

**MONTENEGRO:  
IN THE SHADOW OF THE VOLCANO**

21 March 2000



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## **MONTENEGRO: IN THE SHADOW OF THE VOLCANO**

### **EXECUTIVE SUMMARY**

Montenegro has been a crisis-in-waiting for two years now, with Belgrade opposing efforts by a reform-minded government under President Milo Djukanovic to distance itself ever further from its federal partner Serbia. Federal President Slobodan Milosevic has steadily escalated the pressure against Djukanovic, probing the extent of NATO support for Montenegro and pushing the Montenegrins toward a misstep that might undermine their international backing. Each of the three possible policy-paths facing the Montenegro government, however, is unappealing in its own way:

- Going ahead with a **referendum on independence** for Montenegro would risk radicalising a population still peacefully divided over the issue, and would offer maximum provocation to Belgrade, which retains a powerful military presence in Montenegro.
- Maintaining the **status quo** may offer a better chance of avoiding open confrontation with Belgrade, but it leaves Montenegro in a limbo. Its friends are not offering all the help they could, on the grounds that it is not a sovereign state; but prospects for self-generated income through inward investment or revival of the tourist industry are still hostage to international risk perceptions.
- Achieving **rapprochement** with the Serbian government would be possible if Milosevic went. But Montenegro cannot afford to leave its future in the unsure hands of the present Serbian opposition. And as the atmosphere in Serbia steadily worsens, political and public opinion in Montenegro appears to grow ever less willing to compromise.

Djukanovic is under some domestic pressure to move faster towards holding a referendum, but all his foreign contacts are advising him to go carefully and not provoke Belgrade into a response, and for the moment he is being patient. For its part, the Belgrade regime seems content for now to play a cat-and-mouse game with the Montenegrin government and population, keeping them nervous and not knowing what to expect. Montenegro's dual-currency system—with both Deutschmarks and dinars as legal tender—appears to have stabilised the economy at the cost of unwelcome if temporary inflation, but Serbia has intensified its trade and financial blockade.

Overall, the situation is fragile, and could deteriorate rapidly. The fifth war of the break-up of Yugoslavia may not be far away. Montenegro's friends need to act quickly, decisively and visibly if this prospect is to be avoided.

The NATO allies can help Djukanovic out of his policy trilemma

- by giving Montenegro the economic support it deserves but is presently being denied (reducing the perceived advantages of independence);
- by increasing the presence and visibility of the international community in Montenegro (giving political support, and raising the stakes for any would-be attacker); and
- by making a stronger direct commitment to Montenegro's security, backing that commitment with a formal authorisation to NATO to commence military planning and appropriate movement of forces.

Unless an effective deterrent strategy is rapidly developed and applied, the international community will again cede the initiative to Milosevic, and could yet again in the Balkans find itself reacting, after the event, to killing and destruction that could have been prevented.

## **RECOMMENDATIONS**

### **Security**

1. The NATO allies should make a commitment that any attempt to use force to install a pro-Belgrade government in Montenegro will be met with a forceful military response, and convey that warning to Milosevic openly or privately.
2. The North Atlantic Council should formally task the NATO military command to plan such a response, and there should be movement of forces in the region appropriate to demonstrate seriousness of purpose.

### **Economic**

3. The forthcoming Regional Financing Conference of the Stability Pact for South Eastern Europe should be the occasion for a major international focus on, and response to, Montenegro's economic and financial needs.
4. Montenegro should be given further substantial balance of payments and general budgetary support, and funding for major infrastructure projects satisfying World Bank criteria.
5. If the necessary support cannot or will not be provided by international financial institutions like the World Bank, International Monetary Fund, European Bank for Reconstruction and Development or European Investment Bank, on the ground of Montenegro's non-sovereignty or the indebtedness of the Federal Republic of Yugoslavia, then it should be provided bilaterally.

6. The other major economic powers should follow Germany's lead in providing investment guarantees for companies prepared to invest in Montenegro.
7. The Montenegrin government should be offered the assistance of both EU and United States officials in establishing an aid co-ordination unit to strengthen Montenegro's absorptive capacity and improve co-operation among agencies.

### **Political and Other**

8. Every opportunity should be taken in capitals to publicly express political support for the Djukanovic Government in its resistance to harassment and intimidation from Belgrade.
9. A major effort should be made to increase the presence and visibility on the ground in Montenegro of the international community, both governmental and non-governmental. In particular:
  - (a) there should be an increase in high-level visits to Montenegro by ministers, officials and parliamentarians;
  - (b) the European Union should open a flagged and permanently staffed office in Podgorica, the primary function of which could be to co-ordinate aid delivery by the European Commission and Member States;
  - (c) the European Community Monitoring Mission should expand its presence, especially in the north of Montenegro, and make public its findings; and
  - (d) both inter-governmental and non-governmental organisations should be encouraged to make a special effort whenever possible to hold meetings, seminars and conferences in Podgorica.
10. To further thicken the international presence in Montenegro, governments, humanitarian assistance agencies and other international organisations active in Kosovo and Bosnia should be encouraged to use, as far as possible, the port of Bar for the transit of supplies.

**Podgorica/Washington/Brussels, 21 March 2000**



## **MONTENEGRO: IN THE SHADOW OF THE VOLCANO**

### **I. INTRODUCTION**

Montenegro has been a crisis-in-waiting for over two years now. Ever since the pro-Western reformer Milo Djukanovic defeated Federal President Slobodan Milosevic's ally Momir Bulatovic in presidential elections on 19 October 1997 (by the narrowest of margins), and Djukanovic and his allies won general elections seven months later on 31 May 1998 (much more comfortably), some sort of showdown with Belgrade has been expected.

Conflict has twice seemed imminent, first when Belgrade seemed intent on destabilising the 1998 Djukanovic inauguration, then again during the Kosovo war when Djukanovic refused to side with Serbia. Each time it was averted by concerted Western preventive action. Relations between the two Yugoslav federal partners have recently worsened, with Belgrade making life as hard as possible for the Podgorica government by freezing trade and financial transfers, and engaging in a series of political and military chess-moves to keep Montenegrins edgy. The threat of force is always in the background, but there has been as yet no violence.

As Serb nationalism remained vigorous, so it reawakened a reciprocal Montenegrin nationalism—a pattern of forced self-definition familiar from Bosnia. Previously the difference between Montenegrin and Serb had been a question of academic study rather than popular feeling. The new Montenegrins identify less and less with their fellow-Orthodox neighbours.

But the future of Montenegro is not just another Balkan ethnic issue. Under Djukanovic the republic has become a stark contrast to neighbouring Serbia: a Balkan democracy where political debate is open, the governing coalition includes minority representation, and ethnic tensions are at a minimum. Non-governmental organisations thrive, building gradually a civil society more complex than the traditional Balkan government hegemony. Treatment of refugees is reasonably humane and responsible. While few Balkan leaders are immune from criticism, and Milo Djukanovic is no exception, Montenegro under him is emerging as something of a role model for the region. What happens in Montenegro matters elsewhere. In Croatia, for example, another regional crisis would mean the new reformist government seeing the loss of up to \$1.5 billion in desperately needed tourist-generated revenue. But more than that, Montenegro matters to the international community's whole agenda of stabilising and pluralising the Balkans.

The present stand-off cannot go on for ever, but each of the three possible policy-paths facing the Montenegro government is unappealing in its own way:

- Going ahead with a **referendum on independence** for Montenegro, or for a new Yugoslav confederation, would risk radicalising a population still peacefully divided over the issue, and would offer maximum provocation to Belgrade, which retains a powerful military presence in Montenegro.
- Maintaining the **status quo** offers no way forward. Though a continuation of slow reform is quite likely to avoid open confrontation with Belgrade, it leaves Montenegro in a limbo, where its friends are not offering all the help they could, on the grounds that it is not a sovereign state; but at the same time prospects for self-generated income through inward investment or a revival of the tourist industry continue to be held hostage to international perceptions of the danger of coming to Montenegro.
- Achieving **rapprochement** with the Serbian government could still be possible if Milosevic went, by whatever means. But Montenegro cannot afford to leave its future in the unsure hands of the Serbian opposition. And as the atmosphere in Serbia steadily worsens, political and public opinion in Montenegro appears to grow ever less willing to compromise.

President Djukanovic has said on the record several times that 2000 must be the year when the relationship with Serbia and Yugoslavia is finally sorted out. He has also indicated his own preference to avoid a referendum if possible, and to reach a peaceful agreement with Belgrade on a possibly-confederal future. The Montenegrin government is officially still waiting for a reply from the federal authorities to the "Platform for the Redefinition of State-Legal Relations between Montenegro and Serbia" (commonly called the Platform Proposal) it adopted on 5 August 1999,<sup>1</sup> proposing that the two Yugoslav republics should be equal partners in a confederation, and in effect enjoy independent foreign relations.

To the traveller and resident in Montenegro there is little sign of Yugoslavia. Even the federal army is generally content to keep out of sight. The republic runs its own affairs in ways that exactly resemble those of an independent country. Both government and opposition stage their political debate with a domestic audience in mind. The future of Montenegro would excite little interest outside specialist foreign-affairs circles but for one factor: the capacity of Belgrade to intervene forcefully, and the general fear that this would bring with it bloodletting in Montenegro, in the fifth war of the break-up of Yugoslavia.

Such a war would be disastrous for all concerned, not just for Montenegrins. It would show that the international community, and the West in particular, after ten years of trying has still not mustered the capacity or will to prevent foreseeable

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<sup>1</sup> Momir Bulatovic has claimed that the federal government has indeed replied—negatively—and there is no reason to believe this is not its position. But Djukanovic is still publicly hoping for a different, better response: he knows he is not likely to get one, but for now his political position depends on maintaining this stance.



conflict in the Balkans. It would offer the US government a new and unwanted challenge of leadership in an election year. If fighting broke out, experience suggests that Western countries would be reluctant to commit ground troops on the Montenegrin side, opening up the prospect of another Bosnia on the world's TV screens. For an air-war, another NATO-led coalition would desirably need to be put together—and the last one only just weathered the Kosovo conflict. KFOR troops in Kosovo would be increasingly isolated, and the aid effort would lose an important supply corridor. KLA hotheads might start arming the Albanians in Ulcinj and Plav. Serbia would be condemned to yet more suffering for a doomed cause. Even for Milosevic himself—maybe a master of tactics but always a long-term loser—the diversion of a war in Montenegro would bring no long-term advantage: Montenegro offers little plunder, and the port of Bar would soon be closed by international blockade.

This report examines the present situation in Montenegro, including the strength and opinions of the various domestic players. It further reviews Montenegro's current relationships with Serbia and the international community, and offers some tentative conclusions, in full recognition that Montenegro's future is not in its own hands alone. Life in the shadow of the volcano has always an element of uncertainty.

## II. INTERNAL POLITICS: THE PARTIES

The defining issue in Montenegrin internal politics is nationhood and the relationship with Belgrade.<sup>2</sup> Political parties are strung out along a simple line that everyone understands. Parties are represented in the national assembly, since the 1998 elections, in the following seat numbers:

LSCG	(Montenegrin separatists)	5
DZB	(Governing coalition)	42 (SDP 5, DPS 30, NS 7)
SNP	(Pro-Yugoslavia opposition)	29
DS/DUA	(Albanian parties)	2

### A. Montenegrin Separatists

The Liberal Alliance (Liberalni Savez Crne Gore, or LSCG) are the party pushing unambiguously for Montenegrin independence. They press for an early referendum on the issue, and also for early elections to precede it, and their platform includes support for the resurgent Montenegrin Orthodox Church against the established Serbian church. They are strongest in the ancient capital Cetinje but poll well all along the coastal strip; they are almost non-existent in the northern (SandZak) municipalities. The LSCG feel public opinion is turning in their direction, for they have withdrawn from local coalitions with the government in Herceg-Novi and Podgorica—the only places where they hold the balance of power in the local assembly—in order to provoke local elections. Opinion polls suggest that they are

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<sup>2</sup> The "defining issue" is not necessarily the most important. Employment probably matters to Montenegrins more than independence. But the "defining issue" is the one which marks the boundaries between the political groupings, and provides the background to all debates.

right: the LSCG polled 6.29 per cent of votes in the 1998 general elections, yet the latest independent survey suggested that they are now nearer 15 per cent.<sup>3</sup> It is true that 1998 was a low point in their fortunes, but they are trying to gain maximum political momentum out of their current resurgence.

The LSCG direct a barrage of criticism against the DZB government in their many press conferences, accusing them of dictatorial practices (taking decisions outside parliament) and misreading the public mood, but have already announced that they will re-enter local coalitions after elections, when they expect to have more seats and so a greater influence on events. To outsiders it looks like cynical political game-playing, but the LSCG see it as gaining strength for a cause they believe in. One policy aim of the LSCG is to detach the Social Democratic Party (SDP) from the DZB coalition, to force early elections in which both LSCG and SDP would emerge strengthened. The leader of the LSCG is Miodrag Zivkovic, while the former long-time leader Slavko Perovic remains a well-known public figure. One threat to the LSCG revival is that some members who find the leadership's tone too strident may field a separate new Liberal party in the local elections, called the Liberal Democratic Party (LDP): the natural beneficiary of such a development would be the DZB (LSCG leaders say the dissidents have been "bought" by the DPS).

## **B. Governing Coalition**

The governing DZB (Da Zivimo Bolje, "For a Better Life") coalition under President Djukanovic and Prime Minister Filip Vujanovic is composed of three parties. DZB is not monolithic, and each partner has its own internal politics and problems. A break-up of the coalition, which would probably bring new elections in which independence would be the dominant theme, is unlikely but not unthinkable. The coalition's public support is stable: 49.54 per cent of the vote in 1998, around 48 per cent now, perhaps leaking a little to the LSCG.<sup>4</sup> General support for the coalition is a little higher than for its three parties individually, suggesting that the public perceives the government favourably on the whole.

### *1. Social Democratic Party (SDP)*

The SDP are the most progressive of the three coalition partners, meaning pro-Western, pro-independence, and reform-minded. The position of SDP president Zarko Rakcevic on independence is much more bullish, for example, than Djukanovic's own;<sup>5</sup> and the SDP's most senior representative in the government, Deputy Prime Minister Dragisa Burzan, finds himself a moderate within the SDP but a hawk within the government. Rakcevic threatens the SDP will leave the DZB coalition if there are not faster moves towards a referendum.<sup>6</sup> SDP leaders have

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<sup>3</sup> Poll published February 2000, based on December 1999 data, by CEDEM—Centre for Human Rights and Democracy—Podgorica. The figures used here are not those quoted in the poll, but are averaged up to ignore "undecided" and "won't vote" replies that accounted for 25 per cent of responses in the published figures.

<sup>4</sup> Ibid, with the same rider—and so for all other references to this survey. The published poll figure for the coalition was 36 per cent.

<sup>5</sup> Rakcevic is regarded as a hawk even within the SDP, but his poll ratings are holding up well.

<sup>6</sup> Most recently in an interview with Radio Montena (Niksic), 14 February 2000.

often criticised the coalition leadership for not proceeding fast enough with privatisation, and not doing more to promote the Montenegrin Orthodox Church. Like the LSCG, the SDP feel they know which way the debate is moving: their support seems to be growing in line with a general separatist-progressive drift in public opinion, standing around 10 per cent. The SDP in turn come under criticism from the LSCG for lacking the courage of their convictions and supporting half-measures.

### 2. *Democratic Party of Socialists (DPS)*

The DPS are the party of president Milo Djukanovic, and are the main pillar of the government and the biggest party in the coalition. They also represent the long-term post-communist establishment, having led every government in Montenegro since the abandonment of single-party politics. Djukanovic supplanted Momir Bulatovic as leader in 1997, so forcing Bulatovic's followers to leave the DPS and found their own party, the Socialist People's party (SNP). The primary objective of the DPS is not independence but rather prosperity for Montenegro, and this objective is not possible without Western support and trade, and a revival of the tourist industry along Montenegro's coast. Independence might be necessary as a means to these ends, but is not a policy in itself. The DPS's own vote is around 37 per cent. In the present climate, where the SNP as main opposition are not perceived by the general public to be winning the political debate, the more serious threat to the DPS policy of gradual and careful reform may be from the more urgent pro-independence agenda of the SDP and LSCG.

### 3. *People's Party (NS)*

The NS pitch their appeal at moderate pro-reform Serbs, who comprise their leaders and the bulk of their members and voters. But of the three coalition partners the NS are weakest. Accordingly they have just suffered a crisis of identity and leadership. Their poll ratings have averaged 1-3 per cent for a while, and the party's leaders accept that the party has no mass support. As a result, long-time president Novak Kilibarda resigned on 15 February 2000 to accept a new post as head of Montenegro's office in Sarajevo. The new leader is Dragan Soc, Minister of Justice in the DZB government, who wants to broaden the party's appeal, which may mean following a more explicitly moderate-Serb agenda, with for example a stronger defence of the rights of the Serbian Orthodox Church. The new NS hopes to attract voters from the SNP and from Serb nationalist parties. Although there is potentially a threat to the stability of the coalition here, in fact all the NS leaders profess loyalty to it. DZB could not govern without the NS's seven votes in the assembly, but it could survive electorally without the NS's two per cent. Outside the DZB the NS would face oblivion: they are unlikely to rock the boat for now.

## **C. Pro-Yugoslavia Opposition**

The Socialist People's Party (SNP) are the main opposition party, formed by DPS members who left the party after Djukanovic became leader. They wish to retain and strengthen the state of Yugoslavia, and deplore all of Djukanovic's reforms and

any talk of independence. Their president, Momir Bulatovic, is the federal prime minister, and even the SNP perceive him as a loyal ally of Milosevic and the SPS.<sup>7</sup> But the SNP are not simply stooges for a Belgrade agenda, though they are part-financed from Belgrade, and though the attempt to identify Montenegro's interests with those of the federal republic looks increasingly hard to argue. Nor are they mainly a Serb party—their best-known leaders are Montenegrins.<sup>8</sup> They represent a strong sense of identification and brotherhood with Serbs among conservative Montenegrins going back many years—indeed the current political debate within Montenegro is a recognisable descendant of the "Greens vs Whites" debate of 1918.<sup>9</sup> Many of them undoubtedly regard a Montenegrin as a variety of Serb.<sup>10</sup> Their support is strongest in the mountain villages of the north, but they are within catching distance of DZB in Podgorica and Herceg-Novi.

SNP leaders are fond of saying that the party is "individually the strongest in Montenegro," though the claim is dubious even in 1998 terms when 36.1 per cent of votes went to the SNP. Recent polls have regularly indicated their support is slipping and now stands at around 30 per cent. But so far the SNP have scrupulously presented their arguments in political terms designed to win votes and have talked down any potential deliberate destabilisation of Montenegro by Belgrade—either because this would be a certain vote-loser, or because they really do believe the debate can and should be won in political terms. Their main arguments are that the DZB economic reforms are failing to improve the lot of the people (which strikes a chord with the unemployed and pensioners who do not know how bad things are in Serbia) and that the DZB is unpatriotic (including Djukanovic's failure to condemn NATO air strikes against Yugoslavia in 1999). But any voters disillusioned with the government's record seem to be drifting towards the LSCG rather than to the old-fashioned, backward-looking image the SNP presents.

Momir Bulatovic now commands no respect outside the party faithful. He spends the greater part of his time in Belgrade and is too closely identified with the Milosevic regime. His unrelated namesake and deputy Predrag Bulatovic is more popular, and has even on occasion shown a difference in emphasis from Momir which suggests a more thoughtful approach based on a personal assessment of what is good for Montenegro. It has become usual among analysts to note that the two leaders seem to represent different parties.<sup>11</sup> But no sign of an internal rift in the SNP appears in public.

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<sup>7</sup> Nor do they regard this as bad. In a parliamentary debate on 15 February 2000 an SNP speaker (Momcilo Vucetic) stated that he considered Milosevic one of the greatest men of the century.

<sup>8</sup> Though the SNP hardliner Zorica Tajic-Rabrenovic, speaking in parliament on 18 February 2000, played the ethnic card with the statement (against the NS) that "the Serb voting body in Montenegro has already decided that its representative is the SNP." And Predrag Bulatovic pointedly refused to answer a question about his ethnic identity in the same debate.

<sup>9</sup> One useful introduction to the background to the current scene is provided by *Le Monténégro dans les Crises Yougoslaves*, L. Bouchebouboua, College of Europe, 20 May 1999, available on <http://bok.net/balkans>.

<sup>10</sup> A certain fluidity in ethnic identification is not unusual in the Balkans. The development of a "Macedonian identity" over the last hundred years shows how the situation is still changing.

<sup>11</sup> See for example ICG, *Montenegro Briefing*, 19 August 1999. Several anti-SNP speakers in the key parliamentary debate on the two-currency system on 15-23 February 2000 pushed this point hard. This explains why Predrag Bulatovic's throwaway remark that "the SNP has no objection to an independent

#### D. Serb Nationalist Parties

If the SNP's appeal is mainly to conservative Montenegrins and Serbs, and the NS's to progressive Serbs, there are others trying to capture the Serb radical vote. The percentage of Serbs in the population is around 9 per cent,<sup>12</sup> and in 1998 the votes going to Serb nationalist parties totalled some 4 per cent, so up to half of Serb voters are marginalising themselves, and the main debate is being played out between different factions of people who identify themselves as Montenegrins.

Interestingly, Serbs hold a disproportionate number of mandates in Montenegrin political life as a whole: of 720 seats in local assemblies Serbs hold 139 (19.3 per cent—81 as SNP, 38 as DZB and 20 as SRS/SNS). In the republican assembly fifteen out of 78 are Serbs (19 per cent—eleven as DZB and four as SNP). These figures clearly demonstrate that the political debate in Montenegro is not mainly a confrontation between ethnic Serbs and ethnic Montenegrins. Moderate Serbs do find a home in the DZB (if mostly in the NS). Equally clearly, however, the Serb population and political classes have a general tendency to favour the SNP and nationalist parties—and to share the paranoid xenophobia of some of the Serbian Serbs.<sup>13</sup>

Only two of the Serb nationalist parties can muster more than 1 per cent of votes across Montenegro, the Serb Radical Party (SRS) and the Serb People's Party (SNS). The local branch of Vojislav Seselj's SRS polled 1.18 per cent in 1998, not enough to get into parliament. They are however represented in local authorities in Herceg-Novi, Tivat, Andrijevica (where all the local councillors of all parties are either Serb or undeclared), and three other municipalities in the north. They are not a very visible presence on the Montenegro political scene, though Seselj's political pronouncements are followed closely in the Montenegrin media.

The Montenegro-based SNS polled better than the SRS in 1998 (1.92 per cent) but still failed to get into parliament. Like the SRS, they have one or two representatives in half a dozen municipal assemblies. SNS president Zelidrag Nikcevic has recently led an internal purge of several senior figures, claiming that "Montenegrin secret services" have been suborning SNS members to build up the NS.<sup>14</sup>

Montenegro provided it is done in a democratic manner" was splashed over the front page of *Vijesti* on 18 February 2000.

<sup>12</sup> *Statisticki Godisnjak Republike Crne Gore 1999*, based on the 1991 census. Even against a context of fluid national identity, it seems reasonable to use these figures, derived from respondents' own self-identification, as a basis for analysis.

<sup>13</sup> The CEDEM poll (see fn 3) suggested that Serb voters would now vote 68 per cent SNP, 20 per cent DZB and 12 per cent "other" (excluding LSCG, 0 per cent). The strength of nationalist parties ('other') may be under-represented because their stronger areas were not included in the poll—there is no corroborative reason to believe that the nationalists are losing strength.

<sup>14</sup> *Dan*, 5 March 2000. *Dan* is the SNP's paper. In general the rest of the press do not give the SNS coverage.

## **E. Albanian Parties**

In an act of positive discrimination, five seats in the Assembly are reserved for the small Albanian minority (6.57 per cent). Voters in 1998 gave three of these to the DZB, seeing in it their best chance for a Montenegro where they would be allowed to get on with their lives and not be dominated by the nationality issue like their kin in Kosovo. The DZB are careful to call them by the neutral title of "Albanci," while some SNP leaders openly use the derogatory word "Siptari," perhaps hoping to capitalise on the xenophobia of their constituents.<sup>15</sup> Two main Albanian parties do exist, however, on friendly terms with each other. Although they broadly support the DZB (since it is better than any likely alternative), they do feel the position of Albanians as a national minority needs defending against prejudice and disadvantage, and they are annoyed with the DZB for "stealing their voters" in 1998 by playing on their fears of Serbia. The DZB, on the other hand, naturally point to their solid vote from Montenegro's ethnic minorities as an achievement to be proud of, avoiding the ghettoisation of internal politics which doomed Bosnia and Kosovo.

In local elections the ethnic Albanian parties did do well in two places with substantial Albanian communities. In remote Plav they hold two seats each, while in the coastal town of Ulcinj they hold nineteen of the 32 seats. Mehmet Bardhi's Democratic Union (DS) party holds ten seats in Ulcinj and polled 1.58 per cent nationwide in 1998, giving Bardhi himself a seat in the Assembly. He is a former mayor of Ulcinj, a post which his party still hold. Ferhat Dinosh's Democratic Union of Albanians (DUA) holds nine seats in Ulcinj and polled 1.03 per cent nationwide in 1998, giving Dinosh a seat in the Assembly. Although they are not part of the DZB coalition they have accepted a ministerial post in the government (Protection of Minorities, held by Luigj Junçaj). This constrains them from being as critical of the government as the DS, but the two parties' views on the treatment of Albanians in Montenegro are the same.

## **F. Bosniacs**

Like the Albanians, the Bosniacs (usually called Muslims without any intention to insult) voted mostly for the DZB in 1998. In the SandZak towns where the Bosniac population is largest (Bijelo Polje, RoZaje, Plav) the DZB is comfortably the largest vote-winner. There are ethnic parties representing Bosniacs, including the local branch of the Bosnian SDA which holds five out of 32 seats in Plav, but it is clear that most Bosniacs are for Djukanovic, and for the same reasons as Albanian voters—fear of the alternative. Bosniacs (14.57 per cent of the population) are under-represented in local (9.4 per cent) and republican (9 per cent) assemblies, just as Serbs are over-represented.

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<sup>15</sup> In the CEDEM poll (see fn 3) 50 per cent of SNP respondents held a "very unfavourable" opinion of Albanians, though Americans, British and Germans all fared worse. Only 12 per cent of DPS supporters held a "very unfavourable" opinion of Albanians—though in this case the percentage was higher than that for any other ethnic or national group.

### III. INTERNAL POLITICS: THE ISSUES

#### A. Prosperity

The Montenegrin economy is suffering from years of isolation and lack of investment. The foreign tourists who would bring hard currency to the beautiful rivieras are kept away by fear, though prices are absurdly low.<sup>16</sup> Investors are deterred by the uncertainty surrounding the republic's future. The domestic economy's capacity to generate jobs is weak – Montenegro has few raw materials apart from bauxite/aluminium, and has never been a rich country. Preparations for privatisation, either by voucher or international tender, proceed at a cautious pace.

Now since the introduction of the two-currency system (see below) Serbia is mounting an ever-more-severe trade blockade against its federal partner. The excuse/reason given for this is that the Montenegro government has been selling cheap Serbian goods to its neighbours (specifically the loathed Albania) at a profit, thus making money at the expense of poor Serbians, so that the Serbian government has to protect itself. This line is loyally pedalled in the media and parliament by the SNP (one of the occasions when one is inclined to doubt the sincerity of their concern for Montenegro). But since the beginning of March 2000 no trade goods at all have been allowed to pass from Serbia into Montenegro. If this is the best Belgrade can do to justify a policy of isolation and punishment of the Podgorica government, it seems they do not particularly care what the Montenegrins think.

Meanwhile the Montenegrin population feel poor. They have the benefit of a market economy that goods are freely available, but they do not have money in their pockets. On the whole they do not blame the present government for this, having lived through the downward spiral of the Milosevic-Bulatovic years, but they look to Djukanovic to start making things better. Hence Djukanovic's message to the British in London: buy our wine, invest in us, send us tourists. But no-one is doing any of these things. The SNP's most effective criticism of the DZB record is: "Show us the people who are living better, because we can't find them."

#### B. Currency

The "two-currency" (*dvovalutni*) system instituted in November 1999, under which the DM and the Yugoslav dinar are both legal tender, cannot yet be declared a triumph but neither has it brought monetary collapse or panic. It remains controversial. The federal Constitutional Court declared it illegal on 26 January 2000, which led the SNP to call for an extraordinary debate in the republican assembly. The debate, delayed by the assassination of federal Defence Minister Pavle Bulatovic in Belgrade, finally began on 15 February and lasted two weeks. The SNP pointed out that the two-currency system had resulted in immediate inflation – in DM as well

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<sup>16</sup> Figures for tourist-nights slept in Montenegro beds in 1998 (*Statisticki Godisnjak 1999*) make interesting reading: Serbians 3,500,086, Russians 138,639, Bosnians 100,571, Germans 24,030, Norwegians 20,337, Italians 13,879. Beds in private houses are reportedly available for as little as 6 DM per night. The unutilised capacity for foreign earnings is self-evident. But the short-term prospects are gloomier than ever: how many Serbians will be able to afford, or be allowed, to travel to the coast this summer?

as dinars – and had cut Montenegro off from its main supplier, Serbia. The government parties responded that the high inflation witnessed in November and December 1999 was a direct result of Belgrade's blockade, and that figures used by the SNP to show that prices were lower in Serbia were unreliable because they related to controlled prices which did not reflect the facts. As one government speaker pointed out: "Milk might be officially cheaper in Serbia but can you find any at that price?" Certainly it is true that in Montenegro consumer and general goods are available unrationed to anyone who can afford them.

Since a principal aim of the two-currency system was to defend price stability in Montenegro against inflationary issue of dinars by the Yugoslav central bank, the admitted recent rise in prices is embarrassing. However, there seems no reason why prices designated in DM should continue to rise, once new stable sources of supply have been found. Current DM inflation appears to be a phenomenon of adjustment to new trading patterns. After a rise in the price index of 20.8 per cent in December 1999, prices in January 2000 rose 5 per cent, still worryingly high but a trend in the right direction. By February the trend was definitely encouraging, with overall inflation of 2.8 per cent, and DM prices up only 0.5 per cent.<sup>17</sup>

Dinar prices are a different matter. When the two-currency system was introduced one could exchange 17 dinars for 1 DM (the rate had been 12 as recently as August 1999). By January 2000 the official rate was 20, and many businesses were openly using 22. By mid-March some kiosks were starting to use 23. Since there are no conditions for deflation in DM terms, with Montenegro so heavily dependent on imports, dinar prices are bound to rise. For the moment the population is equally prepared to deal in DM or dinars (most people do not hold on to money long enough to fear depreciation in the pocket), and the dinar's continuing visibility is out of proportion to its weight in the economy because such a large proportion of small transactions still use it – in hundreds of small shops and kiosks a 50 DM note, for example, poses a problem of finding change. But large transactions are now always expressed in DM, and if the dinar starts to depreciate even more quickly it will be driven out of circulation by people's unwillingness to hold it.<sup>18</sup>

In time this natural disappearance of the dinar seems inevitable, following paths already trodden in Republika Srpska and Kosovo. The DM already accounts for some 80 per cent of the money in circulation.<sup>19</sup> Before this happens the government might simply abolish it, once there are enough DM in circulation, to provide complete protection against imported inflation from Serbia. This would be another of the tripwires that could provoke Belgrade into action against Podgorica, because Yugoslav army salaries and expenses are paid from Belgrade in dinars. If the dinar were no longer legal tender, the Yugoslav government would have to buy DM with depreciating dinars to maintain Yugoslav forces in Yugoslavia – an intolerable

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<sup>17</sup> Official figures, *Pobjeda* 19 February 2000 and *Vijesti* 18 March 2000.

<sup>18</sup> A rosy scenario, that an element of deflation could be achieved by paying for dinar-denominated goods in strengthening DM, is ruled out because the Belgrade government can prevent it by controlling the price and quantity of goods entering Montenegro.

<sup>19</sup> Of course not all of this has happened since November 1999. As everywhere else in the Balkans, the DM had been an unofficial currency in Montenegro for several years—as speakers in the parliamentary debate on 15-23 February 2000 pointed out, against the SNP proposal to abolish it.



position from Belgrade's point of view. However, in the medium term the forces at work will produce the same pressures more gradually, since as the dinar depreciates its purchasing power automatically shrinks.

The SNP's remedy for this is to abolish the DM and revert to trading in dinars with Serbia, by far Montenegro's biggest supplier. The government retorts that this is to advocate openly a policy of dependence on Serbia, and from Montenegro's point of view it obviously makes more sense to buy on world markets. Avoidance of DM inflation will be a key policy for the government in coming months.

### C. Referendum

The risks of holding a referendum on Montenegro's status are well understood by Djukanovic. In addition to the possibility of provoking Serbia into a violent response, there is the possibility that the referendum itself might polarise Montenegrin society so badly that some kind of spontaneous internal conflict might result. In any case Djukanovic would not call a referendum unless he were confident of obtaining a substantial affirmative vote. A hint of the way public feeling is going was provided by a recent poll:<sup>20</sup>

Unity with Serbia	5.5 %
Keep Yugoslavia as now	28.0 %
Confederation (DZB Platform)	22.5 %
Independent sovereign state	36.1 %
Don't know	7.9 %

If these figures are reliable public opinion is running ahead of Djukanovic's caution, even among his own supporters. The political classes are moving in the same direction. The DPS is itself split on the subject, and Djukanovic faces pressures from both within the coalition (SDP) and outside (LSCG) to move faster and more decisively. But all of his foreign government contacts are telling him not to press the issue. Djukanovic presently resolves the impasse by making vague statements that the status of Montenegro must be resolved this year, but avoiding any deadlines.

A referendum offering a straight choice between Yugoslavia and independence could probably be won now.<sup>21</sup> But a narrow and divisive victory would do more harm than good. Something like a 70 -30 per cent vote would be necessary if the result were to be convincing: this means picking up a lot of marginal voters on the DPS/SNP borderlands. Djukanovic's support is broad-based, multi-ethnic and multi-religious but he needs more support from the traditional Orthodox Montenegrin voter. The referendum remains a high-risk option, for use if at all only when all else has failed.

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<sup>20</sup> CEDEM, February 2000, December 1999 data, see footnote 3.

<sup>21</sup> The CEDEM poll asked exactly this question and found 45.4 per cent in favour, 37 per cent against, and 17.6 per cent undecided. It was nonetheless the most popular option polled, including the Platform and the status quo.

## **D. Churches**

The Montenegro Orthodox Church was suppressed in 1918, and since then the Serbian Orthodox Church has administered religion to believers; it has also controlled religious properties such as monasteries. But in recent years the Montenegro Orthodox Church has revived, and has a growing following at the LSCG end of the political spectrum. In 1998 metropolitan Mihailo was elected, by vote of the people, head of the revived church. Support for the church is a principal plank of the LSCG's platform; they demand not only its registration on equal terms with the Serbian church, but also the return of properties given up seventy years ago. The SNP join in the debate enthusiastically on the side of the Serbian church. The government has little taste for this debate, seeing in it much trouble for no obvious reward, but it has become one way in which the LSCG has been able to distance itself from the DZB and attract radical support. The SDP, as in other areas, finds itself caught uncomfortably between the LSCG's populism and DPS caution.

## **E. Election Law Reform**

A multi-party working group sat throughout February 2000 to discuss new laws on who may vote and stand in elections in Montenegro. They were monitored and advised by the OSCE's Office of Democratic Institutions and Human Rights (ODIHR). The group managed to work in a collegiate atmosphere throughout, and the new laws were passed by parliament on 14 and 16 March with both the DZB and SNP voting in favour, bypassing a basic disagreement over whether all Yugoslavs or just Montenegro citizens should be allowed to vote, by introducing a two-year residence criterion for general elections, and one year for local elections. Much of the time during the parliamentary debate was taken up with the Albanian parties' unsuccessful proposal that all of the seats reserved for Albanians should go to them, rather than be available to multiethnic parties too.

## **F. Crime and Corruption**

Crime is not a big issue in domestic politics. Montenegrins do not consider that they are living in an especially crime-ridden society. True, there are questions about corruption at high levels. In the early days of sanctions against Yugoslavia, while the general population became impoverished it was possible for individuals with control over structures to become rich by sanctions-busting. Momir Bulatovic and Milo Djukanovic are both usually identified as people who did very well during the early 1990s. There is no inclination in Montenegro at the moment to follow up this story—Balkan politicians are expected to promote their self-interest—but Montenegro's trans-Adriatic neighbour Italy has repeatedly protested about the operations of Montenegrin criminals in Italy and the safe haven Montenegro has sometimes provided for Mafiosi on the run. A major embarrassment was the indictment in an Italian court in October 1999 of serving Montenegrin Foreign Minister Branko Perovic on criminal charges dating back to 1993. In the face of massive exploitation of this by the SNP and Belgrade, Perovic subsequently resigned, while protesting his innocence, to protect the image of the government. In other ways the government is doing all it can to co-operate with the Italians. Italian police are working with their Montenegrin counterparts, and there is an Italian consulate at Bar, Montenegro's (and Yugoslavia's) main port. The arrest of a cigarette smuggler, Mario Orso from

Naples, in Bar on 15 February 2000<sup>22</sup> brought to 21 the number of criminals arrested in Montenegro since the signing of a Memorandum of Understanding between Italy and Montenegro on 30 September 1999.

#### **G. Local Elections**

As already noted, the LSCG have forced local elections in Podgorica and Herceg-Novi, in the belief that a visible increase in support for them will strengthen their political platform. After playing for time for several months, and after recent reassurances that its standing is holding up in opinion polls, the government is now prepared to allow the elections, which have been set for 11 June. The OSCE plans to send observers, and the results will be eagerly awaited both at home and abroad. This too carries with it a certain risk. If, as seems likely, the main losers are the SNP this will send a signal to Belgrade that the debate in Montenegro is not going their way. If the SNP win they will make the case that the DZB plainly no longer represent the will of the people and will call for immediate general elections, which the government will naturally refuse. This in itself could be an excuse for Belgrade to intervene, if Milosevic happens to be looking for an opportunity at the time.

#### **IV. THE THREAT: RELATIONS WITH BELGRADE**

The common image of Montenegro in the West is something like a man stealing a bone from a fierce but sleeping dog: how fast and how far can the man get before the dog wakes up and bites him?

That picture is recognisable to Montenegrin minds too. The state and independent media talk quite openly of "sukob" (conflict) beginning any day now—the Balkan fighting season traditionally begins in the spring as the risks of bad weather diminish. Montenegrins do not want conflict, but the atmosphere is grim readiness rather than fear. Montenegro is not like Bosnia or Kosovo, with a largely defenceless population easy meat for military and paramilitary attacks: it possesses up to 20,000 loyal, motivated, trained and reasonably well-armed police personnel well aware of the threat. They would, moreover, be fighting at home and Montenegrins have several centuries' experience of never giving up. But Belgrade would have at its disposal the nearly 14,000 federal army (VJ) forces already stationed in Montenegro, plus the Seventh Military Police Battalion that consists of 1,000 pro-Milosevic paramilitary personnel, and would also be able to count on the support of its airborne brigade located at Nis (which helps explain Belgrade's determination to maintain federal control over Montenegrin airports). The bottom line is that in a straight fight the Montenegrins would be outgunned.

But what of the federal army's willingness to fight? There is another difference from Bosnia and Kosovo, in that this would be the first Orthodox v Orthodox conflict fought by Serbian troops. Even after the experiences of the last ten years it is hard to imagine most conscript soldiers much enjoying carrying out military operations against Montenegrins, and there is the extra complication that the ethnic division

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<sup>22</sup> *Vijesti*, 17 February 2000.

between Serb and Montenegrin is blurred. Many Montenegrins indeed believe that the army will not fight. But this degree of optimism seems too complacent—the news on 27 February 2000<sup>23</sup> that many serving army officers in Montenegro had been withdrawn to Serbia and replaced with ex-Kosovo hard men, some 120 of them, raised tension in Podgorica another notch, and understandably so.

Serb or pro-Milosevic paramilitaries are a particular source of anxiety for the Montenegrins. Although reports of Serb paramilitaries entering Montenegro have been common at least since the NATO bombings in spring 1999 (given currency by the Montenegrin government among others), and in a country with so many police checkpoints the authorities at least have a fair idea of who is moving about, the numbers involved are not clear.<sup>24</sup> But there is much speculation as to how such forces might be used. The scenario thought most likely by the Podgorica authorities is that pro-Belgrade units outside the army line of command will be used to create disturbances in order to give an appearance that the Podgorica government is unable to control its territory: Belgrade would then order the federal army into action to “re-establish stability.” At least for the moment this is not happening, and there is little indication that the pro-Yugoslavia elements of the population are ready to fight (unlike, say, the Serbs in Bosnia in 1992).

At the moment Belgrade appears to be trying to step up tension without forcing the issue. At least three incidents which could have provided an excuse have been allowed to go by in recent months: the stand-off between Montenegrin police and federal soldiers at Podgorica airport on 9 December 1999, which showed how volatile the situation is but has had no follow-up; rival celebrations at Orthodox New Year between followers of the Serbian and Montenegrin churches, when police turned up in great numbers but the atmosphere remained cheerful; and the murder in Belgrade on 7 February 2000 of federal Defence Minister Pavle Bulatovic, a Montenegrin and a political enemy of Djukanovic.<sup>25</sup>

So Djukanovic continues to creep away with the bone, but how far will he be allowed to carry it? There are plenty of tripwires in the coming months which could bring a reaction from Belgrade: possible disappearance of the dinar in Montenegro, which will make it impossible to pay the army; loss of support for the SNP in local elections, which will show that the political battle cannot be won; perhaps even discovery of oil under Montenegrin waters, which would suddenly increase the small republic’s strategic value.<sup>26</sup> But to a certain extent the tripwires are irrelevant. The Montenegrins know that if Belgrade wants trouble, for its own reasons, it can always find an excuse.

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<sup>23</sup> *Pobjeda*, 27 February 2000.

<sup>24</sup> Ominously, the Yugoslav army issued a statement on 14 February 2000 denying that it had any paramilitary units in Montenegro (*Vijesti*, 15 February 2000). The DPS responded by saying that the numerous 7<sup>th</sup> Military Police battalion were in effect a “paramilitary and party formation, made up of SNP militants” (*Vijesti*, 17 February 2000). Stories of a build-up continue to circulate, with Montenegrins now briefing that some 2000 “paramilitaries” are stationed in Montenegro.

<sup>25</sup> In Montenegro the appointment of General Dragoljub Ojdanic as Bulatovic’s successor is being taken in some quarters as a declaration of hostile intent by Milosevic.

<sup>26</sup> This has been imminent for almost 30 years now, but a triumphant headline in *Pobjeda* on 13 February 2000 (a slack news Sunday) suggested that the British prospecting firm had had encouraging results.

For now there is a cold war between Podgorica and Belgrade, and one gaining in intensity. Serbian police and customs are preventing goods from travelling between the two republics: since 3 March 2000 the border has been effectively closed to goods traffic. Money transfers between the two have been suspended since the introduction of the two-currency system in Montenegro in November 1999. The federal Constitutional Court has declared illegal several actions of the Montenegrin government, including the introduction of the two-currency system; the government has replied that since federal structures are not functioning it does not acknowledge the standing of the court.

And there are plenty of recent actions from Belgrade which could be read either as positioning for a crisis, or just pawn-moves tightening the pressure on Podgorica – or both, since the opportunistic Milosevic will be watching to exploit any advantage he may find he has gained. For instance: harsh-sounding statements from the Yugoslav army on 14 February 2000, and the heads of the army and navy on 16 March; closure for two days by federal authorities of Tivat coastal airport on 14 and 16 February; opening of three transmitters on army territory to broadcast Belgrade TV to Montenegrins on 17-18 February (the fact that the Belgrade point of view, or Belgrade propaganda, is available to those who want it raises fears of deeper divisions among the populace, and the TV broadcasts are seen as preparation for the “destabilisation by disturbance” or “artificial civil war” scenario feared by the Podgorica government);<sup>27</sup> and reactions to the opening of a crossing into Albania, including the (later denied) declaration of “second stage of war-readiness” and the erection, sporadically from 27 February, of an army check-point near this frontier.

Liberal Montenegrins bemoan their government’s inactivity in the face of these various moves and the politicians have no consistent strategy whether to respond or not. Prime Minister Vujanovic went to Belgrade to talk to the army commanders about their activity in Montenegro. More recently president Djukanovic has warned the army to abide by the federal constitution, rather than act as a personal army for Milosevic.<sup>28</sup> But brinkmanship is a hard game to play, and Milosevic has many years’ experience. The possibility needs to be considered that the above events are in fact not part of a chain intended to destabilise Montenegro, but simply the army and federal authorities “doing their job.” But after ten years of studying the Milosevic method, very few observers believe this, and each new incident, following closely on the last, makes it less credible.<sup>29</sup>

Despite this background the declared policy of the Montenegrin government is that it hopes to resolve Montenegro’s future status within Yugoslavia, and its relationship with Serbia, by political debate and agreement rather than by unilateral actions from

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<sup>27</sup> If a propaganda war really intensifies Montenegro may need help to fight it. On the poacher-turned-gamekeeper principle the Republika Srpska government might be able to offer helpful advice. One creative approach might be for Montenegro TV to rebroadcast the news from Belgrade with a commentary, so that viewers could judge for themselves both sides of the argument.

<sup>28</sup> Interview with Studio B, reported in *Pobjeda*, 14 March 2000.

<sup>29</sup> The army indeed denied that they had increased their war-readiness and on 28 February 2000 issued a statement which sounded almost conciliatory, but made it clear that they regarded the Albanian border as still closed, in accordance with Federal law. They have a point, and their position in Montenegro is not comfortable. Belgrade provocation or just incompatible agendas? The jury is still out.

either side. Sitting uneasily between the increasingly strained status quo, and the unlikelihood that Serbia will be ready to compromise on, or even talk about, the Platform Proposal, are Djukanovic's statements that the issue will be resolved this year: proceeding with a referendum on independence remains, of course, the biggest tripwire of all.

## V. THE INTERNATIONAL REACTION SO FAR

President Djukanovic and Montenegrin government ministers have continued to travel extensively to try to build up foreign support. Already this year Djukanovic has visited Britain and Germany, and Prime Minister Vujanovic made a several-day visit to the US. Slovenia is very friendly, and the new government in Croatia, at last freed of nationalist thinking, knows it needs a stable Montenegro to help revive the economy of the Dubrovnik area. Relations with Bosnia-Herzegovina are thickening rapidly—both with the Federation and Republika Srpska. A border crossing with Albania has been opened at BoZaj, with dramatic consequences noted above. For half a year now Montenegro has been an important supply route into Kosovo, and could be built up further. In general the international climate for Montenegro is very friendly. But how much have the republic's friends so far been actually prepared to do?

The Podgorica media eagerly report any clues about international support. A statement by a "leading British commentator" that NATO would bomb Yugoslavia again in the event of conflict with Montenegro was front-page news in *Vijesti*.<sup>30</sup> French foreign minister Védrine's bland statement that "France would react, in consultation with NATO, the EU and Russia" made the inside pages.<sup>31</sup> NATO Secretary-General George Robertson, speaking in Budapest at a meeting of the FRY's neighbour states, made the front pages with a warning on 17 March to Milosevic not to endanger Montenegro, even though he refused to give a yes-or-no answer to a direct question whether NATO would get involved in a possible conflict.<sup>32</sup>

Djukanovic's visit to Britain on 25-26 January 2000 was instructive in showing how difficult countries have found it to get both the tone and substance right in dealing with the Montenegro issue. The British came as near as anyone to acquiescing in Montenegrin independence,<sup>33</sup> and there was much talk of investment, but all the Montenegrins could take home was some involvement by British firms in oil prospecting in the Adriatic. Against a history of mixed signals (not just from Britain) about what the West would do in the event of conflict in Montenegro, Djukanovic sought to avoid raising the ante: "Montenegro invites no-one from abroad either to feed it or to defend it... it invites not foreign soldiers, but foreign investors and tourists..."<sup>34</sup> But he also complained to journalists: "For various inescapable reasons

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<sup>30</sup> 29 January 2000.

<sup>31</sup> Reporting on 8 February 2000, the day after the Bulatovic assassination in Belgrade. Védrine was on a visit to Moscow at the time, so Montenegro was not the main issue on his mind, (Beta News Agency).

<sup>32</sup> (Beta News Agency).

<sup>33</sup> "Whether Montenegro goes down the path of independence is a matter for its citizens"—British foreign minister Robin Cook, as quoted in *Pobjeda*, 26 January 2000.

<sup>34</sup> *Pobjeda*, 26 January 2000.

(the international community) tries to introduce imprecision into its offers of help...<sup>35</sup>  
In Podgorica the general atmosphere after the visit was that it had achieved nothing new. And that has been a recurring theme.

## A. Economic Support

Aid commitments to Montenegro are not insignificant. USAID expect to spend some \$70m in 2000, in addition to the many useful programs run under the Office for Transition Initiatives (OTI) from a small office in Podgorica. The EU's Obnova program, specially designed in a Bosnian context for helping non-state entities, has committed 61m euros for 1998-9, for sectors as diverse as budget support and tax reform. A new EU proposal to give 5m euros for infrastructure projects is working its way through Brussels now. But the Montenegrins claim that some of this aid is slow to arrive and has had little tangible impact so far, and believe that they would receive more assistance more quickly if they possessed a recognised status as an independent state.

There is real substance in this complaint. International financial institutions like the World Bank, International Monetary Fund, European Bank for Reconstruction and Development and European Investment Bank say that they are barred by their constitutions, established practice (or, in one case, 200 million euros of loans unrepaid by the Federal Republic of Yugoslavia) from advancing funds to non-sovereign Montenegro. Appeals to precedents in relation to Palestine, and more recently Bosnia-Herzegovina and Kosovo, are met with the response that in those cases there was an applicable UN Security Council resolution. Within the European Union finance officials, taking their guidance from this practice, have been blocking efforts to extend multilateral loan funds to Montenegro.

Much hope has been invested in the Regional Financing Conference of the Stability Pact for South Eastern Europe, to be held in Brussels on 29-30 March 2000: in particular for support for two flagship infrastructure projects, a road tunnel between Bar and Podgorica, and an improved water system for the coastal tourist areas. But all available evidence at the moment is that no support at all will be forthcoming from any multilateral institution, and that so far there have been no compensating pledges of significant bilateral support. The recent decision of the German government to provide 40 million DM in investment guarantees to German companies participating in Montenegrin infrastructure projects will not be of much assistance if there are no funds to get those projects started. At the moment, all this ambivalence, or worse, on the part of the international community fuels the arguments of those who urge early moves towards independence for Montenegro.

Some aid officials claim that Montenegro's small civil service already has problems with its capacity to absorb and administer the aid coming in – to which an obvious solution would be for an offer to fund an aid administration unit something like pillar IV of UNMIK in Kosovo. Given the less than impressive trans-Atlantic co-operation on aid administration in the past, to be effective such a unit would need to have both EU and US officials participating.

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<sup>35</sup> Ibid.

## **B. Political and Related Support**

The international presence in Montenegro, both permanent and transitory, is small by Balkans standards. There are several dozen humanitarian and political NGOs. A couple of governments have consulates; others visit on a regular basis. The OSCE maintains a small office, together with some UN agencies, and the European Community Monitoring Mission (ECMM) does its usual work of writing reports that too few people see. The EU has a small presence, but no identifiable office building. US and other representatives come and go, but maintain a very low profile. There have been few high-level political or official visits—that by European Commissioner for External Relations Chris Patten was a notable recent exception. Few international conferences, seminars and meetings are held in Podgorica.

If there is a case for "thickening"—strengthening and making more visible—the international presence generally, as a demonstration both to the Montenegrins that independence is not necessary to secure a more international future, and to Belgrade that the international community is serious about its engagement in Montenegro, then that case has not yet made much headway in the major capitals.

## **C. Military Support**

On the security side, too, the record of the international community in coming to grips with the reality of Montenegro's situation has also been less than impressive. Despite the significance of Djukanovic's political challenge to Milosevic; despite the way in which Montenegro is emerging as something of a role model for those anxious to see democratic and economically reformist governments emerge in the Balkans (perhaps even including the present Serbian opposition); and despite the great fragility of Montenegro's present security environment, there has been no evidence of any really systematic thinking in major Western capitals about how to deter conflict between Belgrade and Montenegro, or how to react if it breaks out.

Multiple messages, usually private, have been given to Djukanovic warning him not to provoke conflict, in particular by calling an independence referendum. In the other direction, while a number of public statements have been made warning Belgrade against starting trouble—the strongest of them by NATO Supreme Allied Commander Wesley Clark—governments have generally been circumspect, and certainly so far unwilling to go so far as to offer a specific security commitment to Montenegro to respond forcefully in the event that an attempt is made to overthrow its government.<sup>36</sup> Their position seems to be to hope that neither side precipitates a

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<sup>36</sup> Warnings to Milosevic have been regular but vague. For example, in addition to those quoted above from the NATO Secretary-General George Robertson and French Foreign Minister, see US Secretary for Defense William Cohen on 1 December 1999: "Milosevic must know that it would be a major problem for him if he planned anything in Montenegro similar to Kosovo." (Deutsche Press Agentur); UK foreign secretary Robin Cook on 26 January 2000: 'We have committed ourselves to support the democratic forces in Montenegro and we ourselves have major economic interests in Montenegro. If that keeps President Milosevic guessing very carefully before he does anything further in Montenegro, then I think that is for the good of both Montenegro and for Britain.' (FCO website); US Undersecretary of State for Political Affairs Thomas Pickering on 31 January 2000 in Tirana: "We are prepared to stand firm against any military actions of Milosevic's in the region (Reuter); and US Secretary of State Madeleine Albright on



crisis, that conflict can somehow be avoided, and that the whole issue eventually goes away.

It cannot be pretended that the question of such a commitment is without difficulty, either conceptually or practically. It is never easy to define the particular trigger that should generate a forcible response, the nature and extent of the force that should be used, who should be using it, and what the exit point of the mission should be—but that is hardly a reason for the NATO allies not yet even being prepared to task their military command to address these issues. But there is also here a threshold conceptual problem that has been at least part of the reason why a number of governments have shied away from even looking at a specific security commitment. The matter in issue is this. If an attempt is made by Belgrade to overthrow the Montenegrin government, it may well be by way of a relatively small scale assault on government buildings, communications centres and personnel: it may not involve large loss of life, and, because of the particular ethnic character of Montenegro, may well not involve human rights violations—in particular ethnic cleansing—on anything like the scale seen in Milosevic's earlier attacks. If that is so, there may not be, as a matter of evolving international law, the same relatively straightforward justification for forceful international intervention in an "internal" affair.

But that said, there is a compelling case for maintaining Montenegro's integrity against assault from Belgrade, however Milosevic might manoeuvre to justify it. For a start, the constitutional assumption that Montenegro is still part of another state does not have the same compelling force, given recent Balkans history, that it might elsewhere.<sup>37</sup> Another consideration is that Milosevic is an indicted war criminal, and from his past record it simply cannot be assumed that he won't commit major human rights violations, including in this case against the minority Bosniacs and Albanians. But beyond that, a victory for him in Montenegro would have a profoundly negative impact on the credibility and momentum of the international community's efforts to establish viable multiethnic democracies elsewhere in the Balkans. Context is everything, and in the present fragile context—with so many being asked to abandon their nationalist aspirations, and in particular their association with or support for the present Belgrade regime, and so much hanging on the credibility of the international community's commitment to seeing the stabilisation process through—Montenegro becomes a very special case indeed.

What does Belgrade make of the mixed signals and lack of clarity in the Western position? Milosevic miscalculated badly over Kosovo, at a time when the international community after Rambouillet was clearly committed to doing something in Kosovo to a much greater extent than it is in Montenegro now. The memory of

19 February 2000 in Zagreb: "The security of Montenegro is in the interests of the US" (Montena-fax), and on 10 March, in Sarajevo after meeting Djukanovic: "The security of the whole region is of concern to us including Montenegro" (White House). NATO Supreme Allied Commander Wesley Clark's language has been stronger but no more precise, e.g. on 9 December 1999: "It has been made clear to Mr Milosevic that he should not, and must not, interfere in the Montenegrin processes." (CNN), and most recently on March 13: "NATO will do or not do the things it needs to do or not do as it sees it at the time.... As I have said publicly, Mr. Milosevic should be very aware about NATO's capability." (Reuter).

<sup>37</sup> This point is further developed in the concluding section.

that experience must at least make him think before pressing the crisis button yet again. Even the ambiguous and circumspect statements made so far have their use as a deterrent. Milosevic knows that the Western democracies are slow to react, but that they do hit hard once they have made up their minds to act forcefully.

It is quite likely that if Milosevic did strike against Montenegro, several key NATO allies would find the case for a forceful response compelling. The difficulty is that so long as their governments fail, as they have so far, to address the issue of what they would in fact do in that event—so long as they avoid the risks and responsibilities of coming out with a clearly and sharply defined deterrent posture—they make much more likely the occurrence of the conflict they are hoping to avoid. It is unhappily clear that while the international community's main priority is to avoid another war in the Balkans, which would bring another humanitarian disaster and test its fragile unity, it is not prepared to take the steps necessary to deter such a conflict.

So the reaction to date of the international community comes to this. In pursuit of keeping the lid on the Balkans, as opposed to deterring conflict, an objective pursued consistently without notable success throughout the 1990s, Montenegro's foreign friends urge Djukanovic not to provoke Belgrade too far, not to rush the independence issue, and certainly not to hold the referendum. This involves them in an uncomfortable legal defence of the existing Federal Republic, which practically no-one thinks has a long-term future. But at the same time, because they too do not want to provoke Yugoslavia and start the new war, they are ambivalent in their attitude towards Montenegro's ambiguous status, and fall short of offering the help they might offer a sovereign ally. This increases the pressure on Djukanovic to bring better definition to Montenegro's status. Paradoxically, the Western countries' stance towards Montenegro (it can hardly be called a policy) is making it more, not less, likely that the referendum, with all the risk it involves, will end up being held.

## **VI. CONCLUSIONS AND RECOMMENDATIONS**

President Djukanovic and his government are operating in a cruelly difficult policy environment, offering them little if any chance of finding a satisfactory way forward.

There are some identifiable attractions, certainly in the minds of a number of Montenegrin political leaders, in calling a referendum on Montenegro's future. It would end the uncertainty, probably force Montenegro's friends into accepting the outcome if the affirmative vote were clear enough, and open the way into full participation in international structures which could substantially help Montenegro overcome the problems of transition to a market economy. Sheltering under the umbrella of NATO's Partnership for Peace, the country would see the return of tourists and investors and have a chance to economically thrive. A wave of euphoria at home would probably also secure the DZB's electoral future and keep the coalition together. This rosy scenario represents the policy position of the SDP and LSCG.

But all this is a very high-risk, as well as supremely optimistic, policy, for reasons that are depressingly familiar and have to do with reactions from Belgrade. It would go against the known policy and direct advice of all of Montenegro's most powerful friends. The thought of Montenegro, abandoned by its fair-weather allies on grounds

of “we told you so,” with senior government officials under arrest and Yugoslav troops barring the entrance to government buildings in Podgorica, is the nightmare which keeps the brake on the government’s wish to move faster.

The government’s clear preference is for a negotiated settlement on the basis of the Platform Proposal, for Serbia and Montenegro as a confederation of constitutional equals. The Platform shows Djukanovic engaging in constructive diplomacy and open to dialogue and compromise. If it could be secured and implemented it could win for Montenegro benefits no less valuable than under independence, while restoring some working relationship with Belgrade and still leaving the independence option open for some future time. Unfortunately, Belgrade shows no sign at all of being willing to play this game. It never did—the Platform Proposal always carried with it a certain forlorn hope that circumstances might change in Belgrade. And the initiative remains with Milosevic—some sacrifice of political advantage being inherent in the very use of an approach based on dialogue.

The only other option is to carry on as now: proceed with reforms at a slow pace with occasional startling moves, and hope to hang on until changes in Belgrade make life easier for everyone. The main attraction of this option is that it pleases the international community, because it gives Belgrade minimum provocation for intervening (and so might make it easier to rally united support for little Montenegro if the crisis did start clearly at Milosevic’s instigation rather than because Djukanovic went too far). But this too is a high risk strategy, so long as the international support for Montenegro, in economic, political and ultimate security terms, remains more rhetorical than real. Djukanovic knows that Milosevic has nothing to lose in Montenegro, while he himself is staking the future of his country and people. If it all falls apart now Montenegro will lose hope for a generation. He cannot afford to get it wrong.

Djukanovic needs help. His reformist, democratising republic is too small, poor and weak to succeed on its own against the hostility of Belgrade. If the international community wishes to prevent further instability in the Balkans (and it already has a serious permanent crisis on its hands in Kosovo), it needs to offer Montenegro at least three kinds of support.

## **A. Economic Support**

The political reason for giving money to the Podgorica government is to demonstrate to the people of the Balkans that democratic pluralism is the way to acceptance into international respectability, and future prosperity. Rewarding good performers is the West’s best carrot to encourage others. In this respect a generous policy towards Montenegro is consistent with efforts now being made with Croatia and (less successfully) with Bosnia.

Money is already coming in, especially from the EU Obnova program and from the US. At the moment it is principally used for budget support—especially for helping to counteract Serbia’s trade blockade—and for continuing economic and social reforms. These may make Montenegro’s economy more efficient, but since so far little has gone on infrastructure development it will remain poor. This explains why the Montenegro government places such weight on the forthcoming Stability Pact donors’

conference. Disappointment there would strengthen the argument of Djukanovic's opponents, that the West is generous with words but not with real help. If multilateral institutions cannot or will not provide the necessary support, bilateral donors will need to fill the gap.

Montenegro is facing a complete restructuring of its trade patterns, which has already brought sudden transitional inflation. If the message is that it cannot have World Bank, IMF, EBRD or EIB loans unless it is a state in its own right, what conclusion can we expect the Montenegrins to draw from this? Many have already drawn the obvious one.

Private investment cannot be expected to be a major engine for Montenegrin growth so long as there remain serious political threats to Montenegro's future. But governments can and should encourage participation by foreign investors in major projects by providing risk guarantees of the kind offered by the German government.

## **B. Political and Related Support**

The frequency of high-level visitors to Podgorica helps to portray a positive image of international engagement. So too would a stronger permanent international presence help convey an encouraging impression of solidarity. It would also raise the stakes of intervention, as seen from Belgrade, since any threat to nationals would be taken seriously in capitals. More international vehicles on the roads (and fewer police spot-checks)<sup>38</sup> would help to lower the climate of tension. Organisations such as the European Community Monitoring Mission (ECMM) could expand their presence, especially in the north, and perhaps make a bigger impact by publishing some of their findings.

The European Union should open up a permanently staffed and flagged office, an appropriate function for which could be—as an extension of its present activity on the ground—to co-ordinate aid delivery by the European Commission and Member States. Although some countries will be reluctant to steer their way through the legal issues involved, the establishment of consulates could follow, to add to the few already present such as Italy and (just announced) Macedonia. Both inter-governmental and non-governmental organisations should be encouraged to make a special effort whenever possible to hold meetings, seminars and conferences in Podgorica. All this "thickening" of the international community's presence would help to create an atmosphere of business as normal – not an antidote to instability but a buttress against it.

Not the least of Montenegro's attractions to the international community is as a transit route. It offers passage between Bosnia/Croatia and Kosovo/Macedonia. The port of Bar and the route north through Berane offers an alternative way into Kosovo from the clogged Macedonian routes. On the other hand, anyone who has used the

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<sup>38</sup> An ICG analyst's documents were checked five times on a single 3-hour journey from Podgorica to Ulcinj. No journey can be made without being stopped at least once, and often the police seem anxious to find some minor documentary discrepancy in order to levy a fine. The Croatians and Bosnians have long abandoned this practice of random harassment of motorists.

route from RoZaje to Pec knows that it is having trouble coping with the amount of traffic already using it: in snow heavy trucks are unable to pass, blocking the road for hours or even days, and even in summer the road will be painfully slow. Support will be needed to improve it. There is an alternative road, from Murano to Pec which could be opened up, but it will need to be resurfaced for all-weather use. Eventually a one-way system RoZaje-Pec and Pec-Murano would be more efficient than the present; even now a system of allowing traffic to travel Pec-RoZaje for twelve hours and then RoZaje-Pec for the other twelve would ease traffic congestion. UNMIK in Kosovo could further help open up the route by gathering and publishing information on the cost and amount of time it takes to use routes through Montenegro and Albania compared with the Greece-Skopje-Kosovo route, so that agencies have better information on which to base logistical decisions.

### **C. Military Support**

Just as there are attractions in having a "thickened" civilian international presence on the ground as both a gesture of support and a form of deterrence against attack, so too are there attractions in having a military presence without aggressive capability or intent, along the lines of the UNPREDEP preventive deployment mission in Macedonia. But any UN mission would require a Security Council Resolution, for which at the moment there is obviously no consensus, and there are difficulties in the way of a NATO or other operation: countries worry about status of forces agreements (the sovereignty issue again), and others are concerned about their nationals lacking a sufficient response capacity in this situation and being taken hostage in the event that conflict broke out.

Another form of deterrent but non-aggressive military presence would be for KFOR and SFOR to use Bar as a supply port, and the Sarajevo-Pec road as a mutual link. But in addition to the other difficulties just mentioned, NATO commanders would need orders how to react if the Yugoslav army attempted to impede – with something as simple as a pole across the road – movements of foreign forces on Yugoslav territory. In such cases the boundary between support for Montenegro and direct provocation of Belgrade is unclear. NATO would be in effect calling Milosevic's bluff, and he has shown in the past that he finds such games irresistible. Being prepared to fight for Montenegro if necessary is very different from picking a fight over it.

Any question of military support for Montenegro by way of arms supply – and there is no doubt that heavy armour would be a welcome addition to police force's capacity to resist a coup-like assault – is pre-empted by the UN Security Council's arms embargo.<sup>39</sup>

So the issue of military support comes down to the question of whether a security commitment should be made to Montenegro. As already discussed, nothing of this kind has so far been forthcoming, although there have been many generalised warnings given.<sup>40</sup>The first question to ask is would the NATO allies, or any of them,

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<sup>39</sup> UN Security Council Resolution 1160 (1998).

<sup>40</sup> See footnote 36.

be prepared to intervene militarily to save Montenegro from the exercise of force by Belgrade? The answer, although one cannot be completely confident, is probably yes, with the examples of Bosnia and Kosovo still fresh, and everything that makes Montenegro a special case, important to the success of the whole Balkan commitment, clear enough in political leaders' minds. The stakes would be particularly high in the US in an election year: while the outgoing president would not want US casualties, he equally could not afford to lay his administration open to the accusation that the policy of containing and eventually unseating Milosevic had failed.

Would, then, the NATO allies be prepared to make their intention to intervene clear in advance of the need, in order to prevent that need from actually arising? That is the nub of the issue, as it often is when conflict prevention is being discussed. Given the way Milosevic has been testing the waters in these first months of 2000, and the way his perception of Western reactions must be a factor in his calculations, it is completely logical to believe that a credible threat made now would reduce the likelihood of the need to make it good.

So what holds the NATO allies back? First, their own divisions, and the memory of how Kosovo nearly split the alliance last year. Secondly, their lawyers' concern that the relationship between Belgrade and Podgorica is in international law an internal matter for Yugoslavia – a perception which Milosevic would love to see asserted in public. Thirdly, the consideration that previous military interventions have only appeared justified in response to massive violations of human rights. Fourth, the political assessment of many governments that they will bear fewer domestic political burdens by reacting to Balkan conflicts rather than mustering the resolve to deter them.

The reality is that only the US has the influence to persuade the allies to deter conflict in Montenegro by warning Milosevic that NATO will intervene militarily if he tries to forcefully replace the Djukanovic government. While one should never underestimate the policy paralysis that can be generated in inter-agency processes in Washington, it remains deeply disappointing that the European Union still finds policy-making much less easy than national governments – and that this often produces unhelpfully weak policies – but for now this is a political fact of life.

On the question of the "internal" character of a fight between between Belgrade and Podgorica now, the situation resembles a big state threatening a small one much more than it resembles an internal problem of a functioning state. The Federal Republic of Yugoslavia exists only in its army (which has effectively been Serbianised), and in a few institutions under complete control of one federal partner. Even though mass human rights abuses have yet to occur, the situation is sufficiently different from an ordinary case of secession to justify making an exception of principle. The track record of the break-up of Yugoslavia makes a powerful case for seeing Montenegro as another in a series of similar issues stretching back to Slovenia in 1991, in each of which the independence of the breakaway portion of the former Yugoslavia has been accepted by the international community. Montenegro looks much more like a state already than Bosnia or Macedonia did at the beginning of the 1990s.

Certainly the Djukanovic government might fall through its own internal weaknesses, aided by astute propaganda from Belgrade and the SNP. It might lose support if the economy does not improve. But at the moment the most likely threat to it is deliberate destabilisation orchestrated by Belgrade. All governments who wish for both stability and democratic pluralism in the Balkans need to support the Djukanovic experiment – meaning not Djukanovic personally, but the integrity of Montenegro as a self-governing society on acceptable international lines.

The NATO allies should make a commitment that any attempt to use force to install a pro-Belgrade government in Montenegro will be met with a forceful military response. Whether that commitment is communicated publicly or privately is a matter for governments' judgement.

The precise nature of the commitment need not be identified. It could take the shape of an air interdiction over the whole of Yugoslavia, and deliberate targeting of Belgrade's command and control systems. But that would be a matter in the first instance for the NATO military command, who should be formally tasked by the North Atlantic Council to plan an appropriate response. Some appropriate movement of forces in the region would be a useful demonstration of the allies' seriousness of purpose.

No-one wants another war in the Balkans. The point is that an explicit NATO deterrence policy of the kind here proposed may well be the price necessary to avoid one. The alternative is the Cassandra complex all over again: too little too late, with prize-winning journalists recording the disaster. Western governments are well aware of what is going on in Montenegro, and well understand the threat. They are inclined to help, but have run into the familiar problem that the international community is simply not structured to respond to crises which are not actually exploding in its face. Montenegro, like the unfortunate example of Kosovo before it, is the next test case of NATO's capability to actually prevent, rather than just belatedly react to, conflict in the Balkans.

**Podgorica/Washington/Brussels, 21 March 2000**