

Failure to carry out reconstruction raises threat of a fifth Balkan war

by Elke Fimmen

The United Nations KFOR mission in Kosovo confronts daily escalation of tensions, which NATO circles are blaming on Serbian dictator Slobodan Milosevic. But the fact is, that the West itself has to bear responsibility for a crisis which could lead to a new Balkan war. There has been a consistent refusal by Western governments to carry out an economic reconstruction program, following each of the wars in the Balkans. A policy of economic reconstruction would have been the basis for the Serbian population to move toward a democratic change in government. But, that never happened.

The complete lack of reconstruction now offers fertile ground for a new escalation toward war. That is precisely what the Schiller Institute warned against last summer, when it campaigned internationally for a Marshall Plan for the Balkans and immediate reconstruction in Kosovo.

Gen. Klaus Reinhardt, commander of the KFOR peace-keeping forces, characterized the situation in Kosovo in an interview with the German weekly *Die Woche* published on Jan. 10: It was “adventurously stupid,” he said, that, in the spring of 1999, the governments of NATO countries expended immense sums of money to bomb Serbia into submission, “but now, when the issue is reconstruction, the money is lacking.” At about \$60 million, the entire UN budget for reconstruction in Kosovo amounts to one-quarter of the sum NATO spent for a *single day* of bombing. “I continuously hear that more money is coming, but, apart from promises, nothing happens,” the general said in another interview, with the daily *Süddeutsche Zeitung*. It is not possible to build up a country “with foreign soldiers and diplomats alone,” he said. Teachers are needed, and people who can build power plants; such people exist in the Balkan countries themselves, but no one can pay them, and those who cannot earn a living “will not be particularly happy about the advent of democracy.”

The UN emissary to Kosovo, Bernard Kouchner, pointed out at the beginning of February, that he did not have a single penny in his 2000 budget, although the international donors conference in November had promised him roughly \$15 million. With the complicated financial controls now in effect in the European Union, he said, it was “almost a

heroic deed to get emergency funds.” Many people were in danger of freezing to death. Out of 200,000 homes in Kosovo, 120,000 had been damaged or destroyed. His deputy, Tom Koenigs, said on Feb. 7 that no salaries could be paid to teachers. Payment for imported electricity and fuel for public transportation was also in doubt.

Growing tensions

In this situation, conflicts are crescendoing to the point that there is widespread discussion of the possibility of a new war. The German daily *Frankfurter Allgemeine Zeitung* reported on Feb. 21 on the annual meeting of defense specialists and military officials under the auspices of the Atlantic Bridge organization, at the headquarters of the U.S. forces in Stuttgart, Germany. One view expressed, was that “it is high time for the allies to demonstrate to Milosevic that they are ready and willing to have a new war in the Balkans, wherever they may choose.” The neighboring nations would have to be organized into a defense pact, and Russia would have to be included this time, in order to dash any hope on the part of Milosevic that he could count on foreign support.

Another participant in the meeting reportedly said that the situation is becoming precarious for KFOR, because the Serbs and the Albanians both identify KFOR as their adversary. According to a German NATO diplomat, the “frustratingly slow development” of the construction of a civil administration leaves Milosevic room to hatch nefarious new schemes. “Kosovo could become a grand Dien Bien Phu for the West,” said an American general, in the presence of the NATO Supreme Allied Commander for Europe, Gen. Wesley Clark (referring to the French military disaster in Vietnam in 1954).

Whatever occurs in the Balkans will have implications far beyond that region, since the geopolitical dangers of the Balkan war of last spring remain unchanged. Russia and China both viewed the NATO bombing campaign against Yugoslavia as directed, politically and strategically, at them. The UN mandate in Kosovo will have to be extended by the UN Security Council in June, and China and Russia will probably refuse to go along with it.

New conflicts are brewing. General Ivasov, who is re-

sponsible for international cooperation in the Russian Defense Ministry, announced that Russia opposes the KFOR maneuvers scheduled for March. According to sources on site, Russia, with its 3,600 soldiers stationed in Kosovo, was not invited to participate. NATO wanted to exert pressure on the Yugoslav leadership to change the political system, according to Ivasov.

Then, there is the violence in Kosovska Mitrovica, for which NATO circles are blaming Milosevic. Tensions between Serbs and Albanians have grown there dramatically since the beginning of February. Nine people died and 20 have been wounded in clashes. Over 1,500 Albanians have left the Serb-controlled part of the city. American and German KFOR units, carrying out raids in the Serbian part of the city, were attacked, and the French troops were pulled out of the operation. A street battle took place between KFOR and Albanians on Feb. 28, as the Albanians tried to move into the northern sector of the city. The crowd grew to 75,000 people. Not long before, 30,000 Kosovo Albanians had been prevented by KFOR, for security reasons, from entering the city, following a march from Pristina.

France intends to reinforce its forces in Kosovska Mitrovica with an addition 700 soldiers, as French Defense Minister Allen Richard announced at a joint press conference with U.S. Secretary of Defense William Cohen in Washington on March 2. The United States is considering deploying Special Forces into the French sector of Kosovo.

On Feb. 28, NATO Secretary General Lord George Robertson said that NATO had observed a concentration of Yugoslav troops in southern Serbia, referring to the region of Bujanovac-Presevo-Medjeva, which is east of Kosovo and largely populated by Albanians. The troops consisted of four units of the Serbian Interior Ministry. The Macedonian Army announced on Feb. 22 that it was raising the alert level for its troops on the border with Serbia, the first time since the NATO attacks in Kosovo last spring. The reason given was that "things could happen on the other side that will get out of control."

NATO Commander General Clark, during a recent visit in Macedonia, described the relationship between Serbia and Montenegro (which is still officially part of Yugoslavia) as very tense. Increased movement of Serbian troops had been observed, he claimed.

At the end of 1999, Montenegro introduced the German deutschemark as its official currency, an important step toward separation from Serbia. Tensions increased further following the assassination of the Yugoslav Defense Ministry Pavle Bulatovic; the Serbs hold the Montenegrin leadership responsible for the deed.

Bosnia, too, is becoming more unstable following the withdrawal of the Serbian Socialist Party from the Western-supported governing coalition of Republika Srpska, the ethnic Serbian entity in Bosnia.

The fraudulent Stability Pact

The institution that is supposed to secure peace by democratizing the Balkan nations and integrating them into the larger Euro-Atlantic structures, is the Stability Pact for the Balkans. It is headed by Germany's Bodo Hombach, who, according to KFOR's General Reinhardt, has never "paid me a single visit." With regard to the pressing tasks of economic reconstruction, Hombach never tires of saying, "I am not Santa Claus." But perhaps it is dawning even on him that things are spinning out of control, for he diverted \$300 million from his agriculture budget for the next two years, in order to have something to put on the table at the Stability Pact meeting at the end of March. (The meeting had to be postponed from January to March, due to insufficient preparation.)

This paltry amount of money is but a fraction of the miserly \$2.5 billion promised for the next five years. On the basis of past experience, the likelihood is that little of this will actually arrive, and that much of what does, will flow, not into reconstruction, but into the coffers of the myriad international organizations now present in the region.

Conditions are desperate in the other countries that are members of the Stability Pact:

In **Bosnia**, five years after the signing of the Dayton Accords that ended the war, production is still at a standstill, and 80% unemployment is common in many areas. For the "international community," the priority is the repayment of the old, pre-1990 Yugoslavian debts.

Romania, a candidate to join the European Union (EU), and **Bulgaria** both suffered immense economic losses during the war against Yugoslavia, but that does not prevent the "international community" from continuing to impose brutal International Monetary Fund (IMF) shock therapy upon them. In Romania, many cities lack regular supplies of heat, electricity, and clean drinking water. Prime Minister Mugur Isarescu, who was installed in December under massive pressure from the IMF and EU, is a proponent of an even more radical austerity policy than what Romanians have already been suffering under. He tells his countrymen that there is "absolutely no money" for improvements in living standards, since, were money made available for such purposes, the country would be insolvent and could not pay its foreign debt. More austerity is the IMF's condition for a \$180 million bridge loan, without which the country would have to declare bankruptcy in March. The standard of living in Romania is now 40% below the dismal level that it had reached at the end of the Communist period. In 1998, industrial production dropped by 17.4%, and by another 10% in 1999.

According to official statistics, 25% of the Bulgarian population lives below subsistence level. The government is in a battle with the IMF to raise the minimum wage to a level slightly below subsistence. Prime Minister Kosotov replied to a parliamentary inquiry about the standard of living, that "with the \$1 billion which the government pays

each year to service the foreign debt, we could double pensions or increase expenditures for education or health care considerably.”

In **Croatia**, the IMF and World Bank immediately imposed new austerity conditionalities on the new government of Prime Minister Ivica Racan and President Stipe Mesic, immediately upon their assuming office. At the same time, there are generous offers being discussed, to the effect that Croatia might be rapidly accepted as a member of the EU, and given “financial aid,” provided it agrees to the IMF recipes and other — as yet unknown — conditions. Croatia is being touted as the new beacon of hope for democratic reform of the region, and U.S. Secretary of State Madeleine Albright and German Foreign Minister Joschka Fischer are trying to outdo each other in their oaths of friendship.

It will become clear rather quickly whether the development projects defined by the new government have priority for the “international community.” The Croatian coordinator for the Stability Pact, Vladimir Drobnjak, announced that Croatia would present plans at the meeting of the Stability Pact for the construction of a Danube-Sava canal, the completion of the railroad from Budapest to Ploce, the creation of an industrial zone in Vukovar, destroyed by the war, and the construction of an Adriatic-Ionia highway.

One thing is already clear: If the government wants to receive financial aid from the conference of the Stability Pact, it will have to submit to the draconian conditions imposed by the IMF and the World Bank. Public expenditures will have to be cut drastically, the pension and health system will have to be “reformed,” and the remaining state-run companies, such as the railway company, ports, and banks, will have to be quickly privatized. Budget cuts of 12% are already planned for 2000, including 20-40% wage cuts for state employees.

The commercialization of the construction of the urgently needed infrastructure is high on the IMF and World Bank lists of priorities. Prime Minister Racan was not exaggerating, when he announced “sacrifices and difficulties” for the coming year. The new government still has to deal with the legacy of the late President Franjo Tudjman, since the real economy was destroyed in the last ten years as a result of the combination of IMF conditionalities and internal mafia methods, so that the country has a 20% rate of unemployment. Under such conditions, the social situation will not remain stable for very long.

The grandiose promises being made to Croatia only make sense in light of Croatia’s integration into NATO operations in the region. The U.S. ambassador announced a visit by the commander of the Sixth Fleet to Zagreb in March, which will bring five U.S. warships into Croatian waters. Prime Minister Racan said that Croatia, in view of its important geostrategic location, wants to play its part in taking responsibility for the general situation in the region.

Is a new Persian Gulf crisis in the making?

by Dean Andromidas

Developments over the last several weeks indicate that the British-American-Commonwealth (BAC) policy grouping is planning to provoke a major crisis in the Persian Gulf, targeting Iraq or possibly Iran. Their motivation is the growing realization by leading BAC policy circles, that the world financial system is heading for a crash in the very near future. Although a new Gulf crisis would have profoundly disastrous consequences for the current moribund Middle East peace process, its principal purpose would be to force the major economic powers, particularly western Europe and Japan, into supporting the overall geopolitical policies of the BAC.

This war policy was spelled out on Feb. 5 by U.S. Defense Secretary William Cohen, in his address to the 26th annual Conference on Security Policy, known as the Wehrkunde conference. As reported in the Feb. 18 *EIR*, the Wehrkunde conference in Munich, Germany is the traditional unofficial forum where Anglo-American policy initiatives are presented for adoption by other members of the North Atlantic Treaty Organization (NATO).

In his speech, Cohen declared that the major strategic threat to the West is the development of weapons of mass destruction by so-called “rogue nations,” namely, Iran, Iraq, North Korea, and Libya.

“For America and Europe,” Cohen said, “the threat of missiles from rogue nations is substantial and increasing. North Korea is building—and selling—long-range missiles and has assembled an arsenal with nuclear, chemical, and biological capabilities. Iran, with foreign assistance, is buying—and developing—long-range missiles. It has chemical weapons, and is seeking nuclear and biological capabilities.” Singling out Iraq for special action, Cohen said that “Iraq had an active missile program and chemical and biological weapons, and was close to nuclear capability. Saddam has been trying since 1991 to maintain a production base for all of these and, if the world community allows him to flout with impunity its UN Security Council resolutions, he will resume his activities where he was stopped.”

Cohen charged, “These rogue nations want long-range missiles to coerce and threaten us—the North American and European parts of NATO. . . . In the next five to ten years, these rogue countries will be able to hold all of NATO at risk with their missile forces.”