

EU summit okays 14 key infrastructure projects

On Dec. 10, the heads of state and government of the 12 current members of the European Union (EU) met in Essen, Germany to approve what could well be the most far-reaching economic decisions in Europe in the entire postwar period. With little fanfare, the EU prime ministers approved a proposal submitted by EU Commissioner Henning Christophersen, calling for "priority status" designation and financing to be granted for 14 Trans-European Network, or TEN, infrastructure projects (**Map 8**).

The TEN projects have been the subject of intense debate since European Commission President Jacques Delors submitted a White Paper on "Growth, Competitiveness, Employment" at the December 1993 EU summit. At that time, British Prime Minister John Major played a major role in obstructing the approval of what was then a list of 26 major EU infrastructure projects, mostly high-speed rail links. The Delors proposals were sent back to the commission for "further study," and most observers concluded they had been given the bureaucratic "kiss of death." But this was not to be the case.

By the time of the July EU summit in Corfu, Greece, EU unemployment had climbed to 18 million, and the EU task force under Christophersen submitted a pared-down list of 11 "priority" projects, the so-called TEN. The heads of state at Corfu mandated Christophersen's group to refine and submit their final proposal to the Essen summit. By that point, the list had been expanded to 14 projects. Unfortunately, the link to Zagreb, Croatia is conspicuously omitted.

LaRouche's 'Productive Triangle'

In crucial respects, the TEN approach echoes the concept of American economist Lyndon LaRouche's 1990 Paris-Berlin-Vienna Productive Triangle proposal (**Map 5**) to link Warsaw, Moscow, and other cities in Europe, Africa, Asia, and the Middle East to the economic core of Europe in a high-speed rail grid. This area of Europe is the most highly developed and has the greatest productive potential in the world. It has a great concentration of productive power—energy, skilled labor, transport, sanitation, educational facilities. Europe is rich in standard inland waterways (**Map 6**), which were started by Charlemagne. Barge traffic is the cheapest method for moving inland freight, especially bulk freight, such as agricultural commodities, heavy ore, and sand. In eastern Europe, by contrast, there is almost no development of an adequate system of inland waterways; there's

almost no rail system capable of handling the needs of a modern economy.

By rebuilding the rotted industrial economies of Europe, west and east, we provide a "technology driver" to boost urgently needed world infrastructure investment.

The 14 priority projects

The 14 EU projects which were approved are:

- High-speed rail-combined transport north-south: Verona, Italy, through the Brenner Pass to Munich, Germany, and on to Erfurt and Berlin. This will link the industrial heart of northern Italy to eastern Germany.

- High-speed rail, connecting Paris-Brussels-Cologne-Amsterdam-London: This project will link the industrial area of northern France to the German Ruhr industrial heartland, as well as to Dutch and Belgian industrial areas.

- High-speed rail south: from Madrid-Barcelona to Perpignan, France, and from Madrid to Vitoria-Dax, France, which would integrate Spain into the core of Europe.

- High-speed rail east: from Paris to Strasbourg, into Karlsruhe, and a link into Luxembourg.

- Betuwe line: Rotterdam, Holland to the German border, and on to the Ruhr and Rhine links above.

- High-speed rail France-Italy: from Lyon, France to the center of the Italian motor industry in Turin. This links the industrial center of north Italy to the second largest industrial region of France.

- Highway connecting Greece and Bulgaria: This is part of the developing east-west highway corridor under way.

- Highway connecting Lisbon and Valladolid: This links Portugal via modern road to Spain.

- Rail link (conventional) Ireland-U.K.: This links Dublin to London, and to continental Europe via the Channel Tunnel to France.

- New Milan airport, Malpensa.

- Rail and road link at the Öresund between Malmö, Sweden and Copenhagen, Denmark: This would link Sweden for the first time directly to the continent by road and rail rather than ferry, greatly facilitating development of a Baltic economic region which could better economically integrate parts of Russia (especially St. Petersburg), as well as Latvia, Estonia, Lithuania, and Poland.

- Conventional rail Cork-Dublin-Belfast-Stranraer, linking Ireland to the U.K., and to the continent via the Channel Tunnel.

- Ireland-U.K.-Benelux highway link.

- Nordic Triangle of rail and road linking Stockholm, Oslo, and Copenhagen; this may be affected by the Norwegian vote against EU membership in December.

This grid has been carefully selected to complete a "trans-European" high-speed rail transport network which will make movement of freight and passengers throughout the 400-million person, 15-nation EU, among the most efficient in the world. The projects are mandated to begin by the

end of 1995; several are already under way. The average construction time is seven to nine years, and the whole grid is to be completed before 2010.

"The decisions taken at the Essen summit have given the TENs projects a very strong push forward," a senior EU official involved in the infrastructure planning in Brussels told *EIR*. "We at the commission are extremely pleased with the outcome."

The secret of infrastructure spending

The specific TEN projects are aimed to link up various national high-speed rail networks into an integrated Europe-wide infrastructure grid. Another 22 projects have already been preliminarily identified as the next phase (within two years) for discussion.

The political catalyst for advancing the ambitious TEN has been the alarming explosion in chronic unemployment across Europe, as industry restructures, "downsizes," and sources out its manufacture to cheap-labor regions in eastern Europe, Ibero-America, and Asia, leaving in its wake over the past several years a major new unemployment burden within Europe.

For every person that the EU governments can get off unemployment and back into the productive economy, it is estimated to benefit state tax revenues some \$75,000 per year, both in terms of saved outlays for unemployment and new tax revenue from employed citizens.

This is the "secret" of government infrastructure. If done correctly, such projects repay the economy by a factor of 5-10 times initial cost over their effective life, in terms of stimulating new enterprises along the transport corridors. By 1999, the EU estimates activity on the 14 infrastructure projects alone will generate at least 15 million new jobs, a significant impact on EU unemployment, as well as on state budgets.

By concentrating public works on projects which will add a qualitative boost to the economic productivity and efficiency of the European economy, the EU states have laid the basis for an economic locomotive which could possibly out-perform most of the rest of the world in the early years of the next century.

Financing is not a problem

Until the Essen summit, one hurdle holding back progress was whether the European Commission in Brussels would be granted independent bond-issuing authority to finance missing portions of the TEN projects. Delors had proposed creation, under EU control, of a new public authority along lines of the New York-New Jersey Port Authority. He claimed that critical billions in initial outlays needed to catalyze financing for construction of a number of the TEN projects, required special measures.

"The issue of the 'Delors bonds' is a highly political one," a spokesman for the European Investment Bank told

EIR. "The individual member-state governments rightly feel that the EIB already exists to fill such a role, and that it would further weaken national controls on Brussels were a new authority created. The problem for the TEN at present is not financial, rather it is political foot-dragging."

Before the Essen summit, a compromise was reached in which the EU governments authorized an increased level of the EU budget in coming years to be earmarked for TEN priority projects. "The EU was told to allocate unspent monies from other areas, as well as using the new financial budget contributions from the entry of Finland, Sweden, and Austria in January. In addition, overall EU budget sums are tied to national rates of GDP growth, so as this increases, so will funds available in Brussels to the TEN over the coming years," an official in Brussels said.

In addition, the Essen summit greatly strengthened the role of the little-known European Investment Bank, the lending bank of the EU. Created in 1958 to finance infrastructure in poorer regions of the European Economic Community, the EIB today has become a major supranational lender and borrower, exceeding the size of the World Bank. Because it concentrates in the EU, its importance is little known. But the EIB, whose board of directors consists of the finance ministers of the EU member governments, has been asked to create a TEN "special window" to guarantee certain infrastructure loans, provide advance funding to initiate projects, and facilitate accelerated development of the 14 TEN projects.

Already the EIB has completed its technical and financial appraisal of 11 of the TEN projects, and of those, nine have begun to receive EIB loans, already some \$5.6 billion. Most of the 14 projects will have begun construction by 1995, or at the latest 1996, with the peak construction activity scheduled to be reached in eight years. The EIB will invest approximately \$10 billion in 1995 in the TENs, together with local governments and the EU Commission, as well as private bank financing in certain cases.

Symptomatic of the growing political support for the great infrastructure projects in Europe—a mood diametrically opposite that prevailing in the Thatcherite, 1980s "free market" era—German Chancellor Helmut Kohl, during the Essen summit, discussed with Russian President Boris Yeltsin the construction of a 3,000-kilometer, eight-lane super-highway linking Moscow to Berlin and western Europe, a project whose total cost is estimated at \$36 billion. As well, the Essen summit approved the coordination, with neighboring states in eastern Europe, of linking the western TENs with a new rail and road grid in the former communist economies of the East. (Compare the similarity of Delors's proposal for eastern Europe, **Map 7**, with LaRouche's Productive Triangle proposal, **Map 5**.) Specifically, work will begin on eight "priority corridors," including rail and road links for Berlin-Warsaw-Minsk-Moscow, Dresden-Prague, and Helsinki-St. Petersburg-Moscow.