The Blairites were abetted in this fraudulent effort by the royal air-head, Prince Charles, who told a British Medical Association conference on Nov. 6, that the flooding revealed "mankind's arrogant disregard of the delicate balance of nature," especially as "advances in technology" threatened to "become the agents of our own destruction." Charles was, the next day, bitterly attacked by leading British scientists, for himself showing "arrogance and ignorance."

## Gigantic Drop in Infrastructure Spending

The Nov. 5 *Sunday Times* let the cat out of the bag, about what is *really* going on in Queen Elizabeth II's United Kingdom.

The paper wrote that two years ago, i.e., well after Blair had been elected Prime Minister, the British Environment Agency "gave a clear warning to ministers, that lack of spending on infrastructure would mean more flooding. Defenses [against flooding] were underfunded by £40 million a year—a relatively modest sum." The then-director of water management for the agency, Geoff Mance, warned that "the consequence of this will be progressively increasing the risk of failure of defenses"; his report recommended a national strategy to prevent disaster. But, the *Sunday Times* commented, "nothing happened."

Much worse, is what has happened to national investment in vital infrastructure as a whole. The *Sunday Times* reported that, in the 1960s, the British government was spending the equivalent of £30 billion a year on "public investment," but by the late 1980s, after a decade of rule by Margaret Thatcher, spending "had dropped to less than £5 billion annually." For a while in the 1990s, the figure went back up again, but by 1999, after two years of Blair's Thatcher-look-alike "New Labour" government, capital spending was back down to the miserable £5 billion level.

## Britain Is Like a 'Banana Republic'

Reflecting a view widespread throughout the United Kingdom, and one endorsed by influential Britons with whom *EIR* has spoken, the Nov. 5 *Sunday Times* lead editorial was entitled, "A State of Utter Chaos." The paper asserted that "a Third World visitor arriving in Britain this weekend would feel entirely at home." Putting aside for the moment this somewhat condescending blanket characterization of the developing world, we report the uncontestable points that immediately followed:

"The trains are barely running thanks to a chaotic system and years of under-investment, the army is on the streets to fend off natural disasters, motorists fearful of fuel shortages are forming queues outside petrol stations, and the prime minister has postponed an overseas trip while his government is in emergency session. The health minister has admitted that a crisis in hospitals this Winter is inevitable. . . .

"Digby Jones of the Confederation of British Industry says the state of the country resembles a 'banana republic.' That may be a little hard on tropical economies, but there is no doubting that Britain's reputation has taken a blow in recent months as we have floundered from one catastrophe to another. Public confidence in the government's ability to manage crises has been eroded."

In a sign of a changing paradigm among leading circles in Britain, the paper, which more often than not is on the "liberal free market" side of things, argued that the fundamental problem afflicting "Britain's crumbling infrastructure and poor services," is not a lack of money as such, but "a chronic aversion to strategic planning." It blasted the Blair regime, for insisting on progressively privatizing the "essential service" of air traffic control, rather than "expanding our airports to meet the inevitable increase in traffic." At the same time, it said, the failure to improve "our rail links with France has been a national disgrace."

# British Rail Disaster Has Come to Germany

by Rainer Apel

When, on June 3, 1998, one of Germany's modern high-speed, Inter-City Express (ICE) trains crashed at Eschede, in an accident unprecedented for the entire century, which killed 101 passengers, people were suddenly raising questions as to the real situation in the nation's rail sector.

The Eschede disaster occurred, because a broken steel wheel of a rail car got stuck in an outmoded rail switch. The wheel broke because of bad maintenance; the old switch was there because the state-owned Deutsche Bundesbahn (DB) railway company never built the modern track which the ICE requires, for speeds of up to 280 kilometers per hour. Instead, the track at Eschede was used by trains of all categories, old and new. This is the situation in many parts of Germany, and it is so because of disinvestment.

Many experts have known about this disinvestment, but the exact figures were not made available, because the Bundesbahn's management did not want a public debate on that, as it would have jeopardized plans to privatize the rail company by 2005 at the latest. Instead, DB's managers have, since the start of the "railway reform" in 1994 that was to prepare the way for privatization, put the emphasis on glamorous aspects of that reform, such as new, futuristic railway central stations, or stylized locomotives and rail cars of the latest ICE. The disaster at Eschede destroyed that glamor, and there would have been a broad public debate, had the government not suppressed it with unkept promises about "improvements," while it held onto its plan to privatize Deutsche Bundesbahn.

But, two years of suppressed debate came to an abrupt end on Nov. 5, when railway management made public that, instead of its projected net profit of 1.4 billion deutschemarks (under $1 billion) for this year, it will report a net loss of DM 1.5 billion. Moreover, chief executive Hartmut Mehdorn announced a budget deficit of up to DM 17 billion over the next four years. He said that the shortfall was due to miscalculation at DB dating from December 1999, before he took over the top management post, and he blamed the government, because it never paid the DM 10 billion annually it had promised the firm in 1994. Therefore, the rail sector is out close to DM 20 billion, over the past six years.

Mehdorn revealed some of the past 30 years' secrets. He may be trying to save his own neck, but the figures, presented for the first time by a railway executive, are sound: Germany's rail grid is basically what it was in 1860, after the completion of the first phase of railroad development. A mere 1,000 km of new track has been added since World War II. Of the 800 railway bridges, more than half are more than 75 years old; of the 700 tunnels, 40% are more than 100 years old. Locomotives have an average age of 25 years; rail cars, 40 years. "Maintenance and repair expenses exceed what we earn from using the old rolling stock and infrastructure," Mehdorn said. "We're repairing ourselves to death."

Mehdorn spoke vaguely of "many more billions" needed to modernize the outmoded German rail system. Independent experts, such as those of "Pro Rail," a private association of rail users, estimate the need for basic rail investments at DM 200 billion.

The figure resembles those being debated in England, where 20-25 years of privatization-linked looting and disinvestment have forced the railway supervisory board to shut down a good deal of Britain's rail system, as safety is no longer guaranteed. Several deadly train accidents in Britain have sparked a broad public debate there, about the need to re-nationalize the rail system; the privatization of the early 1990s split it up into more than a hundred private companies that maintain just their section of public transport. Minimal investment and maintenance standards that are still in force on the European continent, and used to be enforced when it was the state-owned British Rail, have been ignored. Some of the private rail companies, whose shares are the most heavily advertised on the stock exchange and which promise the biggest gains for share-holders, rank worst for quality of service—such as Virgin Trains. In less than ten years of privatization, Britain's rail sector no longer works. All of those facts are evident, not just to Britons, but also to continental Europeans.

## More of the Same Poison

It is all the more absurd, that DB's management and the government are stubbornly insisting on their budget-cutting policy: Mehdorn's main recommendation, is that more cuts will have to be imposed—in manpower, services, and purchases of new rolling stock. Mehdorn also called for selling off 25% of Deutsche Bundesbahn to "wealthy foreign railway companies." The American, Canadian, and Japanese rail firms which were mentioned, however, all have big debt problems of their own: East Japan Railway Co. has a debt ratio of 88%; Amtrak and Union Pacific are deeply in the red; and Canada's Rail America recently had to sell parts of its property on an emergency basis, to meet acute payments problems.

The German government, which fortunately seems aware of the problems with the allegedly "wealthy" foreigners, has rejected the sale option, at least for the time being. But it has also made clear that it will not authorize extra funds for the rail sector, which, it says, "has to help itself out of this mess." The government's only concession, is to postpone the planned full privatization of German Rail beyond 2005. Whether Germany's rail sector will survive four more years, however, is more uncertain than ever before.