

Faris Nanic tours United States to organize for Balkan reconstruction

The only hope of the war-torn nations of the Balkans lies in the implementation of Lyndon LaRouche's economic development policies, and Balkan reconstruction based on that, according to Faris Nanic, Secretary General in Croatia of the Party of Democratic Action and former chief of staff to President Alija Izetbegovic of Bosnia-Herzegovina. Nanic is also the co-initiator, with Schiller Institute founder Helga Zepp-LaRouche, of the international call for "Peace Through Development for the Balkans," drafted last April during NATO's bombing war against Yugoslavia.

On Sept. 30, Nanic concluded a two-week tour of the United States designed to rally Americans in support of LaRouche's approach, before time runs out for the Balkans. As he said in Chicago Sept. 19, "My only hope is that the shift will happen here in the United States of America—not because the U.S. is the only remaining superpower, but because of its tradition, which is the tradition of all of mankind."

Prominent in his discussions in every city were LaRouche's proposals for a postwar Marshall Plan to rebuild the Balkans, a New Bretton Woods system to replace the ruined world monetary system, and a sharp break with the International Monetary Fund and World Bank, and their austerity conditionalities.

Nanic's tour, which was jointly sponsored by *EIR* and the Schiller Institute, took him to Chicago, Los Angeles, Houston, New York, Philadelphia, Northern Virginia, Baltimore, and Washington, D.C.

At a Sept. 29 press conference and seminar in Washington, attended by 60 people, including an ambassador and other diplomats from five countries, Nanic, having been introduced by *EIR* Ibero-American Intelligence Director Dennis Small, gave the following remarks.

'The initiative has to come from the United States'

Good morning, ladies and gentlemen. Welcome to the press conference. I wouldn't like to take too much of your time. Just to give you a briefing on what the actual cause,

the reason, of my recent trip and tour throughout the United States is.

The idea is to present that, after four years of peace, after the Dayton peace agreement was signed, reconstruction, especially in Bosnia, but also in the whole Balkan region, has essentially been a failure. We can illustrate this by giving just a few examples.

The railway system in Bosnia still does not work. Not at all. The main railway, which was the railway connecting the capital of Sarajevo with the Croatian port of Ploce on the Adriatic, was open for this summer season, and then closed when the season was over. This is approximately 120 miles, and the average velocity was about 17 miles per hour.

Secondly, Bosnia, together with Albania—I'm sure that many of you are acquainted with it—are the only European countries with no freeways. So the transportation, the ground transportation infrastructure, is in very, very bad condition. And nothing has been done. Really, nothing has been done to revive, or to reconstruct, this very important part of the Bosnian economy.

Third, Bosnia has been somehow in a blocked political position by, through the Dayton agreement. The central government is very weak. As you know, it has authority only over foreign policy, foreign trade, and very small authority, very reduced authority, over monetary issues. You know that the governor of the Bosnian central bank is appointed by the International Monetary Fund.

Bosnia somehow has found itself in a position of being double-trapped, if I may use the term. On one side, you have a weak government, with no monetary sovereignty whatsoever to issue credit lines, to start reconstruction of the economy. On the other side, there are no investments from the outside, there are no investments into the real economy. The donor conference mechanism has proven not to be efficient, in the case of Bosnia, as well as in the case of the Middle East peace process. Now, \$5.1 billion has been pledged for the reconstruction of Bosnia. But the question that we have to pose, really, is how much of this money has been invested into the real sector, into the economic sector, and how much money has been spent in vain?

My tour was conceived because the case of the failure of

the reconstruction of Bosnia and other parts of the Balkans, has to be put forward, and has to be discussed widely, and has to become a very crucial part of American foreign policy. Why?

Because we think that the reconstruction of Bosnia is a very good chance for the world economy to step out of the present crisis. The financial crisis is becoming ever more troubling, and the break, the collapse, of the international monetary and financial system, will definitely affect all of us, not only the poor countries, but also the wealthy countries.

So, it's of essential importance to revive the idea of the reconstruction process, the way it was revived after the Second World War, in Germany and the rest of a devastated Europe. So, when I signed the appeal in April of this year, during the NATO attacks on Yugoslavia, it was essentially this: There is no reconstruction without, first, a durable and solid peace solution. And there will be no reconstruction unless we unleash a Marshall Plan for the reconstruction of the Balkans, which will not just be some vague idea, given and then discussed without a permanent mechanism of organizing these countries' credit generation systems—not only in Bosnia and Croatia, but in all of the countries in the Balkans, including Yugoslavia.

My opinion is, and this is what I can also discuss with many of you later, that if Yugoslavia is isolated from the reconstruction process, it will be devastating not only for Yugoslavia, for the Yugoslav citizens, but it will also be devastating for the rest of the Balkans. Because then it will be a pretext for not reconstructing the other countries of the Balkans, because the environment is not stable.

So they will tell you, aha, you have Yugoslavia, which is an unstable country, or which is a "rogue country," in your neighborhood, so there will be no reconstruction of your countries.

And you see, even Croatia has problems with completing a very important freeway from Zagreb up north, to Budapest, to the Hungarian border. Croatia also has many problems in completing—raising funds to complete—the very important freeway from Zagreb to the main port of Rijeka.

Who is going to pay for it?

So, if we want the Marshall Plan, and we want some kind of reconstruction, or real reconstruction in these countries as part of an overall Eurasian development, the question is, who is going to pay for it? So, the idea is that nobody is going to pay for it. That's the main point. And that's why, in the appeal, we evoked the very efficient mechanism of the so-called Kreditanstalt für Wiederaufbau, which is the credit institution for reconstruction that was organized in post-World War II Germany, and which, within five to, maximum, 10 years, created real wealth, with the help of the leverage that was provided by the Marshall Plan.

How did it function? Well, \$1.5 billion was a part of the Marshall Plan for the reconstruction of Europe, which



Faris Nanic, Secretary General in Croatia of the Party of Democratic Action and former chief of staff to President Alija Izetbegovic of Bosnia-Herzegovina, at a meeting in Chicago on Sept. 20.

was allotted to Germany. \$1.5 billion, which was much less than Great Britain, or Italy, or any other country gained. But what the Germans did is, they established a Credit Bank for Reconstruction, and on the leverage of this \$1.5 billion, as a capitalization, they issued \$6 billion, approximately, in the first emission—about \$6 billion of credits—long-term, acceptable credits, through commercial banks for the development of the productive sector, and necessary infrastructure.

Then, when these credits started to return, they used this money to launch another issue of credits. And within a period of five to 10 years, they created actual real wealth of the economy which was much, much higher than the initial \$1.5 billion of the Marshall Plan.

In that third phase, the private sector moved in. And the private sector found its own interest. And then it was not only the German economy that benefitted from this kind of credit activity, but it was also the American economy, the U.S. economy, that was able to produce much more for export for the

developing Europe. So, that's the idea, essentially.

Let's try to go back a little bit and say, why do not these countries, why can't they have their inalienable sovereignty in economic and financial issues? Let them help themselves. We can use some kind of Marshall Plan, just as leverage, as a necessary capitalization for these banks, in all of these respective countries, which then can, of course, cooperate as sovereign states, in terms of reconstruction of the whole region, in terms of defining the priorities, in terms of defining projects of mutual interest, etc.

So, that's generally the idea. Because if we stuck in this idea of who's going to pay for it, and nobody is going to pay for it—which is normal, why should we expect down there in the Balkans that somebody is going to pay for it? Who is, after all, obliged to pay for our own reconstruction? But if we launch the credit-generating mechanism, which can be launched only through the respect of sovereignty in monetary issues, of each and every country in that region, then we can have real reconstruction and development.

So, that's generally the idea. But this won't be possible unless the initiative comes from the United States. Because, not a single country down there, not a single country in Europe, will be courageous enough to launch these necessary changes, these necessary shifts, in the overall financial and economic policy. Without structural changes in the world financial and monetary system, this thing wouldn't be possible. And that's why I'm here.

Transform the world financial system

I would like to present one view, from the Balkans, from down there, from the region, on how to reconstruct, how to launch this reconstruction and development, which is the only guarantee of stable and durable peace and cooperation. To change the world monetary system, to change the world financial system, and to launch the whole reconstruction program, is not a big deal. It just takes political courage and political leadership.

And the proposal is there. The proposal is made by Mr. LaRouche and his movement, and it is something that is viable, it is something that is concrete, and it is something that can be offered, not only to the nations down there, but it can be offered to everybody. And this is the only way out. Otherwise, we are in a Catch-22 situation, where we cannot create money, or financial means for our development, because we have no sovereignty whatsoever. And, on the other side, there is no money from outside, nobody is going to pay for it, nobody is going to invest in a country where transportation costs are so high. Nobody is going to invest in a country where the basic infrastructure has been damaged, to a very large extent. And that's why this needs to be done.

This is what we should address to the American public, and to the American political decision-makers. And this is essentially my message. I'm here just to give a message, nothing else.

Interview: Dr. Peter Edelman

A change is needed in American welfare policy

Dr. Peter Edelman, a professor at Georgetown University Law Center in Washington, D.C., was an Assistant Secretary of Health and Human Services during the first Clinton administration. He resigned from that position in 1996, in protest of President Clinton's signing of the welfare reform legislation, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). Dr. Edelman spoke with Marianna Wertz on Sept. 27.

EIR: You left the Clinton administration in 1996, in protest of his signing the welfare reform act. We've been told subsequently, that Al Gore, working with [former Clinton aide] Dick Morris, crafted this policy for the administration. Can you tell me what you know about that, what your objections were at the time, and whether you believe anything has changed inside the administration since you left?

Edelman: "Crafted this policy" is not correct. My understanding is that the Vice President and Dick Morris were among a minority of advisers who urged the President to sign the bill. Most of those advising him urged him to veto it, but he decided—regardless of minority or majority—he made the decision to sign it.

My objections could be a very long answer, but my objections were that it wasn't real welfare reform. As a block grant, it allowed the states to have policies that were as negative and punitive as they would want. It also allowed states to do the right thing. It destroyed the safety net that had been in place for 60 years and it really didn't make sure that the states would make decisions that really seriously promote work and protect children. So, the combination of the block grants and the arbitrary five-year time limit were the heart of the bill, as well as all the cuts in the other programs, which were just a kind of ugly frosting on a very bad cake.

Has anything changed? The administration has done a limited number of things to ameliorate the impact of the bill. They've gotten Congress to restore SSI [Supplemental Security Income, monthly payments to people who are 65 or older, or blind, or have a disability and who are indigent] benefits to people who were in the country at the time the bill was signed *and* were already elderly or already disabled—very limited restoration, which has gotten more publicity than it really deserves to have.

They got CHIP passed, which is important, and is, among other things, helpful in terms of mothers going to work and