

Kissinger Watch by M.T. Upharsin

How Eagleburger bankrupted Yugoslavia

A good example of how Deputy Secretary of State Lawrence Eagleburger may handle his new, added job of Presidential Coordinator for Eastern European Assistance is provided by the case of Yugoslavia, a country which Eagleburger bankrupted while lining his pockets and those of his former boss, Henry Kissinger. Eagleburger, as ambassador to Belgrade in 1977-80, convinced the Yugoslav government it could pay off its huge debts to Western banks by exporting the Yugo car to U.S. markets—a grandiose scheme that resulted in a net financial loss for Yugoslavia.

This story is told by Hans Peter Rullman, an investigative journalist who has worked for major papers in Germany, Austria, and Switzerland, in his book *Crisis Spot Yugoslavia*. Rullman reports that Eagleburger talked the Serbian-led Yugoslav regime into “the business of the century,” even though “it had been clear from the beginning that the low end price would not cover the production costs of the factory despite the extremely low wages.” The scheme was tailored to the ethnic divisions wracking Yugoslavia, because the plant in Serbia “planned to cash in on the valuable foreign exchange,” while “the subcontractors outside Serbia were to take the losses because they were paid, if at all, in worthless Yugoslavian dinars.”

Rullman declares, “The ambitious export plans were supported by Lawrence Eagleburger, then U.S. Ambassador in Belgrade. Eagleburger promised miracles and described the export of the Yugo to the United States as the

first step on the way to a much bigger export offensive into the U.S.A., which was to bring Yugoslavia out of her economic difficulties. He acted on the assignment of the American government, which has long been fed up with Yugoslavia’s continuous demands for credit, because Yugoslavia had lost almost all strategic significance since the era of Gorbachov.”

Rullman relates how Larry profited: “Also personal interests played a role. When Eagleburger’s term as ambassador to Yugoslavia was ended by Reagan, he participated in the United States in a consulting firm of Henry Kissinger [Kissinger Associates, Inc.], which . . . cashed in millions and probably was the only one making a profit out of a business, which had been hopeless from the beginning.” After the Yugo’s entry into the U.S. market proved a flop, Rullman writes, “suspicion came up against Eagleburger and Kissinger, that they were misusing their influential political positions for private business and that they had instigated the operation only, to enrich themselves personally. . . .

“When the Yugoslavs complained that their debts had increased as a consequence of the business which Eagleburger had talked them into, Eagleburger complained disdainfully that it had not been he, but Belgrade, that made the business. Later, one could see that he would not move a finger for Yugoslavia.”

Let them eat Yugos

Rullman’s story is borne out by Eagleburger’s reply to a question from Sen. Larry Pressler during the March 1989 Senate hearings for his confirmation as deputy secretary of state. Pressler asked: “Do you feel it wise for United States banks to continue to loan more

money to Yugoslavia, considering its huge debt burden?” Eagleburger said that, while Yugoslavia had once been an important buffer in Eastern Europe against the Soviet Union, which merited reward, it must now be treated as any other debt-ridden nation in the context of “North-South issues”—i.e., milked for every last drop of human labor value.

During his Feb. 20-27 tour in his new post to coordinate all U.S. aid to Eastern Europe, Eagleburger was even blunter. He told journalists in Belgrade, “If I were a billionaire, I would not invest any capital in Yugoslavia at this moment.” Even though he had profited as a board member of Global Motors, the parent company of Yugo America, Inc., which also employed Kissinger Associates as a consultant when Eagleburger was president there, he would not plow any of his substantial profits back into Yugoslavia.

An even more troubling report on Eagleburger’s trip to Yugoslavia appeared in the March 3 Zagreb, Croatia paper *Vecernyj List*, which said that Eagleburger had invited Serbian dictator Slobodan Milosevic, who is responsible for the massacre of Albanians in Kosovo, to the United States. Should this occur, then Eagleburger will be caught lying about his relations with the “Yugoslav Mussolini.” When Pressler at the confirmation hearings asked, “I understand you are a friend, a close friend, of the head of the Serbian Communist Party,” Eagleburger had denied it, claiming that out of concern for ethnic Croatians and Albanians, he deemed Milosevic’s actions “very harmful.”

Does Larry have a new business deal to discuss with his old Serbian Communist crony, whom Eagleburger told the Senate Foreign Relations Committee “is in terms of economics, a Western market-oriented fellow”?