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## Interview: Igor Kosir

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# Infrastructure development is the main priority for Slovakia

*In the Sept. 30-Oct. 1 parliamentary elections in Slovakia, former Prime Minister Vladimir Meciar's Movement for a Democratic Slovakia (HZDS) became again the strongest political party. During a March-September 1994 transition, in which all opposition parties had formed the government, an agreement with the International Monetary Fund (IMF) was reached, in June 1994. According to the latest German newspapers, Meciar has undone all the privatizations of state-owned firms which the previous Moravcik government had negotiated. The following interview with Igor Kosir, Doctor of Engineering, CSc., and director of the Center for Strategic Studies of the Slovak Republic, conducted on Oct. 21 by Angelika Beyreuther-Raimondi in Bratislava, gives some insight into the economic and political situation in Slovakia.*

**EIR:** Please give us some information about the developments after the parliamentary elections.

**Kosir:** October was a period of preparation for a new government in Slovakia. The concrete results of our parliamentary elections created very clear new conditions: The new government must be and will be a coalition government. Of course, the winner of this parliamentary election was the Movement for a Democratic Slovakia of former Prime Minister Vladimir Meciar, but this 35% of the vote is not enough for the creation of a one-party government.

**EIR:** Does your institute represent a party?

**Kosir:** No, our Center for Strategic Studies was established as an independent institute for preparing basic strategy papers and materials for our government, the prime minister, the Economic Council of the Government of the Slovak Republic, and institutions like the National Bank of Slovakia, the Slovak Confederation of Trade Unions, and so on.

**EIR:** How is the economic development of the country proceeding, and how do you view relations with the IMF?

**Kosir:** First of all, I would like to emphasize that the concrete results of our economy and our transformation process were better than predicted by many institutions. We reached a positive trend. Several years before it was  $-15%$ ,  $-7%$ ,

$-4.1%$ , but in this first part of 1994, the Slovak economy achieved a real economic growth of  $4.4%$ , for the first time after some years of decline. This is a promising situation, thanks to some success in foreign trade and especially to some increase in industrial production.

**EIR:** But in which specific area have you achieved economic growth?

**Kosir:** It is a general trend. Of course, our economy is in a very special stage, a stage of transformation, needing restructuring. Our economy is new, because of the division of former Czechoslovakia, which was a joint economic and social unit for more than 40 years. That's why it is comparatively more complicated than with Hungary, or Poland, or other central European countries. But I like to evaluate the situation as relatively good. In terms of the relationship with the IMF, it's a very concrete question. For us it is very clear, we need cooperation with the IMF, because of the very special situation of this country and its economy, which is in a pre-capitalization stage. We are not able to realize our transformation process without foreign investment, without a positive image abroad. And that's why the IMF is a symbol—if we want it or not—of some kind of improvement for the international financial community, that this country or that one has prospects or not. It's a general approach to all the central-eastern European countries, including the big ones, like Russia and Ukraine, not only vis-à-vis Slovakia or other relatively small countries. Slovakia is a country of 5.3 million people. That's why we need that cooperation, not only with the IMF, but also with the European Bank for Reconstruction and Development, the European Investment Bank, and the other main economic and financial international or world institutions.

**EIR:** And how are your economic and political relations with your neighbors—Ukraine, Hungary, Austria, the Czech Republic, and Poland?

**Kosir:** For such a relatively small country as Slovakia, it is very important to develop economic, cultural, political, and other relations with all neighbors. That's why our orientation is toward good-neighbor relations with Austria, Hun-

gary, Ukraine, Poland, and the Czech Republic. Of course there are historical aspects, orienting our country to concrete strategic outlooks. For the Slovak Republic, that means full membership in all the main European economic, political, and security structures. It was presented officially by our government, our parliament, and, I would like to emphasize, by all parliamentary but also by all non-parliamentary political movements and parties, including the Movement for a Democratic Slovakia, the Christian Democrats, the Party of the Democratic Left, Democratic Union, Democratic Party, Social Democrats, Slovak National Party, and so forth. We understand that after this big change in 1989, it is very important to find some perspective. Despite a lot of problems inside the European Union, it is the best concrete orientation for our future. That's why the European Agreement between the government of the Slovak Republic and the European Commission of October 1993 is evaluated as a basis for our strategic orientation. This country, as a part of former Czechoslovakia, was a *cordon sanitaire* between the two world wars. Slovakia is not interested in a new division of Europe.

We are people to assist, as a small country, of course, to develop this integration trend on our continent to the East. And we have a lot of contacts inside the former Comecon [Soviet bloc trade association]. Our foreign trade and economic orientation was very clear: the Soviet Union and other Comecon countries. These contacts are very useful not only for us but also for our new foreign western partners, and in terms of some commodities, oil, gas, and so on, they are very important.

**EIR:** You get oil from Russia?

**Kosir:** Yes, of course, this tradition has continued, because it is not so easy to reorient our imports in these very concrete and very sensitive commodities.

**EIR:** I also do not see any other countries that would deliver it to you.

**Kosir:** Yes, and why reorient in a situation, in which all important world exporters and economies are oriented toward the East, as the very promising countries at the end of the century and the beginning of the next century? Not only Ukraine and Russia, but China and the Far East.

**EIR:** We have to recreate the old "Silk Route" and develop in this process all economies along that infrastructure project.

**Kosir:** We are continuing our relations with mainland China. I want to emphasize, that in our small Slovakia we understood the importance of infrastructure development for our country, but not only for us, for the whole continent. That's why this infrastructure development is the main priority in our industrial and economic policy. Really, for us, for a small country, situated in the heart of the European

continent, the infrastructure connection between West to East, North to South is very important. From the global point of view, including China, it is very promising not only to discuss, but to develop these concrete infrastructure lines to the Far East.

**EIR:** President Clinton opened a special relationship with Germany during his July trip to Europe, especially also regarding the development of eastern Europe, and he placed Great Britain in the second rank of relations. He discussed the Delors *White Paper* on infrastructure, which largely reflects Lyndon LaRouche's "Productive Triangle" proposal. Do you see any positive change in the West toward your country?

**Kosir:** The Copenhagen summit of 1993 presented infrastructure and energy development as basic strategic priorities in the relations between the European Union and central and eastern European countries. Infrastructure is the number-one strategic priority. But infrastructure development is not easy to do. It is quite expensive. We need assistance from international institutions. There are many meetings between our minister of transport and the London European Bank, but we need a more dynamic approach.

**EIR:** On the financing?

**Kosir:** Yes, that's the main problem. . . .

**EIR:** We suggested—not only because of the disastrous situation on the international financial markets, major corporate collapses in Germany due to large-scale speculation in derivatives—that the financing of infrastructure should be done through national banking policy, as the United States was built up after the Civil War. A sovereign country has the right to issue national credit through its national bank for the reconstruction of its own country. Infrastructure never causes inflation, it increases the national productivity of the country.

**Kosir:** Of course. We understand. We have a relatively good situation in our central bank, the youngest in the world, but we need foreign participation. For comparison, in February of last year, the national bank of Slovakia had some \$200 million in U.S. dollars, but now this situation is much, much better; in our banking system, there is more than \$3 billion, and a little bit less than \$2 billion is in the national bank, including gold reserves. In our second year of independence, it is impossible without foreign participation.

We consider this infrastructure development not only on the national level. Europe must strive to be one very strong point in this new world economic structure. It is very important for central and eastern European countries to develop the infrastructure of their countries. We know that it is expensive, but it is not only our national interest, it is in the interest of the continent, the future of integrated Europe.