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Interview: Faris Nanic

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# No Solution for the Balkans Without a New Bretton Woods

*Mr. Nanic, of Zagreb, Croatia, is the Secretary General of Croatia's Democratic Action Party (SDA), and former Chief of Staff to Bosnian President Alija Izetbegovic. He spoke with Umberto Pascali on Oct. 10.*

**EIR:** We have seen now a series of dramatic events in Yugoslavia, that brought the ousting of Slobodan Milosevic after ten years of absolute rule; his substitution by Vojislav Kostunica; and now a series of statements from North America and western Europe, that the situation is totally changed, democracy is established. In April 28, 1999, you and Helga Zepp-LaRouche, president of the German Schiller Institute, made a call for a “new Marshall Plan for the Balkans,” in which you stressed that the only way to solve the situation is economic development, and, in fact, the establishment of a New Bretton Woods monetary system. All these issues come to mind now. How do you see the situation in relation to the plan you and Helga Zepp-LaRouche were proposing one year and a half ago?

**Nanic:** Let me tell you first, that the governments in the vicinity of Serbia are still very careful in estimating the real range of the change that happened in Yugoslavia. They still are waiting for first positive steps to be taken by the new Belgrade government. Secondly, we still don't know how this compromise that has been reached with—actually, brokered by—the Russians and French, what consequences it is going to have for Montenegro (which had not participated in the elections).

So, there is a possible source of instability, unless certain agreements will be reached; a possible source of instability and continuation of the process of disintegration of former Yugoslavia, which could finally end with the secession of Montenegro. However, we don't know if the secession of Montenegro is possible by peaceful means; and this could provoke further instability. We have a feeling that Milo Djukanovic [President of Montenegro] was played out by the Western governments, which supported him openly as a counter to Milosevic. And then, after Milosevic lost the elections, somehow Milo Djukanovic remained alone on the field, because his party, which is the majority party in Montenegro, had not taken participation in the federal elections which finally promoted Mr. Kostunica as the new President of the Federal Republic of Yugoslavia.

So, things are still not quite clear, and we don't know what consequences this might have for the situation in Kosovo, and the position of Kosovo in the Federation—if the Federation will still exist. The point in Mr. Kostunica's inaugural speech in the Belgrade Parliament, that Kosovo is one of his first priorities, Kosovo is a historic part of Serbia, and he will do everything he can to return Kosovo to Serbia—this will be soundly opposed by the Kosovo Albanians, as far as we can see right now. Secondly, you know that there was an invitation to the new Yugoslav government to participate in the so-called Stability Pact for Southeast Europe. Yugoslavia was also invited to take part in the so-called Zagreb Summit in November, which is the “European Union-Western Balkans” summit, an additional meeting for the Stability Pact for Southeast Europe. Some signs have already been given to the new Yugoslav government, by Bodo Hombach, who is the Coordinator of the Stability Pact, that some of the urgent projects can be implemented immediately in Yugoslavia, which have a certain economic value and importance. That is, the clearing of the Danube River, which was included in the appeal that we made last year.

But these are still only declarations, and we really don't know. The question is, what is the new Yugoslav government: a national Yugoslav government, or a nationalist Serb government? Because if it is the new nationalist Serb government, then the new disintegration of what remains of former Yugoslavia, is almost inevitable.

There are some estimates here by some university circles, that actually Vojislav Kostunica, being a Serb nationalist, is now on the mission of saving what was left of the nation of Serbia within its existing borders. So that the idea of “Greater Serbia” is dead, and the only way to preserve the Serbian nation, or Serbian nationalism, is to preserve what is left after all these adventures taken by Milosevic in the last ten years.

So, it is still very difficult to estimate. On the question of economic cooperation, the first statements by people [in the nations] around Serbia were also very positive, saying that this is a new page in the economic relations of their respective countries with Yugoslavia, and with Serbia proper.

**EIR:** Of course, whatever happened in Belgrade, as you were saying, was influenced by outside factors, to say the least.

Two particular forces were at work: the Russians, who have a lot of leverage there, in the close connection between the two Orthodox churches; the historical connection between the two militaries, and so forth; and another element, which was French President Jacques Chirac, when France recently became the president of the European Union in July. Then there were other influences, namely pushes from London—Blair and Robin Cook—from Madeleine Albright, of course, unchanged since the Rambouillet negotiations. And even if most observers smelled that some deal had been organized for an exit strategy for Milosevic, still, there were some days of tension, in which the most radical elements of supporters of the current speculative international system would have preferred to have a war. There was some fear over the big NATO naval mobilization, with war exercises both in the Adriatic and in Bulgaria, Romania, and so forth.

I would like to ask you to comment on this military side; and more on the question of the positive potentialities that could exist, in the sense of a potential alliance of France and continental Europe with Russia, while Russia is making a diplomatic and strategic offensive to consolidate links with India and China.

**Nanic:** Let me comment first on this military point that you made. I think there was a very strong faction within NATO's members—especially the Anglo-American faction, expressed in various statements by Robin Cook and Madeleine Albright, and Tony Blair, on the necessity of military intervention in Serbia—there was a very strong faction which really advocated that there be a military intervention into Serbia. What is new, when compared with 1999 and with what happened in Kosovo, is that the European powers within the European Union, somehow joined with the Russians and said, “Okay, we will not do any kind of intervention. So, let's try to broker a certain compromise”—it is a rotten compromise, let's be frank about it—“that would somehow prolong the political life of Milosevic, and, on the other hand, secure the peaceful transition of power, at least in Serbia.”

I am still not quite sure what is going to happen in Montenegro. I don't know if this brokered agreement from the Russians and French includes the appeasement of Montenegro and a new Yugoslav federal arrangement between Montenegro and Serbia, or not. But there is still a possibility of creating a new crisis which would be the pretext for new military intervention.

**EIR:** The fact, though, that despite the pressure within NATO, there was a strong reaction on the French and Italian side, from what is known publicly, and possibly from other European NATO allies; the fact that this intervention would break any possible link between continental Europe and Russia; the fact that this kind of NATO intervention has not been possible, despite the push for it; what does this show?

**Nanic:** I do think there is resistance, but I don't know how

profound this whole structure is, and how profoundly they really think of restructuring the whole international financial, monetary, and political structure.

**EIR:** That brings us to the point that a solution for the Balkans cannot exist without the change of the whole financial system, and implementation of the proposal of Lyndon LaRouche for a New Bretton Woods, a new system.

**Nanic:** That's quite sure, and that was included already in 1999 when we signed this appeal, “Peace Through Reconstruction in the Balkans.” What we think, is that you can see some signs, all around the world, that people are thinking—even in the strata of the political and financial establishment—they are already starting to think about new possible solutions. I am referring to what [former German Finance Minister and Social Democratic Party Chairman] Mr. Oskar Lafontaine said recently. He didn't mention New Bretton Woods, but he was referring to the old Bretton Woods, and a return to a system of fixed exchange rates, and the new credit mechanisms. So, I think that this could be used as a certain starting point; but if Yugoslavia would only be joined into what is called a Stability Pact for Southeastern Europe, with this “donation psychology,” in terms of donor countries and donor money invested with conditions—that really means nothing.

This whole concept of donations is completely wrong; we are not really investing into the real power of the nation, which is the creative power of people, and that is the problem. We are expecting some money from the outside, called the “international community,” and this is not happening. There was no reconstruction whatsoever which resulted in Bosnia.

So that, also, I think will be the case with Yugoslavia and the whole region, even after this change, *if* we don't really change the whole structure. So, that's why I think that any solution for Yugoslavia and the region, with all the neighboring countries, means that we have to change the whole world financial structure; and then we can do something for reconstruction of these countries; and then you can *let* these countries, using their sovereign powers, cooperate together on the mutually beneficial projects and investments for their own reconstruction and development.

But unfortunately, I don't think this is going to happen. This depends on how the Europeans will react to everything that is happening around them. I'm referring to the oil crisis, that is now taking a certain dynamic that cannot be predicted by the so-called analysts. I'm thinking about the falling of the euro against the dollar; and I'm also thinking about the possible impact of the crash of the dollar, which is going to happen very soon, definitely.

So, it really depends on the Europeans, and the change of their attitude of believing the financial speculators, instead of taking care of their own development. Unfortunately, these countries themselves, in the [Southeast European] region, are not now capable—their establishment, their political class—

they do not have courage enough to undertake certain measures in terms of what Mr. LaRouche said recently, in Germany. These countries have to somehow launch their own cooperation on the mutually beneficial projects. Unfortunately, from what I see in the region, in the respective governments and establishments, this is not possible unless some kind of incentive, some kind of impetus, comes from the [western] European countries or the United States.

**EIR:** Mr. LaRouche recently was invited by the municipality of Ascoli Piceno, Italy, just across the Adriatic from the Dalmatian region of Croatia. This is a city you recently visited, and you were also received by the city council of Ascoli Piceno. There was some interest in a real exchange between Italy, Bosnia, Croatia (the countries on either side of the Adriatic), an interesting hint of what could happen in unexpected places.

**Nanic:** Immediately after the war in Bosnia and Croatia was finally over in 1995, there was a certain initiative within what is called in Germany the *Mittelstand* sector, people who are involved in real economic sectors of production, to go in and invest smaller amounts of money into the real productive sector. But these people were somehow fooled, or played out, by the so-called international community representatives in

Bosnia and Croatia, and these necessary investments into the real economic sectors, especially the sectors devastated by the war—the productive power—were never realized.

So, there is a kind of genuine interest in this middle-sized industrial sector all around Europe, which could very easily jump in, and would be very interested in making some real economic investments. It can work on a smaller scale, but the problem is, what banking system will follow the investment and really secure and provide the necessary credit mechanism and necessary credits for such an effort? Anywhere, in Croatia, in Bosnia, in Slovenia, or especially in Yugoslavia, where the risks are higher?

So, I think that this is encouraging. For my part, I will do whatever I can to facilitate these initiatives from the Italian side. What was also very encouraging, was that people from Italy were interested in supporting also the productive sector of Croatia. They are open to any kind of mutually beneficial cooperation. It was not people coming into Croatia, which is devastated by the war, or into Bosnia, which is even more devastated, and saying, “Okay, now we will buy all this for a small amount of money, and turn it into a storehouse”—basically to finish destroying what was remaining after the war. These people are interested in real economic development.

## In This Section

When the NATO bombing of Serbia and Kosovo ended in May 1999, President Clinton had just spoken in San Francisco of a possible “exit strategy” from that war, which was described by many as a “Marshall Plan for the Balkans.” Immediately, Lyndon LaRouche and *EIR* published the requirements of reconstruction of that devastated region; but made clear, that that urgent need was an opportunity for a complete break with the bankrupt and collapsing International Monetary Fund (IMF) system. That requirement is far more urgent today, as the collapsing Wall Street-London bubble-economy is leading the world into war.

We reprint here the key elements of that economic forecast of May 1999: articles by *EIR*’s expert on the



*The Ostruznica railway bridge in Belgrade, destroyed by NATO bombing in May 1999.*

physical economies of Europe, Lothar Komp; and a large part of Lyndon LaRouche’s “Balkan Peace and World Economy: The Case for a New Marshall Plan.”