

The World Bank confesses

There were two afternoon panels. The first was on the topic of U.S. assistance to southeastern Europe, and included representatives from the U.S. Department of Agriculture, the Export-Import Bank, the Overseas Private Insurance Corp., and the Pentagon.

A second panel, on multilateral and international assistance, included representatives of the World Bank and the European Union—the two organizations which at present have put themselves in charge of coordinating all assistance for Balkans reconstruction. The presentations by both of those spokesmen made it clear that they intend to continue the policy of tying economic assistance to political conditions such as “democracy,” “human rights,” and market reforms—a sure means of providing the pretext for the international financial institutions to sabotage any real reconstruction and economic development.

Charles Kestenbaum, a U.S. government liaison officer to the World Bank, opened by dismissing “all the talk about Marshall Plans,” saying, with a straight face, that this doesn’t take into account the reality that the World Bank is already doing all of this, that it is engaged in more than 250 projects in the southeast Europe region. He listed the types of projects, including social and economic projects, “balance of payments assistance,” legal and environmental reforms, as well as some

infrastructure projects. Making it clear that the World Bank intends to remain in charge, Kestenbaum suggested that all that is necessary is for the World Bank to expand and upgrade its existing programs. Since the other countries besides Yugoslavia haven’t been bombed, Kestenbaum said, their needs are limited to dealing with the effects of the Kosovo crisis, such as the problem of refugees. “The World Bank is not actively engaged in an emergency effort to rebuild the economies of the countries around Kosovo, but rather to support them.”

Kestenbaum said that he wanted to point out “an element of concern,” which is that the republics of the present Yugoslavia are not members of the World Bank any longer, and that “what was the Republic of Yugoslavia was in substantial arrears to the World Bank.” Kestenbaum said that since Kosovo and Montenegro are part of the Federal Republic of Yugoslavia, the issue of how to provide any aid to them at all “is going to be a bit of a challenge. . . . It is an obstacle.”

Kestenbaum added that the IMF and World Bank “are always concerned about debt buildup,” and that while there are emergency requirements, “you end up with a situation where you lend them as much as they need or want, and then they can’t repay.”

The general thrust of Kestenbaum’s remarks was that no one should expect very much from the World Bank—even

EU official: We will not rebuild Danube bridges

Aslam Aziz, the Counsellor for Development Affairs for the European Commission in Washington, told *EIR*, during the Balkan Assistance and Reconstruction conference on June 15, “We will not rebuild the bridges over the Danube, until nations in Europe act to get Milosevic out of power.”

“The approach we will take,” he said, “is to make changes in the Balkans ‘progressively.’ We cannot have huge or stupendous amounts of money. The other approach is to have large scale infrastructure, like the TEN, the Trans-European Network. But that was only something we developed in the last few years, and only for [western] Europe. This is not something to apply in southeastern Europe.”

“We will concentrate to get the refugees back to Kosovo by December. We will provide some immediate things, like clean water supplies, power, and communications links. But we have to do the usual feasibility work. This means the European Commission has to do ‘sector

studies.’ We have to see if communications links in one area are compatible with another area.” These studies will take time before they can be considered. “We also have to decide whether to privatize. We are no longer in an age where government can do everything.”

When it was pointed out that the Rhine-Main-Danube Canal transports goods on a European-wide basis, and that its blockage blocks the economic activity of many nations in Europe, Aziz retorted, “Yes, that’s true. But we will not rebuild the bridges, until the nations in Europe act to get Milosevic from controlling things. First, we have to get two things in Yugoslavia, a democratization process and liberalization of the economy.”

When asked if there is a place for reconstruction of Serbia, he replied, “Serbia is not included. We will provide some humanitarian support, like some clean water. But reconstruction is a different question. We will certainly not support that at this time, if Mr. Milosevic is in power. We will not rebuild the bridges over the Danube.”

Asked whether there should be construction of housing in Kosovo, Aziz said, “The refugees will be happy to go to their old homes. There will be some repairs, but there will be no large-scale construction of housing.”

—Richard Freeman