

After the elections in Croatia: a Marshall Plan, or a new war?

by Elke Fimmen

The parliamentary elections in Croatia of Jan. 3 brought to power a coalition of the two main parties, the Social Democratic Party (SDP), led by Prime Minister Ivica Racan, and the Social Liberal Party (HSL), led by Drazen Budisa. These two parties won 75 seats in the new Parliament, and are supported in a coalition by four other parties — the Croatian People's Party (HNS), the Croatian Peasant Party (HSS), the Liberal Party (LS), and the Istrian Democratic Party (IDS) — such that this new bloc forms a solid majority of 95 seats out of 151. The HDZ, the former ruling party of President Franjo Tudjman, who led the country since the first multi-party elections in 1991, through independence, until shortly before he passed away on Dec. 10, 1999, won only 45 seats in the Parliament. It thus suffered a big defeat, but remained the single biggest party in the Parliament. The other seats are held by five ethnic minority representatives, and another five by small conservative parties.

On Feb. 7, Stipe Mesic, who was the candidate for President of Croatia of the four smaller parties in the new ruling coalition, won the run-off election against the candidate of SDP-HSL, Budisa, with a clear majority. Mesic was the last President of the all-Yugoslav collective Presidency in 1991, before it broke apart. He was a co-founder of the HDZ, and was president of the Croatian Parliament, until he left the HDZ in 1994 over disagreements with President Tudjman's policies.

Ivica Racan, the new Prime Minister, was a member of the leadership of the Yugoslav League of Communists, and became its Croatian president in 1989. He has led the SDP of Croatia since independence. From 1995 until the recent election, the SDP had been the largest opposition party.

Economic crisis

The country is facing a high rate of unemployment, around 20%. It went through years of economic liberalization and monetarist policies, which were imposed by the International Monetary Fund (IMF) and the World Bank, and were complemented by internal machinations in the privatization process, which led to huge bank failures and massive losses in the real economy. Further, the country has still not recovered from its war of liberation, beginning in 1991, against "Greater Serbian" aggression.

Croatia is also suffering from the NATO war against Yu-

goslavia over Kosovo during 1999, in which the countries of the region were economically devastated, and nations such as Romania, Bulgaria, Macedonia, Albania, and Bosnia left teetering on the brink of social explosions. The situation in Kosovo has dramatically deteriorated politically in recent weeks. No economic assistance for civil reconstruction was forthcoming during the winter months, as had been promised by the so-called Stability Pact, whose members are going to hold another "donors meeting" in late March.

The change of government in Croatia has been strongly welcomed by the U.S. Clinton administration and the European Union. Now, however, is the hour of truth: Will Croatia receive substantial material support and be allowed to contribute positively to the desperately needed economic reconstruction and development of the region on the basis of respect for national sovereignty? Or will it be gripped even more tightly by the IMF, the World Bank, and Maastricht Treaty policies, and be forced to serve as a junior partner in NATO's new confrontationist policies against Russia and China? The answer to these questions will be crucial for the Balkan region as a whole, and above all, for world peace.

Interview: Faris Nanic

'We are expecting a fifth Balkan war'

On Feb. 9, Croatian political leader Faris Nanic gave a first-hand evaluation of the new political situation in Croatia and the problems facing the new government.

Mr. Nanic is Secretary General of the Party of Democratic Action (SDA) in Croatia, which participated in the general parliamentary elections. He is trained as an engineer, and, in 1996, he served as chief of cabinet of Bosnian President Alija Izetbegovic. In September 1999, on the invitation of the Schiller Institute, he travelled to the United States to present the Call for a Marshall Plan for Southeastern Europe,

which he had jointly issued with Helga Zepp-LaRouche, founder of the Schiller Institute (see *EIR*, Oct. 29, 1999, p. 45). He has endorsed Lyndon LaRouche's campaign for U.S. President. The interview was conducted by Elke Fimmen.

EIR: What are the main problems confronting the new government of Croatia?

Nanic: The main problems are the overall economic ones, not only the financial aspect, but also the dying of the real economic sector. So, the government, first of all, has to deal with the problem of so-called illiquidity, which is the internal debt of \$10 billion, which is in addition to the external debt of \$9 billion. This year's repayment obligations alone are about 6 billion kunas [Croatia's currency], which is almost \$1 billion. It will be very difficult, very harsh, and the government has already announced that austerity measures will be introduced.

Second, what the government has to do, is to revive the previously existing industrial and agricultural potential, which has been largely devastated, either by the war, or by the insane economic policies of the former government.

One of the hopes, that this could turn into a good direction, is one of the first statements given by the new Finance Minister, who is a professor of the faculty of economics, Dr. Mate Crkvenac, that Croatia should be reindustrialized.

The other problems are how to put the legal system under the control of the Parliament, and, of course, how to put the intelligence community [under the same control], which was largely controlled by the former President, and which got out of control and was used mainly in the HDZ inter-party settling of accounts. These are the three topics that I see.

Of course, it is very important that Croatia finally cease to be internationally isolated, not only by being sucked into Euro-Atlantic associations, but also by establishing good relations within the region and with the West.

EIR: There is a lot of pressure from outside, from the IMF, but also from the European Union, for Croatia to open up to international financial circles, for globalization, privatization, and to push forward the policy of liberalization of the remaining parts of the economy. Now, the question, of course, is, are there any indications that there is the political will to establish national sovereignty in economic terms?

Nanic: I think we have to allow a certain period of time for the new government, not only to be established, and to be confirmed by the Parliament, which will happen today, but also to inspect the situation in the government ministries and in the overall economy in the country. Before that, it is very difficult to judge any government move or any government position, because I think—and that is an opinion also largely shared by the elected President—that the situation is much worse than was expected.

For me, it was very indicative, that the representative of the International Monetary Fund in Zagreb, Gary O. Cal-

laghan, strongly supported the former governor of the National Bank, Marko Skreb, to remain at this post. He is one of those who was blamed by the former opposition (now the government parties), for being totally inefficient and irresponsible in dealing with the banking sector crisis, which actually swallowed three or four major Croatian banks. Second, he is a proponent of the policy of the so-called hard kuna, which was pegged to the deutschemark at a very unrealistic exchange rate. The new government is definitely going for an adjustment in the exchange rate of the kuna, which will still be pegged to the deutschemark, and to resolve the effects of the destruction in the country. . . .

I think, judging as much as possible from the announcements made so far, that this government will have a certain positive notion of reviving the economy, and will act for the Croatian people, in a situation which had otherwise become almost unbearable.

EIR: You have supported initiatives to revive the economy in Croatia and Bosnia, but also the overall regional situation, which is a disaster right now, with the effects of the war against Yugoslavia—the situation in Kosovo, the situation in Bosnia, and the blockage of the Danube River. This is definitely something in which Croatia must play a positive role. What do you think Croatia should do toward the region as a whole?

Nanic: Croatia can now take a leading role, or take a certain initiative, within the so-called Stability Pact, to really fill the form of the pact, which so far means nothing, to launch an overall development policy. I think that Croatia has the capability and potential for a certain initiative in the context of the Stability Pact, which is supervised by the guarantors of the Dayton Agreement and other countries also, for especially infrastructure development to the benefit of all the countries of the region. Croatia should draw on other countries to formulate a list of expectations and of rules, I shall say, to maintain the economies of the region. I think this is something which Croatia can do. I myself would go for a kind of Marshall Plan initiative for southeastern Europe, go for reconstruction of the regional infrastructure, and seek real cooperation among sovereign nation-states. This can be done. It is my hope, that Croatia can initiate such a process in the context of the Stability Pact. Otherwise, the Stability Pact will yield nothing.

EIR: Considering this very inefficient bureaucracy, which we saw already in Bosnia, and the urgency of the situation, i.e., the Danube question, don't you think that Croatia should go also for some bilateral initiatives?

Nanic: Yes, of course. But one can be sure that Croatia will do nothing in terms of bilateral cooperation with Yugoslavia, before there is a solution to the problem of [Serbian President Slobodan] Milosevic. Because this is something where there is a political consensus, not only in the country, but also

abroad, that no cooperation, except basic necessary relations, will be developed before radical political changes occur—which are not to be expected soon, unfortunately.

What we do expect here, is a launching of a new war, a fifth Balkan war, after the murder of the Defense Minister of Yugoslavia [Pavle Bulatovic], who was close to Milosevic. We can expect something to happen. We do not know more at this point. He was murdered the day before yesterday. But we can expect that something is going to be provoked, either in Montenegro or Kosovo, as retaliation.

Otherwise, on bilateral relations, it is important that, first of all, Croatia has to settle all open questions with Bosnia and Slovenia, its closest neighbors. . . .

EIR: Your party supported Stipe Mesic for President, who, to the surprise of many observers, won against Drazen Budisa, the candidate of the two main governing parties, the HSLS and the SDP. Can you explain the reasons for your support?

Nanic: There are several motives why the SDA, which is a minority party, a non-parliamentary party in Croatia, but very close to the ruling party in Bosnia, supported Mr. Mesic for President of Croatia. First of all, Stipe Mesic was one of the strongest personalities in the former government, with major responsibilities during the war, who was, from the very beginning, very principled against the disastrous policies toward Bosnia, and the dealing with Milosevic for a division of Bosnia, and even including migration [i.e., resettling]. He was also against the wild privatization schemes that were conducted in Croatia, which resulted in a very crude policy, and the robbery that really happened in Croatia. And he was very firm for the rights of the citizens of Croatia. One of his slogans in his electoral campaign, was that he will be the President of all Croats, not only of the ethnic Croats, which, unfortunately, was the habit of the former President and the former government.

Second, Stipe Mesic was also very cooperative with our party during the parliamentary elections in 1995, when we almost entered the Parliament. Since that time, we have had a very good relationship with him personally. And finally, Stipe Mesic is one of those personalities who is very welcome not only in Bosnia, but also in Slovenia and other countries. This is of great importance, to finally extract Croatia from its unbearable isolation. And he is one of those personalities who is mentally and intellectually independent, who can serve as a very good corrective for the new government, and can deal with crises in his capacity as President.

Mr. Mesic also honored his commitment to preserve the territorial integrity and sovereignty of Bosnia, when he was President of the Croatian Parliament. He joined and actively worked at the conference of the International Parliamentarians against Genocide in Bosnia in 1994, which resulted in the resolution, of one of those documents, which was utilized by the Clinton administration in terminating the war against Croats and Bosniacs in Bosnia. That was at the peak of his

conflict within the HDZ, the former ruling party, when he finally laid down his position.

EIR: Could you explain the much publicized changes in the Presidential responsibilities, which all parties supposedly agreed to?

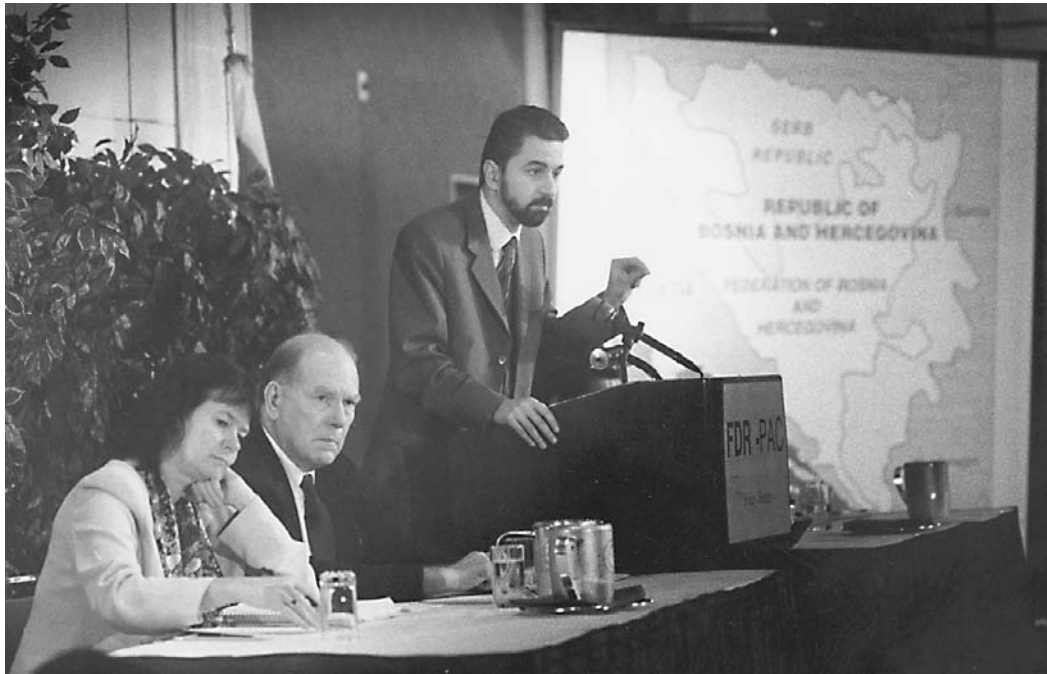
Nanic: What we are doing, is, to try to somehow limit the Presidential authority, because it was greatly manipulated and maliciously utilized by the former President. What has to stop is, that an authoritarian person, or anybody, has control over the government and the intelligence community. [The main ministries were directly responsible to the President, instead of to the government.] The 24 constitutional authorities of the President have to be reduced to a smaller number, which has to be debated in the Parliament and carefully selected, for the benefit of Croatia. There are certain laws that have to be amended, so that the government will be fully responsible to the Parliament. . . .

Second, we have to somehow change the image of the President. The President has to be the President of all citizens of Croatia; he has to be a person who is approachable, who is close to his own citizens, not a President who looks like a king or acts like a king. He will have the power over the Armed Forces, and also the power to decisively solve certain possible parliamentary and constitutional problems, as well as the right to introduce initiatives to the Parliament and the government—not only laws, but also other initiatives, either economic or social, or even cultural. So, this is what Mr. Mesic, as newly elected President, has announced that the government coalition will stand for, and we will witness these changes not very long from now.

EIR: What is your message to the United States and to western Europe, in particular to Germany, in terms of how they should treat Croatia now, given the large support for the change of government from their side?

Nanic: These countries should definitely support the right of Croatia to conduct its own sovereign policies, in terms of external, internal, financial, and economic policy, for the benefit of its own citizens. They should encourage the foreign policy of Croatia for regional development and regional cooperation, and they should not try to somehow put conditions on the rapprochement of Croatia to the European Union and NATO, or at least the Partnership for Peace, with certain concessions to financial institutions. That would be a disaster, not only for Croatia. Croatia now has the unique chance, after almost ten years which have been devastating for the country, to become a normalized, very cultivated country, if it is not forced into certain concessions, from which it would not benefit.

EIR: You presented your new book, *Times of Depression*, in Zagreb last week. Could you tell us about the content, the basic thrust of it, and why it is important that it came out now?



Faris Nanic addresses a forum of the FDR-PAC in Washington, D.C., Jan. 4, 1997. At the dais are Lyndon and Helga LaRouche.

Nanic: This is a book of my selected articles, commentaries, and some smaller studies, which I did in the period between 1989 and 1999, the period of transition and privatization in Croatia, and also the period of the war. The book is divided into six chapters, dealing first of all with the overall economic and financial developments in the world, which have major consequences for Croatia, then the overall international policies, which I have been following for a number of years, and the games that have been played in this region, followed by a chapter which is dedicated to the Islamic world, which has been a focus of interest for me for a long period of time, and which I think I know something about. One chapter has been dedicated to the Bosniac people.

This book can at least serve later as a document of the times, and a witness that there were some people in Croatia who dared to express their opinions, which were different from the so-called “politically correct” ones. And that refers mainly to the international financial and economic field, in which I openly endorsed many ideas of Lyndon LaRouche, and of the movement which he leads. I tried to present this kind of thinking, which is not the “politically correct” one of the majority, and tried to present a certain philosophical and historical continuity to the public, as much as I know, at least to provoke some discussion.

One of the encouraging signs was that I found a Croatian publisher, who did not have any problems with publishing this book, and who said during the promotion, that he saw this book as the beginning of turning a new page. There was also a journalist from *Vijenac*, a cultural magazine, who commented that it was a premiere, that for the first time the ideology of the “New Age” was exposed in Croatia in this way.

Also, the Catholic press was very largely represented at the book promotion. I do not find that very strange, even though I am a Muslim. The main idea, which we promote with the book, is that of a dialogue of civilizations instead of clash of civilizations. The Catholic Church in Croatia, and also in Bosnia, used its capacity to stop the war, and was trying to promote this concept. I come from a bi-cultural origin: My mother is Croatian, my father is Bosnian. I was raised as a Muslim in Catholic surroundings, and I am really proud to be able to communicate in the same way with the so-called Western and so-called Oriental culture. This I consider my own personal advantage. But I am just one example of the unique position that Croatia and Bosnia have, in serving as a certain springboard for launching the cultural concept of the different, but same principal concept of the Abrahamic faiths. Of course, this has to be initiated as a force not only by the Church, but also by the very strong Islamic community in Bosnia.

EIR: Lastly, what is your comment on the newest initiative of Italian Senators for a New Bretton Woods system?

Nanic: This is certainly an encouraging development, because members of the political establishment, even if they are in the opposition, are finally beginning not only to realize what is happening, but also to take political initiatives with a larger scope than before. That is why I think it is important that this initiative is being taken up in other countries. It is crucial to put this question, namely, the issue of economic development and sovereignty, where it belongs: before the parliaments and those politically responsible within each and every country.