

How the Balkan war could have been prevented

by Elke Fimmen

Immediately after the fall of the Berlin Wall, in 1990, Lyndon LaRouche proposed a program for the development of eastern Europe, which he called the the “Paris-Berlin-Vienna Productive Triangle.” LaRouche’s program called for using this region as the motor for the economic buildup of eastern Europe following the collapse of communism. Reaching out from the core region, spiral-armed infrastructure corridors would stretch into the rest of the European regions, and, through an integrated system of links for high-speed, magnetically levitated trains, as well as roads and waterways, a market of over a half billion people would be created.

LaRouche’s program for economic reconstruction was not adopted. Instead, the policies of British Prime Minister Margaret Thatcher and U.S. President George Bush enforced brutal International Monetary Fund (IMF) “shock therapy,” open markets, and the looting of the economies of eastern Europe and Russia, with the well-known, disastrous social and strategic results.

In Yugoslavia, with these methods, the fuse on the dynamite was lit. The IMF devised a “reform package,” under the guidance of foolish Harvard economist Jeffrey Sachs, for the already economically weakened Yugoslavia, a package which within a year, led to unstoppable economic decline. The country was plunged into deep depression, with mass unemployment and hyperinflation; living standards fell, and state investment programs were stopped. At a meeting of the Mont Pelerin Society in September 1990, economics professor Steve Pejovich from Texas A&M said that, thanks to the IMF “reforms,” the probability had increased that “the country would be politically destabilized by growing disparities between ethnic groups.”

It was a situation which might as well have been custom-

designed to supply fertile soil for Yugoslavian strongman Slobodan Milosevic’s “Greater Serbian” domination strategy.

In May 1991, the U.S. State Department, under Secretary of State James Baker III, further worsened the situation in Yugoslavia: All U.S. aid was stopped to all the constituent republics, and the U.S. imposed a veto on the issuance of further IMF credits. A bridge credit of \$1.1 billion collapsed, and with it, also all further expected foreign credits in the amount of \$3.5 billion, which were tied to the IMF credits.

With a single blow, the Bush administration had thrust Yugoslavia into a whirl of a total financial and economic collapse, with dramatic results for the entire region — without any positive alternative. The Bush administration claimed that this step had to be taken, to punish Yugoslavia for its failure to hold free elections the year before, and for human rights violations in Kosova — even though such violations had already been known about three years earlier.

A social explosion — especially in Serbia — was expected for the Autumn of 1991, since wages could not be paid. The cessation of payments on the foreign debts of \$16 billion, which up until this time had been serviced under IMF oversight, still stood.

The republics of Croatia and Slovenia, which only a few months before had been ready to continue a political union in the form of a loose confederation of the Yugoslav constituent republics, so as to create a common economic region and customs union, as well as a common defense in case of attack, now declared that under these circumstances, and in the face of Serbian power politics, they intended to declare their total independence from Yugoslavia.

In June 1991, two days before the the two republics offi-

cially declared independence, U.S. Secretary of State James Baker, on a sudden visit to Belgrade, assured Milosevic that the United States stood “for the territorial integrity of Yugoslavia.” This, despite the fact that the disintegration of Yugoslavia was being accelerated precisely because of the U.S.’s decision to cut off credit! Under these circumstances, Milosevic interpreted Baker’s visit as a green light for a military action against Slovenia and Croatia.

The World Bank and the IMF continued to insist on payment of the Yugoslavian back state debt of about \$5 billion — about the portion which had been promised to Bosnia as construction aid. Payments promised by the European Union, never came.

Official U.S. passivity regarding Milosevic continued until the change of the Presidency from George Bush to Bill Clinton, and with the help of intentional British and French support for Milosevic, made possible the complete destabilization of the region, and all of Europe. Today’s war is having the same effect.

The Schiller Institute’s record

During the entire time, the Schiller Institute had been aggressively proposing the implementation, by the latest at the end of the war in Bosnia-Herzegovina, a comprehensive “Marshall Plan” for the entire Balkan region. Had the United States adopted and promoted such a program, the region would have been stabilized, and ethnic conflict avoided. There would also have been a different perspective for the Serbian population, which could have led to peaceful political changes.

The Schiller Institute’s policies and proposals were well known to leading circles in Europe, the United States, and in Yugoslavia itself. But they were wilfully, and tragically ignored. Lest there be any doubt about that, we present here a summary of the activities of the Schiller Institute in the region, with special emphasis on the economic development perspective.

Croatia

In a public call for the recognition of the independence of Slovenia and Croatia, the Schiller Institute declared: “We support the full realization of the proposed all-European infrastructure program of the American economist Lyndon LaRouche, the Productive Triangle, as the only possibility for restoring peace to the Balkans.” The call’s supporters included, in addition to German Schiller Institute president Helga Zepp LaRouche, artist Boleslaw Barlog (now deceased), former Austrian Justice Minister Dr. Hans Klecatsky, and numerous state legislators as well as many politicians, artists, and scientists from Austria, Hungary, Croatia, Armenia, the United States, Peru, Venezuela, and elsewhere.

The Schiller Institute’s international activities, including



Bosnian leader Faris Nanic addressing FDR-PAC seminar on Jan. 4, 1997 on the need for economic reconstruction. To the left are Lyndon LaRouche and Schiller Institute founder Helga Zepp-LaRouche.

many visits from 1991 onward, fostered discussion not only on the question of the geopolitical background of the war, but also sparked a debate on the question of the future orientation of economic policy. This theme was repeatedly stressed in the Schiller Institute’s many reports and seminars. Two examples:

- July 1994: Michael Liebig, at a Schiller Institute-sponsored seminar at the University of Zagreb, presented “An Alternative to the IMF’s Shock Therapy.” He laid out the foundations for the tested principles of physical economy and productive credit creation. His presentation was subsequently translated into Croatian, and was circulated in the Croatian-language edition of the Schiller Institute’s “Strategic Studies” among Croatian institutions, journalists, and interested individuals.

- Spring 1997: the Schiller Institute’s Paolo Raimondi gave lecture on the “Strategic Significance of the Eurasian Land-Bridge,” at the international spring “Europa-Haus” lecture series in Zagreb, with high-ranking European and American diplomatic participants.

Lyndon LaRouche, who at this point was still incarcerated as a result the Kissinger-led effort to erase him from the political map, gave many multifaceted interviews to Croatian newspapers, including one in November 1994 to the weekly *Nedjeljnja Dalmacija*. In that interview, LaRouche attacked the malthusian British geopolitics behind the Balkan war,

and warned: “If we fail, what has already begun in former Yugoslavia, will become the beginning of a new world war.”

Bosnia-Herzegovina

In April 1994, at the high-point of the destructive war in Bosnia-Herzegovina, Schiller Institute founder Helga Zepp LaRouche spoke at a conference of the “International Parliamentarians Against Genocide” in Brussels, which was opened by the former Bosnian Foreign Minister Irfan Ljubljankic. In the face of the endless horror, it would appear to be very difficult to imagine future economic cooperation after the restoration of the pre-war border, she said, but “there must come a time at which the bitterness is overcome and the way for peace is opened up.” She referred to the efforts in the Middle East for an “Oasis Plan” as the basis for political peace. The geopolitics of Thatcher and Bush from 1989 onwards, must be reversed, she said. This means not only stopping the genocide and giving the idea of tolerating a “Greater Serbia,” but it also means bypassing the IMF and World Bank. Instead, “massive economic development with western aid to the Balkans, but also urgently to Russia, Ukraine, and the other countries of the former Warsaw Pact,” must be put into effect.

Immediately after the Dayton agreements at the end of 1995 the Schiller Institute worked out a series of further initiatives:

- February 1996: At a press conference in Washington, Helga Zepp LaRouche, along with Dr. Josef Miklosko, former vice-premier of post-communist Czechoslovakia, and former U.S. Congressman John Dow, released a “Call to Save the Children of Bosnia-Herzegovina,” which was also supported by Father Richard McSorley, S.J., the director of the Center for Peace Studies of Georgetown University, and by as many other well-known international figures.

- February 1996: The international Schiller Institutes circulated a “Program by Bosnian Intellectuals for National Reconstruction.” It proposed, among other things, the establishment of a national bank, productive credit creation to crank up production, a currency reform, and the creation of a national commission for infrastructure and regional development. This was meant to especially drive the upgrading of the country’s energy and water supply, as well as the construction of canals, railroads, and roads.

- April 1996: An international Schiller Institute delegation, which included U.S. Massachusetts State Legislator Benjamin Swan and former U.S. Congressman James Mann from South Carolina, visited Bosnia-Herzegovina for talks with top-level political and church representatives, including the Cardinal of Sarajevo, Vinko Puljic; the highest level Muslim dignity in the country, Dr. Mustafa Ceric; Croatian and Serbian members of the seven-person Bosnia state presidium Klujic and Pejanovic; the vice-president of the Social Democratic Association (the ruling party) Bicakcic; the acting defense minister Cengic; and the president of the humanitarian

organization Merhamet, Dr. Becirbegovic. At a press conference in the headquarters of the ruling party, the SDA, they demanded that “The reconstruction must be undertaken in the context of an emergency program along the lines of the American Marshall Plan of the post-war period. . . . The political, institutional and economic sovereignty of Bosnia-Herzegovina must be asserted against the orders of the international financial institutions and against geopolitical interference by powers like Great Britain.”

- August 1996: German Gen. (Ret.) J.A. von Kielmansegg travelled with a delegation of the Schiller Institute to Sarajevo. Up until 1994, General von Kielmansegg had been chief of staff of the NATO Northern Army group in Mönchengladbach, and also was head of the UNPROFOR protection force in Bosnia. In his report, he stated that “the will for reconstruction, and also the capability for, it are present in the country, but the promised and so urgently needed financial

LaRouche: British hand behind Balkan wars

There is no understanding the outbreak of the 1990s war in the Balkans without understanding the role of British geopolitical aims, and methods, in the region. Lyndon LaRouche and Executive Intelligence Review have repeatedly identified this causal factor, which we will briefly review here, and insisted that the British role be identified explicitly. We quote here from LaRouche’s discussion of the issue at a Jan. 5, 1997 seminar in Washington, D.C.

Then, in 1989-91, when the Soviet system disintegrated, we said, ‘We don’t need the nation-state any more!’ And there began a process of full-scale destruction of the nation-state as an institution, because the likelihood of any form, the challenge from a nation-state seemed impossible. We had now entered, as Bush said, a new world order, which is a global order, in which the nation-state is to be eliminated.

In that context, you had a special problem, where the Balkan war erupted. Thatcher, who brags in her biography, quite accurately, that Bush was her puppy dog — she could control him by snapping her fingers, as only an old British nanny could do — went into things like Desert Storm, for reasons of a policy which was enunciated by the British government in 1989, in the fall of 1989. They said the danger is that with the collapse of the Soviet system, that Germany will instinctively react, by using its machine tool

and economic aid is, up until now, either not forthcoming, proceeding slowly or drop-by-drop, or it is tied up by the World Bank and the IMF over conditions which are totally unfulfillable by such a poor and destroyed country. What's necessary is a kind of Marshall Plan for Bosnia-Herzegovina, just as the one which helped us Germans once again to our feet 50 years ago."

- October 1996: General von Kielmannsegg, Gen. (Reg.) Paul-Albert Scherer, former chief of Germany's military intelligence service, and Elke Fimmen from the Schiller Institute published a memorandum titled "No Return of the Bosnian War Refugees Without Economic Reconstruction in Bosnia-Herzegovina." The memo demanded bilateral German economic aid for infrastructure projects, instead of the aid being tied up by the totally ineffective European Union and World Bank mechanisms. This memorandum was circulated in all important institutions in Germany. Its supporters

included Maria Jepsen, a bishop of the Northern Elbe Evangelical Lutheran Church in Hamburg.

- January 1997: Faris Nanic, co-initiator of the recent call for peace through reconstruction in the Balkans, spoke, at the request of the Schiller Institute, at a Washington, D.C. conference of Lyndon LaRouche-associated political action (FDR-PAC) on the theme "Bosnia—Bridge between West and East." Nanic appealed to the United States and Europe, to establish a lasting peace in Bosnia through economic development, and to expand this process throughout the region, the Balkans, and all southeastern Europe. "Otherwise," he warned, "the policy of balance of power politics, which has caused enormous blood-sacrifices in this century . . . will prevail far into the future."

- Spring 1997: the Schiller Institute was invited to participate along with Bosnian and Serbian economists, in a Sarajevo seminar of the United Nations Development Program.

potential as an export potential, to open up a new phase of development of eastern Europe and the Soviet Union, too, or the territory of the Soviet Union. This must be prevented at all costs.

The British call this the "Fourth Reich issue": the danger of Germany emerging as a Fourth Reich, that is, as an economic power, through its collaboration with those sections of the former Comecon which had been part of the Soviet system earlier. That this would therefore reaffirm the institution of the nation-state. This was a geopolitical issue.

Under that policy, Bush, with Thatcher, were the mediation for ensuring that, now that eastern Europe and the former Soviet Union were down on the ground, let us keep them there forever. And every economy in eastern Europe has been significantly destroyed, relative to its level of 1989, under the so-called reform. The most savage reform, the most savage collapse of any part of eastern Europe is perhaps in eastern Germany, where the economy has been destroyed by the German government, under orders from the Anglo-Americans and the French, Mitterrand, under Maastricht. But, the same pattern exists in Poland, exists throughout eastern Europe. Romania is notorious, Bulgaria is notorious, Hungary is notorious.

Then there's another aspect to this: the Balkans. You may recall, when the war in the Balkans started, which started *after* Desert Storm, it was unleashed by British Intelligence, with the support of Mitterrand in France. The war cry, the original war cry used by Belgrade to justify the attack on Croatia and Slovenia, was the magic phrase, " 'Fourth Reich.' " "Germany is the Fourth Reich, Germany is the danger." That terminology was no longer used after that phase, in the Bosnia phase of the war, but it was used

in the opening phase.

Now, we dealt with the British in that period, talked to them about it, to high-level people we knew. And they admitted, that the purpose of the Balkan war, the reason that they and the French organized the Balkan war, was for geopolitical purposes, *identical to those which set World War I into motion*, which they did, the British and French at that time, started the Balkan war of the early part of this century, and organized the Balkan war, in effect, during World War II. It was organized on the same logic, as part of the destruction of those parts of the world which might be the basis for re-emergence of nation-states. This is the same policy which is being carried out in Africa, which is a deliberate policy of genocide.

There is no intent, on the part of the British or their friends in France, or others, *to allow* the restoration of any state power in the Balkans. They are now in the process of putting Serbia through the meatgrinder. The opposition is legitimate, but the leadership is doubtful. It looks like another meatgrinder. It looks like they're preparing to set into motion the basis for a new Balkan war—as they did before World War I. Remember, there were two Balkan wars in that period, one set up after the other.

We know there's no intended solution for Africa.

And, that's the point. We now face a situation in which those are the realities. We are in a system which is collapsing, where the collapse of the system is imminent, the financial system. The economies are collapsing under the influence of these policies, and we have, in various parts of the world, as typified by the case in the Balkans and the case in Africa, we have parts of the world which exemplify the horror show which results from the continuation of these policies.