

truly courageous individuals. But there are those within the profession whose level of commitment challenges even that standard. Captain Fowler was one of these individuals.

Today, and every day, firefighters risk injury and death for the welfare of the community. It takes the tireless efforts of valiant men like Vincent Fowler to avert tragedy. Like many firefighters in our communities, Fowler understood the power of teamwork and its capability to save lives. His fearless leadership is a shining example to all of us.

During the course of his career, Vincent Fowler received three commendations for bravery, and had recently been appointed to the position of captain.

Fowler was a Holbrook, Long Island, Native, Captain Vincent Fowler was surrounded by loved ones who know all too well the dangers lurking at fire scenes. His father, also named Vincent, is a retired battalion chief, and his two brothers are also city firefighters. His family has dedicated itself to serving New York in one of the most dangerous jobs one can imagine. Consequently, the notion of a career in firefighting seemed natural for Vincent.

Mr. Speaker, Fowler embodies the type of role model who, as a leader, did not hesitate to put the safety of his team members above his own. He was in the basement of a burning house trying to determine where the blaze started when part of the first floor collapsed. He was severely injured, but orders his team to get out, knowing his fate had been sealed.

Colleagues, Captain Fowler is a courageous leader who will be sorely missed.

CRISIS IN KOSOVO (ITEM NO. 13)
REMARKS BY BENJAMIN SLAY
OF PLANECON, INC.

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1999

Mr. KUCINICH. Mr. Speaker, on June 24, 1999, I joined with Representative CYNTHIA A. MCKINNEY, Representative BARBARA LEE, and Representative JOHN CONYERS in hosting the sixth in a series of Congressional Teach-In sessions on the Crisis in Kosovo. If a lasting peace is to be achieved in the region, it is essential that we cultivate a consciousness of peace and actively search for creative solutions. We must construct a foundation for peace through negotiation, mediation, and diplomacy.

Part of the dynamic of peace is a willingness to engage in meaningful dialogue, to listen to one another openly and to share our views in a constructive manner. I hope that these Teach-In sessions will contribute to this process by providing a forum for Members of Congress and the public to explore options for a peaceful resolution. We will hear from a variety of speakers on different sides of the Kosovo situation. I will be introducing into the CONGRESSIONAL RECORD transcripts of their remarks and essays that shed light on the many dimensions of the crisis.

This presentation is by Benjamin Slay, a senior economist at PlanEcon, Inc., a Washington-based economics consulting firm specializing in Russia, Eastern Europe and the Balkans. His work on the Balkans includes developing PlanEcon's macroeconomics model

for the economy of Bosnia-Herzegovina, and serving as a consultant to a 1995 Aspen Institute project on economic development after the Dayton accord. Dr. Slay received his Ph.D. from Indiana University in 1989. He has held faculty positions at Middlebury College, Bates College, George Mason University, and the State Department's National Foreign Affairs Training Center.

THE BALKAN ECONOMIES: THE IMPACT ON
KOSOVO¹

(Dr. Ben Slay²)

HOW BAD IS THE DAMAGE?

Economic developments in the Balkans since late March have been dominated by the Kosovo conflict. Yugoslavia's already fragile economy has been devastated by the NATO bombing. The exodus from Kosovo has burdened neighboring economies with hundreds of thousands of refugees. Transit routes have been closed, tourism and trade have fallen off, and investment projects have been put on hold or cancelled.

Footnotes appear at end of article

Estimates of the Kosovo war's economic costs vary widely, with figures ranging from \$20 billion to \$100 billion. The latter figure is nonsensical as aggregate GDP in region does not come close to this sum. Moreover, the region's economic problems can not be blamed solely, or even largely on the war. The fighting has instead provided a convenient excuse for politicians and seeking to divert attention from the deeper structural and policy problems that have constrained growth throughout the region. Only Hungary, Albania, and Bosnia continue to grow strongly; the other Balkan economies are either in or headed toward sharp slowdowns caused by weak export demand or the failure to pursue ambitious domestic reforms. For this latter group, the war only added to pre-existing difficulties.

In assessing the damage directly attributable to the war, the region's economies can be placed into five categories:

The direct hit: Yugoslavia. The Yugoslav economy is in catastrophic shape. Infrastructure, particularly bridges, railroads, and the telecommunications network were all damaged or destroyed by the bombing. NATO also inflicted serious damage on the decrepit, albeit functioning, Serb industrial base, with oil refineries, heavy machinery plants, and tobacco factories especially hard hit. Kosovo is completely devastated; a major reconstruction effort will be necessary just to house returning refugees. This is the second economic disaster to hit Yugoslavia in this decade: the economic sanctions and hyperinflation of the early 1990s had already practically halved economic output.

The Milosevic regime has done almost nothing to help. The economy is a largely unstructured kleptocracy, where leading economic actors engage in rent-seeking activities made possible by regulations drawn up for their benefit by the Milosevic regime. After a recovery phase lasting until 1997, economic growth had already tapered off substantially in 1998 before the outbreak of the Kosovo conflict. By early 1999 the economy was clearly headed for a sharp correction. With large-scale Western aid tied to Milosevic's fate, Yugoslavia's second crack at recovery looks just as unpromising as the first. Serbs will be digging themselves out

¹This text is adapted from Chris Kushlis and Ben Slay, "Overview", in PlanEcon Review and Outlook for Eastern Europe, June 1999, PlanEcon Inc., Washington D.C.

²Senior Economist, PlanEcon, Inc., 1111 14th Street N.W., Suite 801, Washington, D.C., 20005-5603. Phone: (202) 898-0471. Fax: (202) 898-0445. E-mail: bsly@planecon.com

from under the rubble of the Milosevic ear for years, if not decades, to come.

The front-line states: Albania and Macedonia. These two states absorbed the full shock of the refugee influx. While Albania took in almost twice as many refugees as Macedonia (450,000 compared to 250,000), Macedonia suffered greater economic dislocation. Whereas Albania exported almost nothing to Yugoslavia, half of Macedonia's exports went to or through Belgrade. Macedonia is also more concerned over lost tourism and foreign investment this year. By contrast, since over 60 percent of its GDP originates in the agricultural sector (which has a large subsistence component), Albania tends to be more insulated against external shocks than the rest of the region. We therefore estimate that the conflict will only reduce Albania's GDP growth by 2-3 percent this year. It will, however, knock 7-8 percentage points off Macedonia's GDP growth, thereby pushing Macedonia into recession.

Collateral damage: Bosnia-Herzegovina. Bosnia's Serb half is closely integrated with the Yugoslav economy and as a result suffered heavily from the war: exports from the Republika Srpska went almost entirely to Yugoslavia and have since March dropped to almost nothing. Bosnia also accepted 70,000 refugees (both Albanian and Serb), further swelling the numbers of refugees in the country. While we see Bosnian growth slowing this year from 21 percent, this must be viewed in the context of Bosnia's post-war recovery process. Annual growth rates above 20 percent are unsustainable as Bosnia's recovery matures; and problems like falling Croat demand for Bosnian exports are also driving growth down. A new tariff regime with Yugoslavia, and Yugoslav payment difficulties, were already cutting into first-quarter Bosnian exports and growth. For these reasons only half of the 7-percentage point slowdown can be directly attributable to the war. The main engine for Bosnia's growth continues to be the massive international assistance program.

Shell-shocked: Bulgaria and Croatia. Bulgaria and Croatia bore almost none of the refugee burden (each took in about 5,000 refugees), and both countries conduct only a small share of their trade with Yugoslavia (about 2 percent of total exports for Bulgaria, 0.4 percent for Croatia). Bulgaria and Croatia nonetheless find themselves in a precarious position in the aftermath of the crisis. The war cut into exports from both; for Bulgaria this involved the extra costs of re-routing transit trade; for Croatia it affected trade with Bosnia and destinations further south. Reductions in tourist revenues and foreign investment are a greater concern, as these inflows reduce current account deficits and boost tax revenues. Still, both economies were already suffering from their own difficulties before the bombing began: Bulgaria's exports and growth were down sharply due to slow industrial restructuring; while Croatia's economy slowed in the last quarter of 1998 and remained weak up to the outbreak of the war. In both countries the war will cost about 1-2 percent of GDP growth this year, as the growth slowdown is attributable primarily to domestic factors.

The near misses: Hungary, Romania, and Slovenia. Of the Balkan countries crying wolf, Romania is crying the loudest. Romania suffered only marginally from the Kosovo war; and even these losses may have been more than covered by IMF assistance. Romanian losses were largely confined to the 1.3 percent of exports heading to Yugoslavia, and to Danube shipping. Most of Romania's economic problems are domestic in nature. Slovenia is not even trying use the Kosovo crisis as cover for its slowdown in growth. With two-thirds of its exports heading to the

EU, Slovenia is less vulnerable than most to trouble in the Balkans; however, it is vulnerable to weak European demand. Likewise, Slovenia's exports to Croatia began to fall before the bombing started, due to Croatia's internal economic weakness. The war has apparently cut into spring tourism, but this should have only a marginal effect on Slovenia's tiny and very manageable current account deficit. The Hungarian economy continues to grow despite the problems on its southern border. In addition to a possible loss of tourism revenues, the main concern for Hungary is the possible effect on its burgeoning current account deficit of lower exports to the Balkans and reductions in its transit surplus as water, trucking, and rail traffic through Serbia has halted. Although these effects pose an element of downside risk to the economy, we expect their impact to be marginal.

A NEW ERA FOR THE BALKANS?

With an end to the conflict at hand, the international community appears to be focused on stabilizing the Balkans for the foreseeable future. Ideally, this commitment includes a strong military presence, substantial reconstruction aid, and firmer promises for integration into the EU. It should be matched by a rededication on the part of regional governments to the policy reforms needed for sustainable medium-term economic growth.

The first order of business will be post-conflict assistance for Kosovo. As Kosovars leave refugee camps in Albania and Macedonia to return to Kosovo, Western governments and international agencies are facing the immediate problems of providing humanitarian assistance to these returning refugees. To some extent, programs for refugees should not be much more expensive than the assistance delivered to the Albanian and Macedonian refugee camps, since, food, shelter, clothing, medical care, and security should be provided for the refugees irrespective of location. However, NATO will have to create the logistical systems needed to move these supplies from current refugee camps to Kosovo proper, probably without assistance from the Yugoslav authorities or Yugoslav transport systems. This will mean a road construction program connecting Albania to Kosovo and rebuilding bridges and roads in Kosovo. Interim refugee camps may also have to be created in Kosovo until housing is rebuilt. However, as long as Kosovars feel physically secure, these camps could be kept small and in close proximity to the former villages.

The second stage involves the reconstruction of Kosovo. As refugees return to Kosovo, assistance programs will need to concentrate on moving them to permanent shelters as soon as possible. International aid agencies have had substantial experience in resettling refugee populations. The accepted wisdom appears to be that building materials, seeds, tools and implements, and other such items should be provided *gratis*, while refugees themselves can be relied upon to rebuild their homes and begin farming or businesses again.

In the third stage, assistance will be channeled to economic development. If all goes smoothly, after several months, the Kosovo economy will begin to normalize, and policymakers will have to think about helping this economy develop for the long term. This development can be partly financed by remittances. Indeed, the Kosovo economy during the past two decades has been a rentier economy, as Kosovars working abroad have repatriated funds. Still, most of the funds for economic development will have to come from governments and international agencies; the initial emphasis is likely to be on

creating an infrastructure to foster local businesses.

The first priority should be to establish decent transport links through countries other than Serbia. This will involve creating all-weather road links to Albania as well as upgrading road crossings into Macedonia. Policy makers may also wish to set up credit programs for small businesses. Because Kosovo remains heavily agricultural, aid can be useful targeted at improving agricultural techniques and supplying better quality agricultural inputs such as seeds and plant protection agents. Subsidies to restart larger Kosovar enterprises will probably be wasted, unless advance work has determined which companies are likely to be economically viable. Kosovo is unlikely to be a center of large-scale industrial activity under any scenario. It is likely to remain dependent on agriculture, worker remittances, and a few larger plants and mines, such as the lignite mines near Pristina. Aid programs will need to be carefully monitored so that they do not attempt to support activities that in the long run are not financially viable. In any case, external assistance for Kosovo is likely to be a poor substitute for economic reform and international economic integration, both within the Balkans and with the EU.

Prospects for sustained growth in the Balkans will continue to hinge on security issues. Serbia, with its key location and recent history at the heart of the Yugoslav wars of succession, is still central to this equation. As long as President Slobodan Milosevic remains in power, Yugoslavia will remain an isolated economic backwater, cut off from international assistance and a potential source of renewed regional crises. If Milosevic stays in power, the West will wish to maintain a strong security presence in the Balkans for many years, particularly in Bosnia and Kosovo. If Milosevic goes, Yugoslavia could play a constructive role in regional reconstruction and stability. The Western security presence could be reduced, while trade and other linkages would revive more rapidly.

The post-1995 Bosnian experience highlights the possibilities and limits of major internationally financed reconstruction efforts for Kosovo. Infrastructure repair, although expensive, has proceeded at a fair pace in Bosnia, as roads, bridges, and telecom networks are now almost completely rebuilt. However, the goals of reconstruction and reconciliation have been partly frustrated by the creation of a culture of dependency upon international donors. Local politicians have stalled structural reforms, and privatization is only now getting underway. Progress in reintegrating Bosnian Serbs, Croats, and Muslims, as well as in attracting private capital flows and investment, has been minimal. The ultimate success of international assistance is determined by whether private flows and domestic investment are able to take up the slack after the assistance comes to an end. The Bosnian experience does not suggest optimism on this count.

AMNESTY INTERNATIONAL REPORTS INDIA DETAINING THOUSANDS OF POLITICAL PRISONERS WITHOUT CHARGE

HON. GARY A. CONDT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1999

Mr. CONDT. Mr. Speaker, the June 25 issue of *Indian Abroad* reports that Amnesty

International issued a report in which it said that India is holding thousands of political prisoners without charge or trial. Amnesty International's report was issued on June 16.

The article said that "torture and ill-treatment continued to be widespread and hundreds of people were reported to have died in custody." Amnesty International reported that "conditions in many prisons amounted to cruel, inhuman, or degrading treatment." It reported that "disappearances" continue to occur and hundreds of extrajudicial killings were reported. In other words, nothing has changed.

Mr. Speaker, do these sound like the actions of a democracy? India claims to be "the world's largest democracy" even while it continues these repressive, tyrannical policies. This report shows that India is not democratic. It is merely the tyranny of the majority exercised on the minorities. That is why there are 17 freedom movements within its borders.

This comes at a time when India is engaged in combat to wipe out the freedom fighters in Kashmir, a conflict in which it has fired shells containing chemical weapons. India brought nuclear weapons to South Asia; now it is introducing chemical weapons.

America was founded on the principle of liberty. We must act to help bring the blessings of liberty to the people of South Asia. We can begin by declaring our support for national self-determination in Kashmir, Khalistan, Nagaland, and the other nations occupied by India. I am proud to have sponsored a resolution in the last Congress calling for an internationally-supervised plebiscite in Punjab, Khalistan on the question of independence. We should also cut off American aid to this government as long as it practices the kind of tyranny that Amnesty International reported, and we should impose reasonable economic sanctions. It is our responsibility to defend freedom wherever we can.

Mr. Speaker, I would like to introduce the *India Abroad* article into the RECORD for the information of my colleagues. I urge my colleagues to read it.

[From the *India Abroad* June 25, 1999]

HUMAN RIGHTS

AMNESTY SAYS THOUSANDS ARE DETAINED WITHOUT TRIAL

(From News Dispatches)

LONDON—Thousands of political prisoners, including prisoners of conscience, were detained without charge or trial in India, Amnesty International said in its annual report, released on June 16.

Torture and ill-treatment continued to be widespread, and hundreds of people were reported to have died in custody, the London-based human rights organization added.

"Conditions in many prisons amounted to cruel, inhuman or degrading treatment," it said, adding that "disappearances" also continued and hundreds of extrajudicial executions were reported. At least 35 people were sentenced to death but no executions were reported, the report said.

The London-based human rights watchdog said armed groups were also to blame. These groups committed grave human rights abuses including torture, hostage-taking and killing of civilians, it said.

Overall, the report lamented that 1998, which marked the 50th anniversary of the Universal Declaration of Human Rights, was marred by a worldwide catalogue of abuses.

But Amnesty secretary general Pierre Sane also pointed to two landmark events—