

Debate on Balkan reconstruction rages around LaRouche proposal

by Umberto Pascali

The overwhelming majority of the Balkans' leaders agree on at least one point: If reconstruction and development of the area is not achieved, if a New Marshall Plan for the Balkans is not launched immediately, there will be no peace. Rather, there will almost certainly be an escalation in that war, which will soon spread out from the region with appalling, yet predictable consequences. The "peace in the Balkans," reached after two months of NATO bombings of Kosovo, Serbia, and Montenegro, could therefore be nothing more than a momentary pause, unless real peace is achieved. And, real peace means reconstruction, economic development—the opportunity to have the dignity of a productive occupation and the hope for a future for the people of the Balkans, who have suffered almost ten years of war.

At a recent conference in Washington on "Balkan Assistance and Reconstruction," Bosnia's UN Ambassador, Muhamed Sacirbey (see article, p. 32), recalled the "lost chance" in 1995-96, following the Dayton Peace Accords that ended the hot phase of the war and genocide against Bosnia. The fighting stopped, but peace did not arrive, because Bosnia was denied sovereign government authority on economic and financial matters, and was not given a chance to restart its "economic engines." If that had been given, the war in Kosovo would not have happened.

Said Ambassador Sacirbey: "I think there is the realization that without economic assistance, without rebuilding, without making an effort to economically as well as politically and militarily integrate this part of Europe into all of Europe, in fact there will be a very heavy price to pay by the western

European countries and the United States *in terms of future events like Kosovo.*"

The Bosnian leader was echoed by Amb. Miomir Zuzul of Croatia, who, in an interview published on p. 33, described in similar terms that "lost chance," especially in terms of the ambitious and courageous mission conceived by the late U.S. Secretary of Commerce Ron Brown at the beginning of 1996, before he and a delegation of 30 top U.S. economic leaders were killed in a plane crash in Dubrovnik, Croatia. Said Ambassador Zuzul: "Secretary Brown organized a group of businessmen and investors who were already prepared to invest. . . . That was immediately after Dayton. And if that had really happened at that time, if at that moment we had had the American investments in that region, maybe a lot of things could have gone in a better direction. Probably Bosnia would have been stabilized much quicker, and *maybe Kosovo wouldn't have happened.*"

This debate on Balkans reconstruction is raging all over the world right now, as shown, for example, by the Washington conference we report on in this *Feature*. The question of the reconstruction of the Balkans is a question of life or death, first of all, as we have stressed, because it means the difference between real peace and escalation toward a global war. But, also, because it presents an historic possibility for the world's nations to escape from the mortal embrace of the supranational financial institutions, such as the International Monetary Fund (IMF) and the World Bank. The "civilian side" of the Bosnia Dayton Peace Accords was given as a franchise to these institutions, and they did not allow any reconstruction,

and very skillfully sabotaged the strong and healthy push of the Bosnian leaders and peoples in this direction. In fact, the world's nations now have the chance to save themselves, by saving the Balkans.

In April 1996, ten days after the death of Commerce Secretary Brown, a delegation of the Schiller Institute, including U.S. legislators, visited Bosnia, landing at Dubrovnik airport. In a statement, the delegation stressed: "Indeed, the approach of Secretary Brown to the reconstruction of Bosnia was the opposite of the philosophy and practice of the World Bank and the IMF. . . . Not a little help, in exchange for Bosnia's giving up its national sovereignty and becoming enslaved in the debt mechanism. . . . [He intended to unleash] the positive power of the American economy, as opposed to the destructiveness of financial speculation and usury . . . to *bring back the U.S. to its real interest: a power for the good, a nation that develops itself by helping developing the world.*"

LaRouche's 'three principal elements'

The debate on reconstruction is an unprecedented opportunity to bring the world back from the edge of financial disaster. Leaders of the world's major countries are now looking for a solution. And this debate on how to survive is also converging ever more explicitly on the blueprint detailed by economist Lyndon LaRouche. His essay, "Balkan Peace and World Economy: The Case for a 'New Marshall Plan' " (*EIR*, June 18), is being widely circulated both in the West and the East, and is being studied with utmost attention. In particular, his "three principal elements" to trigger a process of reconstruction, are becoming the reference point for the discussion.

These elements are: 1) A multinational military-engineering authority with responsibility for the emergency basic infrastructure mission for the initial period of operations, and for liaison with private economic initiatives for reconstruction. 2) A special financial facility, operating with *independence from existing monetary* institutions, and modeled upon the success of the Credit Bank for Reconstruction (Kreditanstalt für Wiederaufbau, or KfW), the crucial ingredient behind the German economic miracle after World War II, for coordinating the funding of both public and private enterprises. 3) A private Contractors Authority, assembled in memory of Ron Brown, which mobilizes public and private vendors of materials and engineering services for support of the infrastructure-building effort.

On June 18, a few days after the publication of LaRouche's essay, the German economic newspaper *Handelsblatt* reported that Manfred Schüler of the KfW has asked the German government to propose the creation of a centralized financial institution to lead the Balkans reconstruction effort. Obviously, Schüler's proposal implies very clearly that the IMF, the World Bank, and other, European supranational financial institutions are to be kept out of the process of reconstruction.

The proposal echoes a reconstruction proposal for the whole of eastern Europe put forward by Alfred Herrhausen, the head of Deutsche Bank, before he was killed by a terrorist bomb in November 1989. Because of the KfW's long-term experience in the field of economic development all over the world, Schüler stressed, the KfW is qualified for the task. The reconstruction of the Balkans can be achieved through an "emergency aid fund" for the most immediate needs, especially in the areas of transportation, water systems, and hospitals.

Furthermore, an investment fund for long-term credit should be established to finance all needed infrastructure projects, and the creation of new productive companies. Such long-term credit for investment should be handled with an interest rate of 0.75% for a period of 40 years, including a 10-year grace period.

Indeed, it would be difficult to find a proposal further from the usurious, controlling philosophy and practice of the IMF and related organizations. (For an analysis of KfW's history and crucial relevance for the Bosnian reconstruction, see article on the KfW in this *Feature*, p. 41.)

A conference in Washington

Similar ideas were heard clearly at the Washington conference on Balkan Assistance and Reconstruction. Many of the 200 participants were pleasantly surprised when a gentleman from the U.S. Army Corps of Engineers, who is stationed in Wiesbaden, Germany, confronted the representative of the World Bank, asking him why it is impossible to get World Bank contracts for U.S. firms that want to invest in Bosnia. He was talking from direct experience.

At the conference, there was an unmistakable atmosphere of hostility toward the supranational financial institutions that, in a sense, are acting like the previous communist regime, imposing its economic diktat on the former communist countries. These countries, as some of the participants commented in private, were looking for development and freedom, and instead have been condemned to economic death through "shock therapy" and similar financial poison.

Many were also clearly groping for new financial instruments, along the lines of that proposed by Manfred Schüler. Exemplary was Amb. Mircea Geoana of Romania, who answered a question from *EIR* by calling for the creation of "a sort of consortium of the major financial institutions and investment entities . . . to come together with a common regional approach, and to really have a [global] approach on the region." This, he said, "could evolve into an independent crediting unit."

Ambassador Geoana said that he hoped that such a proposal could be presented at the upcoming meeting of the "most industrialized countries," the Group of Eight, in Cologne. This was the same venue that Schüler proposed that the German government present his call for a Bank for Balkan reconstruction.