments of Europe and the United States is the collapse of each nation's tax base, a collapse which has several manifest causes. If, for instance, an ever greater proportion of the total labor force is either unemployed or working in low-skilled service jobs rather than physical production, the productivity of labor power will decline.

To the degree that investment in improved industrial and agricultural technology collapses, the productivity of labor will obviously be reduced as well. The same effect occurs when previous infrastructural investments become obsolete because no repair or renewal has taken place. If society fails to invest in advanced technologies and modes of production, then the profitability of physical production as a whole will be slashed.

What would signify the greatest advantage for all national economies today would be a reversal of the past decades' employment trends, as unemployed and low-skilled service workers begin to rejoin a labor force employed on the basis

of applying modern technology to the manufacture of useful physical goods for consumption and production.

This about-face depends on intensified investment in basic economic infrastructure. Infrastructure is the precondition for expansion and improvement of the economy in industry and agriculture. Moreover, the mobilization of government credits for investment in this kind of infrastructure is the greatest incentive and stimulus for growth and investment in the private sector overall.

The increasingly acute failure of the post-industrial utopians, the obvious false track of the service-sector buildup, the mass bankruptcy now threatening the financial interests which have promoted speculation at the expense of productive investment, all these factors are creating a climate in which the demand for a real economic recovery will be very favorable.

And because any major economic upswing must begin by building large-scale infrastructure projects, facilitated by the issuance of government credits, this is the prescribed path to economic recovery.

I would like to use an image: We have now reached the banks of the river which divides the past of the post-industrial utopia from the future of growth, prosperity, and the well-being of all humanity. Now it is high time to cross the river together!