

## Schiller Institute: Begin Balkans Reconstruction Now!

*The following statement was issued in Europe on Oct. 11 by the Schiller Institute, under the headline "For a German-French-Russian Alliance for the Development of Southeast Europe."*

If the hopes which everyone in Europe places in the change of government in Yugoslavia, are to be realized, an immediate correction of the policy of the last ten years is necessary. The change of course involves not only the Yugoslav domestic situation, but especially the dead-end of globalization and unbridled free trade, as well as the geopolitical strategy which has abused the Balkans time and again in the last century, as the plaything of the great powers to prevent continental European cooperation. The most recent secret negotiations between the economic advisers of President Vojislav Kostunica and the International Monetary Fund in Sofia, already throw threatening clouds over the chances of the new Yugoslav government to survive. The IMF policy of relentless debt-collection cannot rescue the world financial system in any case, but it can lead all the faster to rekindling the flames of ethnic conflict in the region. The Kostunica government will be measured by the voters on the basis of success or failure in the economic area.

The new situation has to be grasped by Europe as the golden opportunity to take an important step in the direction of a new, real-economy-oriented world financial and economic system, a "New Bretton Woods." Germany and France must jointly take a leading role, together with Russia. That would remove the grand blunder of 1989, when Europe was divided by Anglo-American manipulations in the war against Iraq and then in the Balkans. Without such a perspective, any engagement, however well meant, is doomed to failure.

A lasting peace presupposes the development of the entire region, which was cast into still deeper poverty and social misery by the war against Yugoslavia last year, as it had already been cast by the IMF's shock therapy. In addition

to Yugoslavia, also Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Slovenia, and Hungary must work together on a joint program for development of infrastructure and industry. The European Union and the international community have to provide help to that end. The following points need to be accomplished:

1. The reestablishment of and respect for the full political sovereignty of the participating states.

2. The model for the economic development of the nations of Southeast Europe should be the successful reconstruction of the Federal Republic of Germany after World War II (the Marshall Plan and the London Debt Agreement of 1953). That means concretely,

- The unpayable old debts have to be cancelled, or the countries must be permitted to pay these debts into a new regional development bank, which can then issue investment credit for the development of infrastructure and productive capacities. The German Kreditanstalt für Wiederaufbau (KfW) can be the model for this, and the KfW itself can be directly involved, as it has offered, in the establishment of such a bank.

- Immediate long-term, low-interest credit must be issued exclusively for investment (as in the Marshall Plan), and principal payments are to begin only after a recovery phase of five years.

- In view of the experience with the ruinous consequences of World Bank and IMF conditionalities in Southeast Europe, the entirety of Eastern Europe, as well as the Third World, these institutions should have no influence in the region.

- A customs union of the participating countries must be established in order to promote regional trade.

3. In addition to the reestablishment and modernization of basic materials industries, energy production, and water management, the following infrastructure projects must be begun:

- The Danube, the most important European waterway,



*The Petrvaradin Bridge in Novi Sad, Yugoslavia, destroyed by NATO bombing in 1999. The Danube, the most important European waterway, must be cleared of the rubble of destroyed bridges and made navigable again.*

which has been blocked for ten years, must be cleared of the rubble of destroyed bridges and made navigable again. In addition, the Drau, Save, Morava, and Vadar rivers should be developed, together with associated canal projects.

- The transportation corridors decided by the Second Pan-European Transportation Conference (March 1994) on Crete must be gotten under way and given high priority:

1. Berlin/Nuremberg-Prague-Bratislava-Budapest-Sofia-Istanbul/Saloniki;
2. Venice-Trieste/Koper-Ljubljana-Budapest; Rijeka-Zagreb-Budapest; and Ploce-Sarajevo-Osijek-Budapest;
3. Dona, including all the ports;
4. Durres-Tirana-Skopje-Sofia-Plovdiv-Burgas-Varna;
5. Alexandropolous-Dimitrovgrad-Bucharest-Kiev; and
6. Salzburg-Ljubljana-Zagreb-Belgrade-Skopje-Saloniki, extended by Graz-Maribor-Zagreb, Sopron-Budapest-Novi Sad-Belgrade-Nis-Sofia, and Veles-Bitola-Florina-Via Egnatia.

### **Time Is of the Essence**

Ten years have been lost in war, and the wrong economic policy has been enforced from outside the region, not least because of the unfulfilled grand promises of reconstruction aid on the part of the NATO countries. If now, again, there is only talk and no action, further conflicts in the Balkans, and a confrontation with Russia, are unavoidable. That would result in the emergence of a yet-more-dangerous zone of instability and chaos, and Europe's capability to act would be paralyzed for a long time to come. Anglo-American geopoliti-

cal strategists, such as Zbigniew Brzezinski, are already rubbing their hands with glee over the, in their opinion, inevitable inability of the European countries to deal with the problem of the Balkans. Robert D. Kaplan, from the New American Foundation, terms the Balkans, extending to the Black Sea, the "natural area of expansion" for the "imperial power of the U.S.A.," which could prevent the connection of the region to the Middle East. This is supposed to be the priority of the new American government.

That cannot be in Europe's interests. Let us finally use the opportunity for a radical chance of course. In view of the effects both of the American financial warfare against the euro, as well as the oil-price speculation, this is an ideal opportunity to bring about an economic shift and to take our distance from the collapsing dollar-speculation empire.

With the resumption of the operation and development of the Yugoslavian pipeline system (from the Black Sea to the Adriatic), oil supplies of the region as well as of the rest of Europe can only profit. But, more importantly, Southeast Europe forms a natural bridge between Europe, Africa, and Asia, and so it is ideal for a joint project for continental European cooperation with Russia and China, in the context of the "New Silk Road." Only such a development and cooperation policy among the sovereign nations of Eurasia, as the former American Presidential candidate Lyndon LaRouche proposed with the "Eurasian Land-Bridge," will make it possible to overcome the dramatically escalating international strategic crisis, which is the result of the collapse of the world financial system.