

# Official IMF Line Is Challenged in Sarajevo

by Our Special Correspondent

Schiller Institute representatives visited the Bosnian capital of Sarajevo on Oct. 17-19, to attend the 50th anniversary celebration conference of the economics faculty of the University of Sarajevo. Professors from all the republics of former Yugoslavia, students, and some representatives from other European countries participated in this international conference. The Schiller Institute had been invited to contribute a paper on "Challenges for Economic Science in the 21st Century" for the jubilee book editions. Elke and Klaus Fimmen of the Schiller Institute also used the Sarajevo visit to meet many friends, who consider *EIR* their essential moral support under International Monetary Fund (IMF) occupation; to organize new supporters; and to distribute many copies of the Croatian translation of Lyndon LaRouche's textbook, *So You Wish To Learn All About Economics?*, happily greeted by all who received it. The book even excited the young policeman at the Republika Srpska border going into Bosnia, who, while inspecting the car, saw it and exclaimed, "Oh, this is beautiful!" He got his personal copy.

## Bosnia, the Protectorate

In Bosnia, parliamentary, cantonal, and Presidential elections had just taken place. The results, which were overwhelmingly in favor of the "national" parties, are now being "adjusted," to fit in also the losers, from the former coalition of various smaller parties. Some of these parties fell under the 3% level legally required for entry to parliament—but no matter. It is the "international community," through High Representative in Bosnia Paddy Ashdown, which sets "the rule of law" there. It is thus still not clear who will form the central government. With voter participation around 50%, people were clearly disappointed by the last government. Of course, since IMF and World Bank conditions allow no credit financing for reconstruction or industrial programs, and everything is strangled by the foreign-controlled currency board, the situation is getting worse all the time. International aid, de facto, has stopped, and, as Lord Paddy Ashdown has already announced, the country will face a big "liquidity crunch" early next year.

Driving from Eastern Croatia across the Sava River into the northern part of Bosnia—the Republika Srpska—one sees destroyed houses, with grass and trees growing out of them, and vast landscapes which are totally empty. In the Federation (the Croat/Bosniak-controlled area) leading down to Sara-

jevo, it looks a little bit better, but not much. Some 1.2 million displaced persons inside Bosnia still cannot return to their former houses, mostly in the Republika Srpska. And unemployment is even officially admitted to be around 50-60%. As was said at the university conference, many people in Bosnia do not even have the 2 euros per day that every cow in the European Union gets as a subsidy.

In the center of Sarajevo are seen grey-faced men, most looking much older than they really are, waiting in the morning in front of some of the rare construction sites, for a day job. A minimum of 250-300 convertible marks (worth about half a dollar) is needed to survive for a month, but most people receive much less. Prices at the supermarket, with almost all food imported, are nearly as high as in Germany.

The only "light on the horizon" is the construction of a very small part of a highway north of Sarajevo. Everybody knows that it is these infrastructure projects which would move the country forward and create jobs; one of the government parties—the Party for Bosnia-Herzegovina of Haris Siladzjic—used a highway sign on its election billboards.

## The Thin 'Official Line'

The Sarajevo University faculty used the opportunity of this conference to make contact with many professors from other former Yugoslav republics, and with other European universities. It was the first such conference since the end of the war in 1995, very well prepared and organized, with a dense program of workshops, speeches, and discussion. While a lot of interesting material can be found in the book collections (see [www.efsa.unsa.ba](http://www.efsa.unsa.ba)), officially, most speakers stayed within the "politically correct" rhetoric of how to achieve "necessary transition policies." But, in Bosnia, daily, very real problems have to be solved, which are visible as soon as one walks out of the Holiday Inn in the center of Sarajevo. So, the official line does not run deep. There were also some critics of the IMF policies present, led by Prof. Dragoljub Stojanov, a member of the program committee and a signer of the call for an "Ad Hoc Committee for a New Bretton Woods," initiated by the Schiller Institute in April 2000. Prof. Mario Nuti from La Sapienza University in Rome and the London School of Economics, in his speech in the opening ceremony, called for a "new global financial architecture."

Lyndon LaRouche's concepts were prominently presented by Elke Fimmen's Schiller Institute paper, published in one of the two English-language jubilee books, which were given to all participants and foreign guests, including Lord Ashdown. This was a special jubilee edition issued by the Economics Faculty, *Economic Science Before the Challenges of the 21st Century*, edited by Professor Stojanov. In his foreword to the collection of papers, Professor Stojanov called for reintroducing "political economy" into Bosnia's transition policies, instead of "economics" as such—i.e., the necessity for state intervention.

Fimmen's extensive paper took up the jubilee as a reflec-

tion point for two contrasting kind of economics during the last 50 years. With many historical references, she focussed on LaRouche's concept of a New Bretton Woods economic order, and his important theoretical contributions, such as the concepts of potential relative population density, the "science-driver economy," the necessary steps for a New Bretton Woods, and the Eurasian Land-Bridge.

The international High Representative used the occasion to preach the rules to the incoming government. He clearly knew that he was speaking to an intellectual group of individuals who, while still paying lip-service to the official IMF line, in reality detests this occupation force. While calling this the "most important event" he had attended since his inauguration four months ago, he did not want to listen to the final two, more critical, speakers of the opening panel, but swept off with his international entourage after his own speech, causing consternation among the assembly.

With several government representatives in the front row, Ashdown sharply criticized the old government (which basically did what it was ordered to do), demanding that in the next six months, quick reforms have to be implemented, because in the Spring, "a serious liquidity crisis" will hit. While hiding from his audience that the world financial system and its institutions are sinking just like the *Titanic*, he insisted on more of the same ultra-liberal policies which have ruined Bosnia and the world economy: "One thing should be clear: There is no role for government to create new jobs. This is a way of the past, and the past is over." And: "Government can only create the conditions, in which jobs will arise somewhat naturally." (!) To top it off, the High Lord Paddy pontificated to his supposed subjects, to be less corrupt: "Every morning, when you have your cup of coffee at your office, you must ask yourself: What can I do for my country today?"

This speech was received with polite applause. It came from a man, who is said to "earn" about 30,000 euros per month in Bosnia. As is well known, and as was pointed out by one young assistant professor in a later workshop, 40-60% of the little aid money that Bosnia receives from abroad, goes to the international organizations themselves. There are many problems inside Bosnia itself, but these people, he said, "every morning, sit in their office and think, what can I do for myself today?" When visiting one big supermarket, the Schiller Institute representatives witnessed one disgusting English-speaking sample of this species of parasite, selecting the most expensive wine and liquor brands from the shelves, with his Bosnian "servant" filling the cart.

### IMF Diktat vs. Physical Economy

To many people in Bosnia, LaRouche has been very well known for a long time. His works on the science of *physical economy* are a focus of battle. Typically, one student told us that when she included *EIR* material, given to her by one professor, into her master's thesis, another professor ordered her to take it out again. When a Bosnian professor employed

by the Central Bank (the foreign-controlled currency board) spoke, Klaus Fimmen intervened and, to take the air out of the balloon out of the economist's theoretical justification of Bosnia's need for the currency board, Fimmen proposed heretically that all the money consumed by the international organizations in Bosnia, including Lord Ashdown's own, should be taken as capital for an institution modelled on Germany's Kreditanstalt für Wiederaufbau (Reconstruction Bank), to get the economy started. While the audience smiled and nodded, the currency board speaker made the crucial admission: "Then, this money probably would not go to Bosnia in the first place." This made clear that economic policy in Bosnia is a matter of political *diktat*.

Croatian Prof. Branko Horvath, the senior "éminence grise" among economists of former Yugoslavia, and a signer of the New Bretton Woods Call, in his official concluding speech, attacked the "inferiority complex" of Bosnian economists before the IMF. In his typical blunt way, he addressed especially the young student economists, some of whom had just repeated the IMF line in their conference papers: "Do your own research, do not rely on IMF figures. They are usually wrong, and you must know the real situation." He challenged them to define "a task" for their country, and not bother about the international advisers. "Let them come and talk, as they want. But you must work yourselves for your own future and for your country." Everyone knew he was right.

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