

agreed not to resume this project, but rather to take part in constructing the Zagreb-Belgrade-Skopje highway. During the 1980s, Croatia completed around 200 km of European network highways, mainly financed by foreign loans. The only initiative to revive construction of the Zagreb-Split project was publicized in 1982, when additional bonds were is-

sued. However, the project was never resumed, and the money evaporated in other funds or was devalued by inflation.

The War Intervenes

After Yugoslavia signed its first standby arrangement with the International Monetary Fund (IMF) in 1981, its pace

Is the IMF Blocking Croatia Reconstruction?

Following strong opposition in Croatia to the diktat of Hans Flickenschildt, International Monetary Fund Executive Director for Croatia, who visited the country in mid-February to block development of an important road corridor, the IMF representative stated on Feb. 18 that he does not want to interfere in Croatia's priorities for the project. Flickenschildt had also been criticized by *Neue Solidarität*, the newspaper of the LaRouche movement in Germany, for stopping Croatia's reconstruction. Whether the IMF has actually decided not to oppose this key project, remains to be seen.

True to its record, the IMF is again doing what it is best at: destroying the economy of nations. This time, the only real, major infrastructure project these days in Croatia, the construction of the Zagreb-Split highway, is under IMF attack. The project would create 10,000 jobs directly, revitalize the dying Croatian construction industry, and give new impetus for the development of the underdeveloped regions along the route. Above all, the project, which dates back to the 1960s, has rekindled a spark of optimism in the population, with many hoping that the project would be the beginning of an economic change.

But then, the IMF intervened: In January, Flickenschildt, in a public statement, bluntly forbade the go-ahead for the project. According to the IMF, debt service for the project constitutes "too high a burden" for the already-strained state budget. This is ridiculous, because the repayment of debt has already been secured outside of the normal budget. The Croatian government, led by Prime Minister Ivica Racan of the Social Democratic Party (SDP), who heads a fragile five-party coalition, was caught by surprise by this announcement. Should the government give in to this pressure, it could fall. The social and economic situation in the country is a disaster, due to IMF-enforced austerity policies. Right now, a new IMF standby agreement is being negotiated in Zagreb, with the highway an explicit issue in the meetings.

Many Croatians consider the fate of their country as quite similar to Argentina. Unemployment has reached 25%. Due to continuous IMF shock therapy programs, the



Croatian Prime Minister Ivica Racan (right), shown here with NATO Secretary General Lord George Robertson. If he gives in to the IMF's pressure, his fragile coalition government could fall.

state sector has been systematically decimated, and living standards have declined. Trade unions have been forced by the IMF to accept deep wage cuts and to give up their right to strike. One union which did not capitulate, the Independent Trade Unions of Croatia (NHS), the second-largest in the nation, now finds itself under a lot of pressure. In protests in December, the union asked the government to fulfill its election campaign promises, and demanded "a program of economic and social development of the Republic of Croatia, with concrete activities and time limits." It spoke out against "contracts and arrangements with the IMF, World Bank, and other international financial institutions, that would obligate the country to curtail the labor and social rights of its citizens."

If the right to development is not upheld by Europe and the United States, which, since 1991, have put themselves forward as self-appointed "trustees" of the countries of former Yugoslavia, there is going to be a dramatic economic, social, and political deterioration of the region. This arrogant and incompetent policy is going to have far more dangerous consequences for international security, than all the supposed al-Qaeda networks in the Balkans. It is clear, that the Anglo-American war faction wants exactly that. But the challenge is to those who have some sense of reality, to change course and order the IMF to shut up.—*Elke Fimmen*