

Italians promote Balkan reconstruction

by Claudio Celani

Of the European Union nations, Italy is the front-line state in the Yugoslav war. Italy is also the most heavily engaged in providing humanitarian aid to the Kosovo refugees in Albania. The Italian Army has built camps that provide beds, food, and hospital treatment for 25,000 refugees—a major effort, but only a small percentage of refugees coming out of Kosovo. Daily, boats loaded with Kosovars land on Italian shores, straining the already overcrowded facilities in the port cities of Bari and Brindisi. The sense that aid is not enough, and that the economic reconstruction of the whole region is urgent, is therefore felt by Italians more directly than others.

A debate on reconstruction policy for the Balkans has developed among Italian economists and politicians, echoing elements of the “LaRouche Doctrine” (see *EIR*, April 16, 1999).

A new Marshall Plan must be implemented after the war, said Prof. Domenico Siniscalco, chairman of the Enrico Mattei Foundation, in an article in the business daily *Il Sole-24 Ore* on April 11. Furthermore, “if it is announced in time, and in a credible way, the plan itself could contribute to solving the conflict, by removing differences and indicating to everybody the economic dividends of peace.” Professor Siniscalco specified that a “plan of intervention” must “realistically give up the ideology of supranational monetary institutions.”

Siniscalco’s proposal was immediately endorsed by Vice Minister for Foreign Affairs Umberto Ranieri, who wrote a commentary in the same newspaper on April 13. He stressed that a new Marshall Plan for the Balkans must allow a new class to emerge in the Balkans, a stratum “able to respond to the offer of a long-term economic cooperation.” Ranieri rejected the idea of “bringing those countries quickly into the European Union”—i.e., a neo-liberal recipe. “What we need,” he wrote, “is a perspective of integration and civil and economic reconstruction, aimed, in a particular way, toward some of the former Yugoslavian countries. A perspective that Europe was not able to propose at the beginning of the ’90s, when the drama exploded.”

The director of the European Bank for Reconstruction and Development, Mario Sarcinelli, also supported the idea of a new Marshall Plan, which must be based on “a common plan for reconstruction and development” between “winner and loser.”

How that common plan would look, was suggested by Prof. Mario Deaglio of Turin University, a regular columnist in the daily *La Stampa*. Deaglio wrote on April 16 that there must exist a master plan for infrastructure which aimed to enhance two main elements: “the Danube water system” and the “production and distribution of energy.” He wrote that the postwar perspective for the Balkans must be discussed not “along the lines of a Congress of Vienna,” but instead “mainly in economic terms, as the Allies did during the Second World War, when they organized the conference at Bretton Woods that designed an international monetary system that created the lengthy economic miracle of the ’50s and ’60s throughout the Atlantic area.”

Professor Deaglio explained his views more fully in a telephone interview with *EIR* on April 24. He is thinking on two levels, one concerning the proposal for Balkan reconstruction, and the other involving a proposal for reforming the world economy. On the Balkans, he said, a working model is the postwar European Coal and Steel Community—a multinational body in which all governments participated, including wartime enemies. He reiterated the two priorities concerning multinational infrastructure: water transportation and electricity. As for the financing, he proposes that Europe provide it: “Europe now has a currency and a currency can issue credit.” Deaglio thinks that the best solution is a new institution to issue “fiat” credit. In this way, the strictures of the European Stability Pact and of the Maastricht Treaty that created the euro would be outflanked, he said.

Of course, to situate a Balkan Marshall Plan in the context of a larger Eurasian Land-Bridge project would be ideal, Deaglio said, “but in the meantime, we can start to build a piece of the bridge.”

The new world financial order

As regards the world economy, Deaglio thinks that a group of major countries (the G-8 plus eight more) should form a combine to decide a new world financial order. We need “an IMF of a new kind,” he said, suggesting that a “Tobin tax” on financial speculation be introduced to fund the new institution and to deflate the financial bubble.

“Yes, I am concerned with the speculative bubble,” Deaglio said. “Especially small countries are impotent in the face of external forces they cannot control. We need a mechanism that reduces instabilities. Even if this means less freedom for the markets, what you lose in freedom, you gain in stability.

“A Tobin tax could deflate the bubble, restoring the system to normality. Under a ‘normal’ regime, one should not need capital controls, but if countries feel threatened, or run into an emergency, they should be free to do it, as Malaysia did.”

A major feature of the new financial order, Deaglio said, must be a guarantee of fair prices for raw materials. The collapse of raw materials prices, he said, is having a depressing effect on the overall economy.