

# Bosnian patriots outline program for national reconstruction

*This "Letter of Intent" was submitted to EIR for publication, by a group of Bosnian patriots.*

Concerning the aims of the Republic of Bosnia-Herzegovina addressed to friendly nations, throughout the world; drawn up, in consequence of the agreement, signed at Dayton, U.S.A. and in response to the state of national economic emergency created by war.

## **Authors of the Letter of Intent**

The document has been prepared by a task force of Bosnian intellectuals who represent the particular interest of no party, sect, or faction, in the form of a Proposal to the government of the Republic of Bosnia-Herzegovina and to friendly nations, for the economic advancement of the region as a whole.

It having been agreed at Dayton, that the Croatian-Bosnian Federation and the Republika Srpska form part of one single unified nation, the expression "Republic of Bosnia-Herzegovina" in this document refers to the territory of the entire Republic, and we have taken into account in our projected reconstruction, those areas presently designated as Republika Srpska.

## **Purpose of the Letter of Intent**

To persuade the government and Parliament of the Republic of Bosnia-Herzegovina, to adopt and execute the proposals for reconstruction herein set forth.

To signify, to friendly and/or allied nations, in outline, what we do intend to do to rebuild the Republic, and what manner of assistance friendly nations shall be advised to extend to us.

The date of this document is December 1995.

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## **Statement of principle**

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The government of the Republic of Bosnia-Herzegovina, adheres to the principle expressed in the American Republic, of government "of the people, by the people, and for the people." The government is thereby convinced, that population is the true origin and source of all national wealth.

The word "people" as used here, refers to the citizens of the Republic of Bosnia-Herzegovina, without any distinction as to their racial, ethnic or religious origin. No decision shall be made by this government, as to the economic and other

development of the Republic, on the basis of such distinctions.

The most pressing concern and most chief aim of this government, shall be to restore, within the briefest period, the *population potential* of our nation. To that end, the Republic of Bosnia-Herzegovina has determined to emerge as a modern industrial nation.

*The Republic of Bosnia-Herzegovina and the debt of the former Federal Republic of Yugoslavia:*

The nation of Bosnia-Herzegovina has observed with disquiet the effects of shock therapy and IMF [International Monetary Fund] conditionalities upon the nations of Eastern Europe and of the former U.S.S.R., and of neo-liberalism in Western Europe.

Frail and distraught, the people of the Republic of Bosnia cannot be submitted to such policies lest the Republic itself vanish.

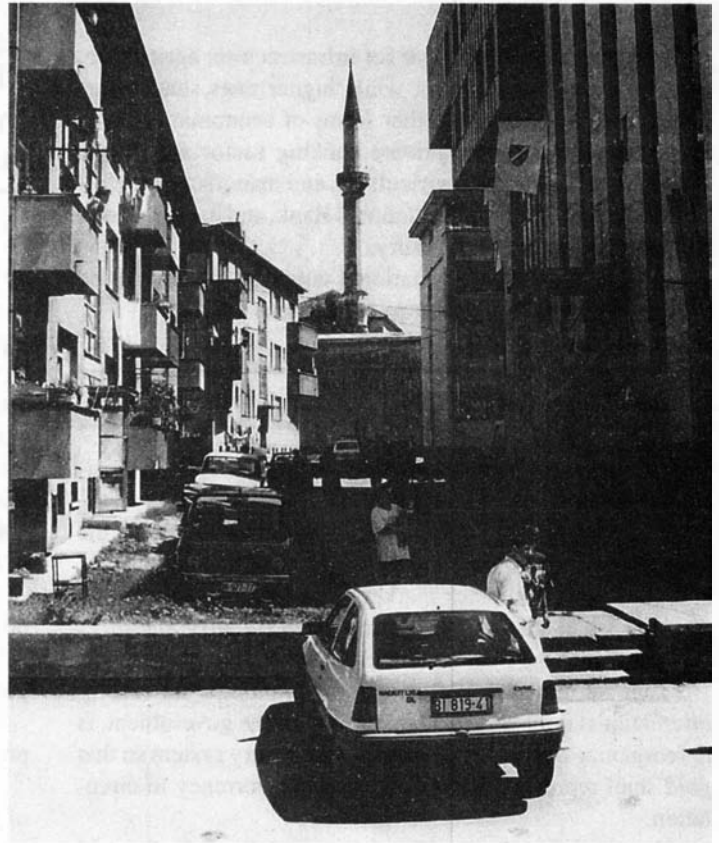
The Federal Republic of Yugoslavia having unlawfully seized and put to her own uses, the gold bullion and whatever real property, accounts, property titles, and other forms of property of the former Socialist Federal Republic of Yugoslavia she found within her power to seize, it is the Federal Republic of Yugoslavia which shall be held responsible in law to repay the international and other debts of the former Socialist Federal Republic of Yugoslavia.

Furthermore, the Republic of Bosnia-Herzegovina has been utterly devastated and ruined by unlawful acts perpetrated by the Federal Republic of Yugoslavia, to the degree that the largest part of her productive capacity has been done away with, and almost half of her people, killed, maimed, or driven out. These unlawful acts constitute *force majeure*. The Republic of Bosnia-Herzegovina has determined that the portion of the debt of the former Federal Republic of Yugoslavia, being 17%, which she had by treaty undertaken to pay following her Declaration of Independence, cannot, by no fault of her own, be paid by her. This debt shall be assumed under the title of War Reparations, by the Federal Republic of Yugoslavia.

Aware, that this decision by the Republic of Bosnia-Herzegovina, will not meet with the approval of international financial institutions, in particular, of the International Monetary Fund, institutions which to our best knowledge and belief, are beholden to private financial interests indifferent to the existence of the State and Republic of Bosnia-Herzegovina, the government of this Republic desires to enter into bilateral and multilateral financial and economic agreements with friendly and/or allied nations, committed to reconstruction of



Left: Alladin, age 3, in Bihac, Bosnia, Aug. 13, 1995. Right: a scene in Bihac, six days after its liberation in August 1995. The Bosnian intellectuals' Letter of Intent declares that "the first priority of the government of the Republic, is to provide the nation with the scientists, engineers, and doctors needed for reconstruction."



our Republic, in preference to agreements with international financial institutions, and in order to avoid becoming a Protectorate, de facto or de jure, of the latter institutions.

## The National Bank of the Republic of Bosnia-Herzegovina

To the end of promoting the highest degree of sovereignty for the Republic of Bosnia-Herzegovina, as is consistent with the common good, we have decided, to adopt the so-called Colbertist or Dirigist Model for our banking system, and to reestablish upon a new principled foundation, a *National Bank*, on the model of the First National Bank of the United States (1790). The National Bank of the Republic of Bosnia-Herzegovina shall be constituted of two parts: a Treasury Board, to issue currency, in a rigorously controlled relation to the real wealth created by agriculture, manufacturing, and trade, and a Board, to issue credit, for such projects as the government shall propose, and as the Parliament shall vote, which projects shall be designed to restore the population potential of the nation.

The National Bank shall be charged to put into circulation new issues of paper money, for those reconstruction projects dictated by the present national economic emergency, for these purposes alone:

- the purchase of raw materials, goods and capital goods for industry;
  - the building of installations, the employment of labor in producing or transporting manufactured or agricultural goods;
  - for mining;
  - for building housing and manufactures;
  - for producing and distributing energy;
  - for public services, in particular, the building and operation of hospitals and schools;
  - for scientific research and technological applications;
- Currency issues shall be put into circulation by the following means alone:
- Credit from the National Bank, for public investment;
  - Participation by the National Bank, in loans from private banks;
  - Discounting by the National Bank, of bills of exchange, obligations and other notes, related mainly to the production of tangible wealth and capital improvements.

Until such time as a secure physical-economic grounding shall have been created, and in order to protect the national wealth from ill-advised or spurious schemes, these credits shall be placed into special accounts, upon which checks and other certified means of payment may be drawn, for those categories of investment given above.

Discount rates and interest rates for credit issued by the National Bank, shall obey a two-tiered scheme: Interest rates

shall not exceed 2% per year for infrastructure, agriculture, and manufacturing projects, while higher rates shall be set by the National Bank for other forms of economic activity. Interest rates set by the private banking sector shall, with respect to infrastructure, agriculture, and manufacturing, follow the directives set by the National Bank, and in other cases, be limited by laws against usury.

In order to protect the national currency, there shall be imposed strict exchange control regulations.

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## Currency reform

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Over the entire national territory, legal tender is the Bosnian dinar, alone.

The government, in order to put a stop to the use of the German mark and the U.S. dollar inside the national economy, and the widespread black market practices consequent upon the War, shall take the following *extraordinary measures* with respect to the Bosnian dinar:

That we may take part in orderly fashion, in an orderly international monetary system, the aim of the government, is to reorganize over time, the national monetary system so that *gold* shall represent 10% of the value of currency in circulation.

However, this is not at the present time feasible, the gold bullion of the former Republic of Yugoslavia having been seized by the Federal Republic of Yugoslavia.

Therefore, until such time as the government shall have been able to purchase a sufficient quantity of gold, the new heavy dinar will be pegged to the capacity of the country to increase the value of a "market basket" of nationally produced goods. It is with the purchasing power generated by such a capacity to produce, that the government shall begin to procure gold as a monetary guarantee.

The definition of the market basket shall be what a household with one wage-earner needs to maintain a family of four children, at the standard of consumption in terms of housing, sanitation, medical care, caloric consumption, and education, presently enjoyed by workers' families in the Federal Republic of Germany. Taking into account the present state of emergency, this does not, however, include household items common in Germany, such as personal electronic gadgetry, dishwashers, or private automobiles.

The government will set by decree, within six months of the proclaiming of this Memorandum, a date, upon which the old dinar shall be taken out of circulation, and the new, heavy dinar, issued. Old dinars shall be exchanged for new, at a rate to be determined, for six months after the proclamation of this Memorandum. The latter sum shall be determined, in order that each family shall have the equivalent of four months' purchasing power in terms of the market basket defined above, on the day following the adoption of the new dinar.

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## The National Commission for Infrastructure and Regional Development

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Taking as its inspiration, the Commissariat du Plan set up by President Charles de Gaulle in 1958, the government has decided that the National Bank of the Republic, will issue as a priority, credits to such projects as have been drawn up by the newly created Commission. The Commission, being created to intervene upon the present state of economic emergency, shall be limited to *one hundred* officials, excluding secretarial and logistical staff. It shall have the status of a ministry, and its director, Cabinet rank. It shall be instructed to take into account, in its deliberations, not only the Republic of Bosnia-Herzegovina, but the interests of her neighbors.

The Commission shall present to the government, within 60 days of its being constituted, a report which shall include:

- a list of basic infrastructural improvements most urgently to be made;
- an estimate of the labor force and productive capacity presently available for infrastructure projects;
- an estimate of the volume of credit required by tranche of year, for these projects, broken down by percentage between State investments, and credits to private firms which are to supply materials and equipment or build these projects.

The results of this enquiry, shall be made known to friendly and/or allied nations, in order to encourage their participation in such projects in orderly fashion.

*Special considerations relative to the National Commission:*

### Heavy infrastructure

**Energy production, energy supply:** The government of the Republic of Bosnia-Herzegovina observes, that it is in those nations which have available to them the most energy-dense forms of producing and transforming energy, that there exists the greatest potential population density. This government has therefore decided, to give the highest priority to a national nuclear energy program, and calls upon friendly nations to assist her in acquiring this technology.

The hydroelectric potential of Bosnian rivers being at this time fully exploited, the government intends to build one reactor of 900 megawatts within the present decade, and will contemplate building others in collaboration with neighboring Republics, in order to share with them the power so produced.

**Water supply and distribution:** The government of the Republic has determined, that to undo the ravages of the war, the nation must greatly increase its industrial production, and thereby, its urban population. The drinking water and sewage systems for our cities will therefore have to be entirely rebuilt over the next 15 years.

**Canals:** This government is informed, that the development of this Republic will be stunted unless the nations which surround her move onto a level of industrial and commercial activity adequate to the modern world. To this end, the Rhine-Main-Danube canal system must extend into the Balkans, as a Danube-Adriatic, Danube-Aegean system, and open the area to freight traffic as follows:

The Danube canal shall be cut through to Győr in Hungary, and thence, into Slovenia (Győr, Maribor, Celje, Ljubljana) joining the Raba, to the Mura and the Drava rivers.

A canal shall be cut from the Danube to the Sava, via Vukovar and Samac, which opens a single unified water route to Ljubljana.

The Sava, whose waters run too shallow for Zagreb, for example, to be a commercially viable river port, shall be deepened along those shallow sections, to the same specifications as the Main-Danube canal.

These canals and the Adriatic ports, are conceived of as a hub of industrial activity.

The government shall propose to the Federal Republic of Yugoslavia, that the Danube-Aegean canal be cut from Belgrade to Thessaloniki, joining the Morava to the Vardar.

In the light of these works, the ports and harbors of the river system, and the Adriatic coastline, shall be transformed, in collaboration with the Republic of Croatia. On the Sava, the ports of Samac, where there is a large oil refinery, and Brčko, must be modernized; at Zagreb, there is no real river port, so one shall be built.

The great increase in economic activity thereby promoted, first in the building, then in the operating of these water systems, will be, not a net expense, but a net profit to the European economy.

**Railroads:** The mountainous terrain and harsh climate of our region, gives rail transport a clear advantage over road.

This government sees no purpose in rebuilding 19th-century systems on the eve of the 21st century. Tunneling through high mountains is a protracted and labor-intensive operation; among the high-speed rail systems of proven value over mountainous terrain, it would appear that the Italian Pendolino may best suit the extreme constraints of curvature and incline.

Three main high-speed rail lines are proposed:

- Budapest-Osijek-Sarajevo to the Adriatic
- Ljubljana-Rijeka-Zadar-Split-Dubrovnik-Tirana and thence to Athens and Thessaloniki
- Ljubljana-Zagreb-Sofia-Istanbul and a secondary grid:
- Nova Gradiska-Banja Luka-Jajce-Zenica-Split
- Rijeka-Bihac-Livno-Mostar
- Sarajevo-Tuzla-Osijek
- Bihac-Banja Luka-Doboj-Belgrade
- Dubrovnik-Foca-Gorazde-Zepa-Srebrenica

**Highways:** The Republic of Bosnia-Herzegovina has at present zero (0) kilometers of modern highways. In mountainous terrain, the cost is estimated at \$6 million per kilometer.

The following lines are proposed as a priority:

- Budapest-Osijek-Samac-Sarajevo with an arm to Vukovar
- Zagreb-Karlovac-Bihac-Split
- Zagreb-Rijeka (now under construction)
- Zagreb-Okucani-Banja Luka-Doboj-Tuzla-Zvornik with an arm Banja Luka-Jajce-Sarajevo
- Brčko-Tuzla-Sarajevo-Gorazde

The government of the Republic seeks to collaborate with other nations of the region, including those of the former Socialist Federal Republic of Yugoslavia, to integrate the road and rail grid into the modernization of the area as a whole.

**Telecommunications:** The priority for the Republic is to rebuild the telephone lines and other electronic means of communication as are required for industry, and for transmitting information on current events.

## Soft infrastructure

**Hospitals:** The government of the Republic intends to give our people the most modern health care available in the world. This health care shall be free to all citizens.

To this end, we call upon friendly nations known for their state-of-the-art medical training and technology, to come forward with plans to rebuild our hospitals, our operating rooms, and to assist us in retooling our machine sector for hospital equipment.

Five new university hospitals shall be built with a special emphasis on orthopedics, trauma, neurology, and maxillo-cranial surgery. The last, because hundreds of our soldiers, lacking helmets, suffered head injuries. They shall be built at Bihac, Tuzla, Banja Luka, Mostar, and a city in eastern Bosnia to be determined.

We will need to build ten new clinics for the purpose of rehabilitating those severely wounded in the war. These clinics will be attached to the hospitals and university hospitals.

**Public education:** The first priority of the government of the Republic, is to provide the nation with the scientists, engineers, and doctors needed for reconstruction.

The government shall restore and rebuild within the next three years, all those educational facilities damaged and destroyed by the war, and begin to build new facilities corresponding to the growth of the population, in particular, new universities at Bihac, Doboj, and Zenica.

**Science driver:** The hydroelectric potential of the rivers of Bosnia is at present, almost entirely exploited; her other energy source is natural gas and oil from the former U.S.S.R., which makes Bosnia dependent for most of her energy supply on foreign countries. We have therefore determined, that the training of a corps of nuclear scientists and engineers is critical to the independence of our nation.

To this purpose, the government shall establish a National Institute for Atomic Research and Development. Its aim is to train research scientists and engineers, both in advanced areas

of research and applications, this branch of physics being the motor to bring the national economy forward. The institute shall work closely with universities and advanced industrial sectors.

It is the intention of the Republic, to create a corps of scientists and engineers such, as to allow the Republic to take part in the European Space Agency by the first decade of the 21st century.

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## The national militia

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There shall be universal conscription. There shall be a professional Army, made up of volunteers.

The Army Corps of Engineers and our conscripts having acquired considerable knowledge and skills during the course of the war, the government has decided to propose to those conscripts who shall desire, that they contribute to the new public works and civil engineering projects needed to rebuild the country, as part of their military service.

Furthermore, in order that the borders of the Republic of Bosnia-Herzegovina shall never more be violated, the government has determined to establish, on the model of the Republic of Switzerland, a permanent, popular militia, in order that the entire population shall acquire on a perpetual basis, the new scientific and technological skills needed both to defend the nation, and to build her economy.

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## Agriculture

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The Republic of Bosnia is not, at present, self-sufficient in food. Given her terrain, self-sufficiency in agriculture is difficult, but with modern technology, not impossible to achieve.

The Republic of Switzerland, a nation which revolutionized her agriculture in the first three decades of this century, can probably best advise us on how to build a successful mountain agriculture, and on how best to exploit for agriculture, the limited surface of fertile valleys.

The agricultural authorities of Japan have been experimenting with hydroponics and other very modern forms of intensive agriculture. This is of great interest to us.

Velika Kladusa and its area, shall be rebuilt as the center of agro-industrial activity.

It is probable that we shall have to import new breeds of cattle suited to our terrain, and perhaps, to launch the "industrial" breeding of river-fish and of game in our forests, as has been done in Scotland. We shall then be able to let other similarly landlocked and mountainous countries, profit from the knowledge and techniques we gain.

As a great part of our nation is under evergreen forest, we shall need to review our policy of forest husbandry: Were the canals we propose to be cut, the Republic could become a

significant exporter of lumber and of high-quality finished wood products.

The chemical industry at Tuzla, shall in part be converted to produce fertilizer and pesticide. "Energoinvest" and "Unioninvest," before the war great producers of electrical equipment and machines, shall in part, be converted to produce tractors and farm equipment. We welcome advice from the great American farm machinery concerns, as to how this shall best be done.

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## Houses of worship

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With the laudable aim of promoting the spiritual and intellectual regeneration and refreshment of our people, the government of the Republic of Bosnia-Herzegovina undertakes to rebuild all those churches, synagogues, and mosques of the three religions as have been damaged or destroyed in the war, without regard to any considerations whatsoever, other than that they are to be rebuilt, and that Divine Service may be held within the shortest possible delay, within their walls.

The chairs and professorships of theology at the universities of the Republic, shall be restored without any consideration, other than that the Divine Word shall be studied everywhere.

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## The National Commission and its bureaus

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The following bureaus will be set up under the aegis of the National Commission for Infrastructure and Regional Development. Each shall have no more than 20 permanent officials, excluding secretarial and logistical staff.

- The Bureau of Housing, Education and Public Health
- The Bureau of Trade, which shall draw up a list of imports urgently needed for infrastructure and pressing social needs, and the volume by tranche of years of credits required to that end
- The Bureau of Infrastructure
- The Bureau of Agriculture and Industry

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## Citizenship

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In furtherance of these laudable aims, the most principal of which is to increase the numbers and felicity of our people, the government of the Republic of Bosnia-Herzegovina, has determined that citizenship of this Republic, shall also be granted to any person over the age of 21 years, regardless of his national origin, race or religion, born in a foreign country but who has lived in this Republic for at least ten years, desires to become a citizen of this Republic, and has taken part in the effort of reconstruction.