

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.

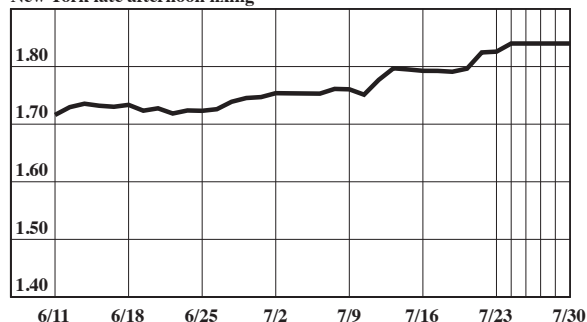
The Polish government and the Parliament decided to take a \$300 million loan from the World Bank, and to open a modest \$750 million credit line from the National Bank for the purpose of reconstruction. However, opposition leaders worry that even this little money will be spent for current budgetary 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 Wlodzimierz 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

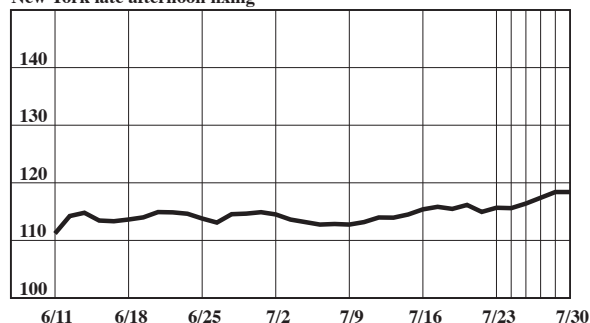
The dollar in deutschemarks

New York late afternoon fixing



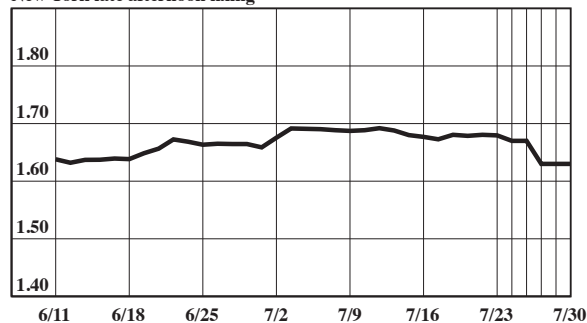
The dollar in yen

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

