

The principles of physical economy point the way to a lasting peace

by Helga Zepp-LaRouche

Mrs. Helga Zepp-LaRouche delivered the following speech to the Brussels conference of the International Parliamentarians against Genocide in Bosnia, which was held at the European Parliament on April 28. Subheads have been added.

The fact that the world public has watched the Serbian war of aggression and genocide for three years without reacting has not only resulted in a suffering of the victims surpassing any power of imagination, but because of the moral, political, and military failure of the governments and institutions of the West, international law has been de facto thrown overboard.

As a consequence of the fact that borders between nations can be altered by military force with impunity, the situation has deteriorated so far that not only is there the danger of a generalized Balkan war in the immediate future, but, if this conflict continues, a war threatens to break out in far greater dimensions in the area of the republics of the former Soviet Union.

To overcome the catastrophe in the Balkans, it is therefore necessary—not least because of the Russian relationship to the Serbs—to take account not only of the situation in former Yugoslavia. Overcoming this catastrophe must be part of a change of global policies, if an escalation into a global Thirty Years' War, including employment of nuclear weapons, is to be prevented.

An effective peace policy for the Balkans today must fundamentally consist—in addition to pushing the Serbs back to within the borders as they were before the war broke out—of a program for economic development such as my husband, Lyndon LaRouche, proposed in November 1989 when the borders of Europe opened. The central feature of the program of the so-called “Productive Triangle Paris-Berlin-Vienna” as the centerpiece of a Eurasian infrastructure program, is based on the fact that this region, which encompasses parts of France, Germany, and Central Europe, represents the greatest concentration of industrial capacities and highly skilled labor power in the world.

It would have been very simple to apply principles similar to those of the reconstruction of Germany after World War II, to create project-linked credits to bring about technological improvement of existing industries and achieve productive full employment by means of new investments.

The increase in production and productivity which would have been achieved by such dirigistic methods in the tradition of Friedrich List, not only could have become the motor of the transfer of improved technologies into eastern and southeastern Europe, and ultimately Asia, but it could have become the locomotive for the entire world economy, which was already in depression at that time.

The Balkans were to be completely integrated into this Eurasian infrastructure program as a bridge to the Northeast, and, particularly after completion of the Rhine-Main-Danube canal, shipping on the Danube would have taken on a crucial function for the economic development of the states of former Yugoslavia.

There is documentation in great detail—not least in the memoirs of Margaret Thatcher—which demonstrates that Thatcher and Bush, for political reasons, were ready to do everything to prevent such a development of the Eurasian continent. Part of the Thatcher-Bush policy included giving the Serbs the green light for their Greater Serbia plans of conquest, a policy maintained since then by Great Britain and the United Nations, by which they have made themselves complicit in the Serbian genocide. This policy also included imposing shock therapy upon the states of the former Warsaw Pact, and initially Yugoslavia, and today Croatia.

Instead of developing the East and the Balkans economically, the policies of shock therapy, IMF [International Monetary Fund] conditionalities and the so-called free market economy led to a disastrous collapse of production, so that today productive capacities have been reduced to levels 30% of what they were at the time of the end of communism. This policy has not only led Russia to the brink of economic standstill, it has produced a dictatorship of organized crime and a profound embitterment of the population. Since Russia is, moreover, a nuclear power, this development can quickly explode into a catastrophe. There is only one way that a drift into an apocalyptic crisis can be prevented; the policy which Bush and Thatcher determined in 1989 toward the Balkans and toward Russia must be given up entirely, and it must be replaced by a policy of economic development.

Prospects for fundamental change

I would like to point out two aspects which make the possibility of a fundamental change of policy more probable

than usually assumed. To that purpose, it is useful to discuss a number of features which do not indeed concern the situation in the Balkans directly, but do concern the possibility of overcoming the crisis. In December 1981, my husband, Lyndon LaRouche, was asked by parts of the American government to conduct so-called back-channel negotiations with the Soviet government on the issue of countering the growing danger of a nuclear war by accident by establishing a system based on technological and economic cooperation. The key idea in this proposal was not only to exchange advanced technologies in the military area between the superpowers, but to share it with other states by employing these technologies in the civilian area, to set a global economic development into motion. These negotiations were then finally broken off by Yevgeny Shershnev, the representative of the Soviet embassy in Washington, D.C., with whom these discussions had been conducted, in February 1983, one month before President Reagan announced the Strategic Defense Initiative (SDI) as official U.S. government policy. Such a defense system based on "new physical principles" technologies, as the Soviets subsequently called them, were, according to the Soviet representative, technologically and militarily feasible, but the application of these technologies into the civilian area would be easier for the West, and would thus bring the West greater advantages than the Soviets. Therefore Moscow rejected this proposal.

My husband then forecast the Soviet economy would collapse within five years if the Soviet government continued to reject this proposal and simultaneously attempted to attain strategic world dominance.

When, at the end of 1989, Lyndon LaRouche, at that time already a political prisoner of the Bush administration as the Gorbachov government had demanded, proposed the Productive Triangle, western states capitulated to the pressures of Bush and Thatcher. It is, therefore, all the more important that today, after the republics of the former Soviet Union have suffered the horrendous effects of shock therapy and the free-market economy, there is a growing circle of Russian scientists and academicians, representatives of the intelligentsia studying LaRouche's economic principles, and thus a group of people who are extremely important if Russia is to find a way out of the crisis. In terms of changing policy towards Russia, we are, therefore, not beginning at square one.

The second aspect consists in the fact that it ought to have become obvious in the recent weeks past, that the international financial system is at the brink of a systemic collapse—perhaps in a few weeks, perhaps in one year, in any case soon. The wave of collapses and mis-speculations of the large portions of a *Crédit Lyonnais* and George Soros represent developments similar to 1934. When this collapse occurs, those forces who have profited from the policy which consisted in exploiting the states of the former Warsaw Pact, and to sabotage progress in Europe by means of the war in the

Balkans, will lose a considerable portion of their influence.

That will make it easier to completely replace the premises which were the basis of the policies of Bush and Thatcher from 1989 onward, and to set out in a political direction which can pull the world back from the abyss even at this late hour.

An example: the PLO-Israel accords

This means that we must turn to the principles of physical economy, principles which have always been predominant wherever there was successful economic development anywhere in the world. That means in particular that we must use the advantages of modern technology to the benefit of all people on this planet.

An economic reconstruction program for the nations of former Yugoslavia on the foundation of physical economy is ultimately the only possible basis for an effective peace plan. Only in that way may the natural advantages of these countries, historically and geographically, come to bear, and bring about the economic and political regeneration of these regions.

In view of the boundless horror experienced daily by the people of Croatia and particularly Bosnia, it is probably difficult to imagine common economic cooperation in the future, after the reestablishment of the pre-war borders. But if we consider the situation in the Middle East, where the Rabin-Peres government and the PLO under the leadership of Yasser Arafat are attempting to overcome a half-century old adversary relationship by means of economic development in common, then it becomes clear where the only positive way out of the crisis lies.

Similar ideas of an "Oasis Peace Plan" were considered already in 1975 under the Peres government, but were sabotaged when the hawks around Sharon took power. Today everything depends on achieving a real development of labor power in this region, against powerful forces domestically and abroad who are attempting to sabotage this development.

The situation in Croatia, Bosnia, and Serbia is indeed different to the extent that, unfortunately, in Serbia, there does not seem to be any opposition to the committed genocide. There are parallels to the situation in the Middle East as far as the embitterment of the victims is concerned. But there must come a point in time when the bitterness is overcome, and the way is made free for peace. If the bitterness continues, it means perpetual death. A real order of peace must offer a way out to all people concerned. To reverse the policy of Thatcher and Bush of 1989, therefore, means not only to drop the idea of a de facto tolerated Greater Serbia, it must also entail dissolving the sub-organizations of the United Nations, the International Monetary Fund and the World Bank, and instead to launch massive economic development with western help in the Balkans, but just as urgently in Russia, Ukraine, and the other states of the former Warsaw Pact.