States and Mexico, which would break out in the year 2003, because the U.S. would be forced to invade Mexico in response to a government classified as an "enemy of democracy."

Far-fetched? Not really. According to the New York Council on Foreign Relations' magazine *Foreign Affairs* (January-February 1999), Mexico is on the verge of civil war which, among other things, would let loose a flood of illegal immigrants, thus posing a conflict on the border. To respond to this conflict, the Eastern Establishment's policy magazine proposes that Washington consider "plans to shut the border" and the possibility of an "American intervention" in Mexico.

If someone wants to hypocritically talk about genocide, to justify NATO's intervention in the Balkans, let that person look at the demographic "Balkanization" the IMF has created in Mexico, representing genocide against a fourth of its population, and the legal and illegal emigration of nearly 10% of its population, not to mention the destruction of its manufacturing and agriculture. If military intervention in Yugoslavia truly were justified as a defense of "human rights," then Mexico would have every right to demand that the army of the United States bomb the offices of the International Monetary Fund in Washington, D.C.

Who created the crisis in Yugoslavia, and why

In a nationally televised Presidential campaign broadcast on Oct. 31, 1988, titled "The Winter of Our Discontent," Lyndon H. LaRouche, Jr. warned of the danger of world war developing once again in what was then still federated Yugoslavia. In the context of the spring 1988 power grab in Moscow by KGB and military hardliners, and the worsening economic crisis in the Soviet Union, LaRouche saw the danger as coming primarily from a potential Warsaw Pact military move into Romania, with a resulting partition of Yugoslavia, in which Serbia, Montenegro, and Macedonia would come under Moscow's military protection.

As the crisis in the Soviet bloc deepened, leading to the fall of the Berlin Wall in November 1989, and the collapse of Mikhail Gorbachov's Communist regime in August 1991, events developed at a breath-taking pace. LaRouche details in the campaign statement published on page 68 in this issue, and in the box on page 5, how the British-American-Commonwealth factional grouping launched a geopolitical strategy that would destroy the sovereignty of Germany, and dismember the Soviet Union and its allies. The International Monetary Fund, professors from the London School of Economics, Harvard flea-market economist Jeffrey Sachs, and other so-called reformers swarmed into Poland, Yugoslavia, and Russia. It was these policies, including the shock therapy of the IMF, that led to the break-up of Yugoslavia and the brutal wars there.

We publish here excerpts from *EIR*'s coverage and statements by LaRouche, which prove the case beyond any shadow of a doubt.

On the other side, however, there existed the potential for Europe—including Yugoslavia—to adopt LaRouche's "Productive Triangle" program for Eurasian development. See the item by Paolo Raimondi, below.

* * *

Konstantin George, "Yugoslavia Caught Between the IMF and Moscow," *EIR*, May 27, 1988:

Yugoslavia's worst postwar crisis has begun. The gravity of the situation was underscored, when, for the first time since 1945, the deputies of two republics, Slovenia and Croatia, during the May 14-15 weekend session of parliament, threatened a vote of no confidence against Prime Minister Branko Mikulic.

The geography of the revolt reflects the looting chain behind the Yugoslav crisis. Yugoslavia has been bled white by its Western creditors and the International Monetary Fund (IMF) on the one hand, and by Soviet looting, on the other. Belgrade, so far, has continued to acquiesce in disastrous IMF-dictated austerity programs, causing an overall collapse in Yugoslav living standards.

It is the austerity policy that has exacerbated centrifugal tendencies in Slovenia and Croatia, the two westernmost republics of the six that comprise Yugoslavia. Not that those two republics have suffered the most from IMF looting. Quite the contrary. IMF looting policies have rather gutted the poorer central and eastern regions of the country (the republics of Bosnia, Serbia, Montenegro, and Macedonia), widening the gap between these four and the far more westernized Slovenia and Croatia.

To prevent social explosions in the poorer eastern regions of the country, above all in Serbia, which contains nearly half of Yugoslavia's population, Belgrade has increased its *internal* looting of Slovenia and Croatia, to "subsidize" the rest of the nation. This dynamic is the underlying cause for the revolt by Slovenia and Croatia. . . .

Parliament as a whole issued a slap in the face to the government by refusing to approve Mikulic's two-year interim report on the economy. The same parliament, however, did pass a new round of austerity measures, scheduled to take effect by the end of May, whose "success" will ensure a still more profound long-term political destabilization of Yugoslavia.

Mass unrest is now on the agenda. Under the new program, wages will be cut by 20%, and the price freeze, imposed last November, will be lifted on 60% of all items. The price

Lyndon LaRouche warned, in a televised broadcast on the eve of the 1988 elections, of the imminent breakup of Yugoslavia, fraught with the danger of world war.

for basic food and energy will jump by 50-60%, and by 80-90% for some items. It is expected that the dinar will soon be devalued by 20-25%. Even under the so-called "price freeze," Yugoslavia's inflation reached an annual rate of 159% in March, and is currently estimated at a staggering 170%.

The wage cuts, price increases, and dinar devaluation are demanded by the IMF and the Western creditor banks as "conditions" for a $420 million IMF standby credit, which itself forms the main precondition for Western creditor banks and governments agreeing to reschedule Yugoslavia's $20 billion in foreign debt.

The rescheduling question is urgent. At present, Yugoslavia earmarks 45% of all foreign exchange earnings for debt repayment, a rate which cannot be prolonged much longer, without moving the economy close to the precipice of physical breakdown.

The "daisy chain" of each credit being predicated upon a preceding credit agreement extends even further. In addition to implementing a new round of austerity, Yugoslavia must first receive a $500 million emergency "bridge loan" from the Bank for International Settlements and a mix of Western governments and banks, desperately needed to stock foreign exchange reserves to purchase Western imports.

The bridge loan has failed to come together. The BIS has pledged its share ($250 million), but the remaining half, divided among Western governments and banks, is up in the air. . . .

Rachel Douglas, "Prices Explode in Yugoslavia," *EIR,* Sept. 9, 1988:

"Almost two-thirds of our population is 'squashed' somewhere between starvation and poverty," reported the Yugoslav daily *Borba* on Aug. 4. That already deep depression gets magnified every single day in Yugoslavia, by a dizzying sequence of price increases. . . .

On Aug. 3, prices for bread went up and the price of one staple, cooking oil, increased by 66%. Train fares rose by 39% to 70%. These startling jumps are par for the another course in Yugoslavia, where the government plan to limit the inflation rate to 95% this year is in shambles. On Aug. 22, *Borba* reported the inflation rates, shown in **Table 1,** released by the Federal Price Institute. . . .

The social explosion danger . . . stems also from rekindled conflicts among the six republics of Yugoslavia, each inhabited by a different main ethnic group, which conflicts are further aggravated by the economic straits. When the Serbian party chief, Slobodan Milosevic, stated in a July 3 interview, that Serbia needed constitutional changes to give it more power over its two non-Serb provinces, Kosovo and Vojvodina, he gave an economic justification: 'Serbia must pull itself out of its economic backwardness and must constitute itself as a state, which is to say as a republic. . . . Serbia did not take onto itself to have two provinces in order to be a second-class republic.". . .

Another nasty fix for the resource squeeze, put forward by national party presidium member Franc Setinc, a Slovene, is to enforce population growth reduction on the poorer, more deficit areas. He demanded that this start with Kosovo, the mainly Albanian-ethnic province of Serbia, where, "on the basis of the present birth rate," no help from Yugoslavia would be adequate to sustain development.

Konstantin George, "Yugoslav Crisis May Be Heading Toward Civil War," *EIR,* Sept. 16, 1988:

A catastrophic economic situation and a wave of ethnic conflicts that is fast going out of control are driving Yugoslavia toward the end of its existence as a federal state, one way or another. The prospect of one of three tragic endings is growing with each passing week:

1. A Serbian military coup d'état and Army-enforced central rule, ending the power of the non-Serbian republics.

2. A civil war between Serbia and the western republics of Croatia and Slovenia.

3. A breakdown into chaos and fragmentation along ethnic lines.

TABLE 1
Yugoslav inflation rate

	July 1988 above June 1988	July 1988 above July 1987
Retail prices	11.2%	188.9%
Services prices	11.2%	180.3%
Cost of living	8.2%	189.5%

The Yugoslav crisis threatens to serve as the trigger for a general crisis in the Balkans, history's "powder keg of Europe," and could well lead to a full-blown international strategic crisis should Moscow or any of its satellites begin to "fish" in troubled Balkan waters. . . .

Beyond the near civil war ethnic conflicts, a new strike wave began in early September, provoked by the collapse of living standards under the burden of Yugoslavia's enormous foreign debt. The economic situation, with a 200% inflation rate alongside an officially enforced wage freeze, is unbearable. The shortages of food and consumer goods are the worst since the early postwar years, and with the massive fuel shortages, this winter will be the most bitter in decades.

Most of Europe's population still lives in ignorance of the fact that a Balkan crisis of tragic dimension not only exists, but is fast moving out of control. Events will soon lift, abruptly, that veil of ignorance.

Konstantin George, "Sachsomania Sets Yugoslavia on Course to Civil War," ***EIR,*** **July 5, 1991:**

The June 25 declarations of independent statehood by the western Yugoslav republics of Slovenia and Croatia, and the brutal ongoing intervention on the territories of these republics by the Serbian-controlled Yugoslav Army, mark the formal start of a civil war process, potentially but not inevitably quite bloody. This process did not start on June 25. The die was cast when, back in mid-May, the national-bolshevik Serbian cabal, grouped around Serbia's Communist President Slobodan Milosevic and backed by a powerful Serbian extremist faction in the armed forces, police, and security service, rejected the offer by Slovenia and Croatia to peacefully end the centralized Yugoslav Federation, and replace it with a loose confederation of sovereign republics. . . .

In a more fundamental causal sense, the die had been cast two years ago when the Belgrade government hired as a so-called economics adviser one Jeffrey Sachs of the Harvard mafia. Sachs and the International Monetary Fund, which recommended him, imposed on Yugoslavia the same austerity conditionalities as were foisted on the Polish nation, with the same result: depression-level mass unemployment combined with hyperinflation; a reversal of living standards first by years, and then by decades; and a halt to all projects for national economic development.

There is one key difference. Poland is ethnically homogeneous. Applying Sachsomania to a multi-national state such as Yugoslavia ensures, besides the full gamut of economic and social horrors, the guaranteed breakup, in a few years at most, of the state along ethnic lines. The crisis is not "Made in Yugoslavia." Had there been a Western policy of promoting national and regional economic development in the republics of Yugoslavia, the country today would not be at the brink of civil war. . . .

The final act of sordid conduct in this regard by the Bush administration was the failed June 22 "mediation mission" to Belgrade by U.S. Secretary of State James Baker. Baker spent a mere 24 hours in Belgrade, with not even agenda provisions for talks with leaders of the various Yugoslav republics. Baker stated that only Yugoslavia's continuation as a centralized federation is acceptable to Washington. This killed any remaining hopes for last-minute inter-republic talks to reach some form of agreement on transforming Yugoslavia into a loose confederation. His "mission," with a U.S. stamp of approval to centralized rule, gave the green light for the Serbian-extremist-dominated federal cabinet cabal to crack down on Slovenia and Croatia in such a way as to ensure partition. . . .

Paolo Raimondi, "IMF Wrecked the Yugoslav Economy," ***EIR,*** **Aug. 2, 1991:**

The economic crisis is the main cause of the present looming civil war in Yugoslavia, and a political solution can only come in the context of a program of economic development. The economies of the republics of Yugoslavia have been destroyed by a combination of the bureaucratic incompetence of a dictatorial bolshevist regime, and the more recent austerity policies of the International Monetary Fund (IMF).

Dominated by this perverse pair, Yugoslavia has been paying interest and principal on a debt of approximately $20 billion for over a decade, and still has a hard-currency debt of approximately $20 billion to be serviced. The final blow came at the end of 1989, when the federal government of Prime Minister Ante Markovic, a Croatian, unveiled a brutal austerity program, worked out in coordination with the IMF. As part of the package, Yugoslavia hired Harvard University austerity specialist Jeffrey Sachs as a "special adviser" on the introduction of free market mechanisms, and Markovic called in World Bank and IMF experts to "reform" Yugoslavia's banks. . . .

A look into the economic disaster in Croatia, the republic that is in the best economic condition, gives an insight also into the situation in the other republics. Ivica Gazi, the president of the Zagreb industrial association, reports that, leaving aside the effects of the "monetary war" among the republics, the economic damage in Croatia is so far estimated at the level of $4-6 billion, equivalent to 30% of the Croatian yearly GNP.

In 1990 Croatia produced 26.7% of the total Yugoslavian GNP, Slovenia 19.7%. In Croatia, the transportation system is paralyzed, exports are near zero, and harbor activity fell 80%. All the trucks which normally use the Croatian road system, are now using alternate, longer and more expensive, routes. Gazi says that hopes of an economic recovery, which existed up until May, are now out of the question, with the freezing of all cooperation treaties and joint-venture deals. Many factories are going through bankruptcy procedures, in particular those which exported for the Soviet market, and the banks are compelled to take them over to prevent their definitive closure. . . .

Some good ideas for a peaceful solution were discussed on May 14, just a few days before the intervention of the federal Army against the independence moves of Slovenia and Croatia, in a conference organized in Belgrade by the Yugoslavian Institute of International Politics and Economics, on the necessity of the economic and infrastructural integration of the republics of Yugoslavia and all the states of the Balkan region, with the rest of continental Europe. Eighty representatives of all the republics and of the governments of Austria, Italy, Albania, Hungary, Czechoslovakia, Greece, Romania, Turkey, and others participated.

A program was presented which coheres well with Lyndon LaRouche's "Productive Triangle" plan for high-technology and industrial development of the Paris-Berlin-Vienna core area. The program presented in Belgrade foresees a high-speed train connection Paris-Budapest and Gdansk-Budapest, and from there a spiral arm moving south toward Belgrade and beyond. High-speed trains and highways would connect Italy and Austria, via Ljubljana, Zagreb, and Belgrade, to Turkey and the Mideast. As for waterway transport, the conference supported a program to make the Danube River completely navigable, and the construction of a new water connection in Belgrade with the Danube and the Morava toward the south, and the construction of a canal connecting the Morava with the Greek river Axios, up to Thessalonika on the Aegean Sea. This would establish a quick connection with the Mediterranean and in particular the Suez Canal, providing a tremendous impulse to traffic and trade. This infrastructure program, which could have led the whole region out of economic backwardness, was presented in 1989 to the central government in Belgrade, but was turned down, on the insistence of the IMF team.

Lyndon H. LaRouche, Jr., "This Universe Has a God and Bush and Gorbachov Are Not It," Presidential campaign statement, Aug. 19, 1991:

. . .Today, the news is, that overnight, Mikhail Sergeyevich Gorbachov, one of the would-be gods of Olympus, has fallen. The news is, the question: What other would-be gods of Olympus will soon follow Gorbachov in the fall? Will it include President George Herbert Walker Bush? . . .

The issues are upfront: the economic reform, so-called. More specifically, Soviet awareness of the utterly incurable failure of the economic reform. That is, a Soviet economy cannot survive a continuation of the economic reform—and on that, they happen to be right. . . .

Remember, it was the reforms of Harvard maniac Jeffrey Sachs which led to the break-up of Yugoslavia. The preconditions for this break-up more or less existed, as I've reported in a television tape broadcast to the nation back in election eve in 1988, a tape called "The Winter of Our Discontent."

However, what brought the break-up of Yugoslavia on, was the disastrous effects of Jeffrey Sachs's policies. What is ruining Poland, as highlighted by the bankruptcy of the largest tractor firm, Ursus, and by the impending bankruptcy of an estimated fifteen hundred other Polish firms, was Jeffrey Sachs's Polish model; the Polish reform. What was being proposed for the Soviet Union was, to a large degree, a copy of those Yugoslav and Polish models of Harvard professor and maniac Jeffrey Sachs. . . .

Lyndon H. LaRouche, Jr., from an interview in the Bosnian magazine *Ljiljan,* March 29, 1993. He was interviewed by the magazine's chief editor, Faris Nanic, and by Umberto Pascali of *EIR:*

Q: The war in former Yugoslavia seemed to surprise the public. Do you think that the political establishment in some of the most powerful countries was really surprised?

A: No, they planned it. The plan for using the Yugoslavian military to destabilize the southern flank of NATO by means including making war on its own neighbors within the former Yugoslavia is a well-known plan which I, for example, broadcast in the U.S. on television in 1988 during my Presidential campaign. That was broadcast from coast to coast, many millions of people saw it. I have discussed this thing, many others have discussed it; we're well aware of this plan. In this particular case, in 1990, coincident with people around the Thatcher administration in England, the Thatcher government, such as the now recently deceased Nicholas Ridley, one of her ministers, and the British intelligence service's Conor Cruise O'Brien, launched publicly an attack on Germany, saying that Germany, by unifying, was becoming a "Fourth Reich," a new Nazi-like imperial danger within Europe. Under the umbrella of this, certain forces in Israel and Moscow and in Washington allied with Mrs. Thatcher's group around Lord Carrington and others to unleash the British intelligence service's asset Milosevic in concert with the Gorbachov government in Moscow, for example Marshal Yazov. The unleashing of Serbian forces, this fascist faction under the leadership of Milosevic, against their neighbors, was a planned operation, undertaken with the direction of these circles: the Gorbachov government in Moscow, the Thatcher government in London, and the Bush administration, especially the Kissinger faction of Brent Scowcroft and Lawrence Eagleburger in Washington, and others. So this was well known among all of the leading circles in Europe. No one among the leading circles is surprised by any of this. . . .

Umberto Pascali, "World Bank Demands Pound of Flesh from Bosnia," *EIR,* March 15, 1996:

. . .The financial institutions that control the credit faucet for Bosnia are saying: Either you pay back 17% of the debt of former Yugoslavia—the entity that unleashed four years of genocidal aggression against Bosnia—or we are going to block any serious credit for your reconstruction. Obviously, as was the experience of so many countries that fell victim to the IMF's usurious "shock therapy," it is almost certain that, once a victim capitulates to this financial diktat, it will be crushed by the shock therapy and looting presented as "privatization.". . .

At this very moment, the World Bank is engaged in a dramatic escalation of pressure, while "negotiating" in Washington with a Bosnian delegation. A public threat was delivered on March 1 at the headquarters of the World Bank, by the bank's "acting Country Director" for Bosnia, Christine Wallich, who announced that a First Emergency Recovery Project has been put together, in the pathetically low amount of $160 million (mostly pledged by "donor" countries, and $45 million of which is to come from the World Bank's Trust Fund for Bosnia). "The Trust Fund was established . . . to enable the [Bank] to assist Bosnia *in advance of the country becoming a member of the World Bank,*" a Bank news release stated. "Membership is expected in the near future, once agreement is reached on a plan to clear Bosnia's arrears to the Bank." Only then, will Bosnia be given a larger amount of credit—still an amount far lower than the minimum reconstruction needs of the war-ravaged nation. . . .

And what are these "arrears to the Bank"? A World Bank report, "Economic Issues and Priorities," prepared in December, reveals the unprecedented blackmail against the Bosnian people: "In order to gain access to the longer-term financing needed for a sustainable recovery of economic activity, Bosnia would benefit greatly from being able to normalize its international financial relationships. It has accumulated substantial arrears, including to the IMF, the World Bank, and other international financial institutions, bilateral creditors, and commercial banks creditors. Based on an assessment of the entire external debt situation . . . the [Bosnian] government will need to design, jointly with the IMF, the World Bank, and other creditors, a medium-term balance of payment. . . . The most important conditions for World Bank membership are for Bosnia *to assume its agreed share of the outstanding Bank loans to the Former Yugoslavia* and agree on a plan to eliminate arrears on these loans.". . .

Mrs. Wallich also confirmed one of the most shocking conditionalities imposed upon Bosnia: the governor of the new Central Bank must be nominated by the IMF and "cannot be a Bosnian national," he must be a foreigner. As if the assault against Bosnia's national sovereignty were not enough, the "Country Director" stated publicly, she had just came back from a negotiating mission "both in Sarajevo and Pale.". . .

The country that the Bank is blackmailing is, according to the Bank's own report, one in which "the war has destroyed much of the infrastructure and disrupted the economic system."

"The annual per capita income has fallen to about $500 (compared to $1,900 in 1990) and industrial output in 1990 was *5%* of 1990 output," says the Bank. Ninety percent of the population depends on humanitarian food aid. Water supply, power generation, roads, central telecommunication facilities have been "extensively damaged." Seventy-eight percent of electrical generating capacity is damaged or out of operation. "Virtually all parts of the transportation system have been damaged." Fifty-nine main bridges are lost, and 63% of all housing units have been seriously damaged, 18% destroyed altogether.

Out of a population of 4.5 million, 250,000 have been killed, 200,000 wounded, 13,000 permanently disabled, mostly young people. Water and sewerage systems are in such disrepair as to represent a health hazard. The number of hospital beds has fallen by 35%, infant mortality has doubled. Some 14,000 children have lost both parents, 24,000 have lost one parent. A state of psychological trauma is very common for children that often have seen their parents killed, tortured, or raped. Around 1 million people—almost one-fourth of the population—are refugees. Workers, especially those employed by the State administration, have not been paid wages for years.

In the face of this suffering and destruction, the World Bank warned the government to save the money it has *in order to pay the debt,* not to help the population. "Every effort should be made to limit the Government's use of domestic banking funds," says the Bank, which also calls for "rapid privatization of the idle assets of State enterprise," a measure that brought misery and corruption in many countries of the former Soviet empire, countries that had not gone through four years of war and genocide. Finally the Bank's specialists call for the "efficient deployment of scarce resources to help the poor."

Efficient means here, as little as possible. In fact, "a *bloated social assistance* budget would *undermine fiscal prudence* needed for stability" and "inappropriate targeting and *excessive amounts of social assistance* would discourage work and enterprise restructuring, and *inappropriate foreign aid distribution* mechanisms would impair domestic production recovery."

In the midst of this destroyed country, the World Bank even has the nerve to demand that "emergency food aid be phased out."

Economic human rights assaulted in the U.S.

by Richard Freeman

While the Principals Committee has justified air war in the Balkans on the basis of "protecting human rights," economic policies of harsh austerity and outright neglect now pursued in the United States are putting tens of millions of American lives at risk. Anything more than rhetorical concern about human rights, would start by overturning these, and the International Monetary Fund's genocidal policies.

Here are discussed three long-standing human rights violations in America:

First, as **Table 1** demonstrates, the number of Americans not covered by health insurance is steadily increasing. Were something serious to happen to these individuals, because of the pro-genocide environment set up by health maintenance organizations, there is a growing danger that hospitals would not admit them.

The level of income is the major barometer of whether one has health insurance or not. Despite Medicaid, the Federal program which provides medical coverage for the poor, 11.2 million people, 31.6% of all poor Americans, have no medical insurance. As well, 25.4% of all persons who live in a household with income less than $25,000 per year, have no medical insurance. By contrast, only 8.1% of all persons who live in a household with income of $75,000 or more have no medical insurance.

In six U.S. states, at least 20% of the population is not covered by medical insurance: Mississippi, 20.1%; California, 21.5%; New Mexico, 22.6%; Arkansas, 24.4%; Arizona, 24.5%; and Texas (of Gov. George W. Bush), 24.5%.

Second violation: poverty

A second major violation of human rights is the large

TABLE 1
Americans without health insurance, 1987-97

	Americans without insurance (millions)	Percent of total population
1987	31.026	12.9
1990	34.719	13.9
1993	39.713	15.3
1995	40.582	15.4
1996	41.716	15.6
1997	43.448	16.1

Source: U.S. Deptartment of Commerce, Bureau of the Census