

Becoming a ‘marked man’ in Montenegro

Momentous 1999 currency reform was first step in secession



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While still part of the rump Yugoslavia, Montenegro in 1999 dumped the hapless dinar and replaced it with the mighty German mark. Then-President Milo Đukanović engineered this dramatic, daring and dangerous move. It will go down as one of the 20th century’s most significant currency reforms, setting Montenegro on a path towards independence, membership of the North Atlantic Treaty Organisation, and what might one day be entry into the European Union.

During the 1990s I spent a great deal of time operating as

an economic adviser in what was, at one time, Yugoslavia. In Montenegro, I served as state counsellor, a position that carried cabinet rank, and as adviser to Đukanović. In that capacity, I determined that the replacement of the Yugoslav dinar with the German mark was both feasible and desirable.

I assisted in developing the architecture for the official introduction of the mark as legal tender in Montenegro, where today the euro is the coin of the realm.

During the summer and autumn of 1999, I assisted the president in formulating an economic strategy designed to create the conditions for Montenegro to become a fully independent republic.

In 1999, Montenegro was still, along with Serbia, part of the Federal Republic of Yugoslavia. Strongman Slobodan Milošević was the president of Yugoslavia and had control of the army. On 2 November 1999, Đukanović made a decisive move that would set his country on a course towards independence: he granted the mark legal tender status. This all but eliminated the dinar from circulation in Montenegro. It also infuriated Milošević. Although he refrained from unleashing the Yugoslav army, he was reported to have given serious consideration to that idea.

Comedy of the absurd

Milošević’s operatives did, however, engage in a great deal of mischief. For one thing, I became a marked man. Goran Matic, the Yugoslav information minister, produced a steady stream of bizarre stories. These were disseminated through Tanjug, the Yugoslav state news agency. Among other charges, I was accused of being the leader of a smuggling ring that was destabilising the Serbian economy by flooding it with counterfeit dinars. The most spectacular allegation, however, was that I was a French secret agent who controlled a hit-team code-named ‘Pauk’ (‘Spider’), and that this five-man team’s mission was to assassinate Milošević.

In addition to this comedy of the absurd, there was a serious

side. I knew this was the case because, although we were kept in the dark about the specific nature of the threats, Đukanović’s office always assigned my wife and I proper security when we travelled to Montenegro’s capital of Podgorica – a difficult destination that often required a flight from Zagreb to Dubrovnik, Croatia and then a long trip through the mountains.

In any case, the adoption of the mark was Montenegro’s first secession step – one that the US and its allies eventually supported. On 4 November 1999 I, with the help of Senators Steve Symms and Trent Lott, arranged a meeting at the US capitol in which Đukanović and I made a case for Montenegro’s currency reform. The members of congress in attendance warmly received our message. As a result, Washington ended up supporting Montenegro’s currency reform.

Even after 20 years the scene remains, in many ways, the same. For one thing, Đukanović is again president, and independent Montenegro remains at the centre of geopolitical tugs-of-war, as it has for centuries. As I watch today’s give-and-take and look back on the country’s currency reform, I can confidently say it was momentous. ●

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Milo Đukanović