

**Professor Veselin Vukotic**  
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### **Interview to dr Emanuele Gentile**

01) Please, introduce yourself our readers;

My name is Veselin Vukotic, I am the founder of private university - UDG in Montenegro and the Dean of UDG's Faculty for International Economics, Finance and Business, which was founded in 2007. Before that, I was a full professor at the state university - Faculty of Economics. I am also senior research fellow at The Institute of Social Sciences in Belgrade. I was the Minister for Privatization in the last Government of SFRY (big Yugoslavia). I played football and karate actively. My hobby is wine growing.

02) What is your role in the University of Podgorica?

I taught at the state university as the full professor at the Faculty of Economics, where I founded international Postgraduate Studies „Entrepreneurial Economics“ in 1992. I was the Dean of Postgraduate Studies „Entrepreneurial Economics“ since then. Around 250 students who graduated at these Studies are on very important positions today, both in Montenegro and internationally. These Postgraduate Studies make the core of Montenegrin School of Economics, which is theoretically founded on ideas of free markets, global economy, openness, private property, economic freedom, i.e. philosophy of individualism. I also worked on the foundations of new economic system in Montenegro; I inspired and was one of the creators of Montenegro's economic system in last 15 years. Around 80% of Montenegrin economy is privatized while I managed privatization process as an expert. I also managed introduction of DEM/EUR as legal currency in Montenegro, process of establishing capital market, mass voucher privatization process... Besides, I was the leader of the expert team which wrote Montenegro's Economic Reform Agenda 2002-2007, the document which was officially adopted by Government of Montenegro as their program of work.

03) It seems economics is one of the ways to assure a future to Montenegro;

Yes, I agree on this! Economics and business are the keys for transformation of the society! A man's way of thinking depend on how does he acquires funds for living: whether he earns money on the market, or he gets the funds through redistribution, from the budget! Transition process is nothing but the change of the way of thinking! The state is not responsible to take care about me and to solve my every-day problems. It must be understood that business is the greater contributor to increase of national wealth and individual wealth. That change in the head is not easy and it requires time, which means new generations. That's why transition cannot be one single move. The transition is the process!

04) Can You describe us the present situation of Montenegro?

Before all, you should know that Montenegro is the country with 650.000 inhabitants, GDP of 2.5 billion EUR, and area of somewhat less than 14000km<sup>2</sup>.

After we regained the independence at the referendum political situation is stable! In my opinion, Montenegro is, beside Croatia, the most stable part of the Balkans, in political sense!

We feel huge economic progress! Macroeconomic stability is achieved; inflation is 2-3%. We have the largest FDI inflow per capita in the South Eastern Europe, and are the third in Europe (after Estonia and Slovakia). The real estate prices rapidly grows, the construction business flourishes. Even though unemployment rate is 11% (which is the lowest unemployment rate in the region), around 40.000 of season workers from the region are employed in Montenegro. Some of these non-resident employees are coming even from Asia. The independence influenced rise of enthusiasm and self-confidence of Montenegrin people! Please, have in mind that enthusiasm is very important economic factor especially for a small country as Montenegro.

05) Which are the main issues You're attending in order to develop your country?

When it comes to the development I consider many things important! Although Montenegro is developing visibly, and living standard of ordinary people is growing, we face many problems! Before all, we must abandon the logic of macroeconomic stability as the goal of neoclassical economic theory and adopt the development as the goal of economic policy and society overall. We face the problem of huge state apparatus: around 45.000 people are employed in state bodies. Somewhat around 50% of Montenegro's GDP go to public spending. When we enter EU this percentage will even increase and that will be a great burden on Montenegro's back. To be more precise, huge administration determines limits of future growth of Montenegro on very low level. That's why the Institute for Strategic Studies and Prognoses, I am a Head of, proposed the organization of the state and state bodies in Montenegro on the concept of microstate: small state (which don't employ too many people), but strong and efficient; the state which would not do business, but only protect property rights, contracts, individual rights and freedoms, and provide necessary social policy measures to people who are in real need. My personal opinion is that rapid growth of administration in Europe and wider, which is the consequence of the welfare state concept (the „nanny“ state), will cause the new transition wave, sooner or later, at least in Europe. The victims of this new transition wave will be people employed at all levels of administration, similar to the industrial workers, who were the victims of the transition in ex-socialist countries. That is the reason I teach my students to compete at the markets; not to go to ask anything from the state!

The laws which regulate one economic system must have origins in life, practice, culture, customs and traditions of one country. I make firm difference between the laws which are rules, from the laws which are rigid regulations. Sports rules are laws: they enable the game, but don't determine who will be the winner! Rigid regulations interfere the game and invisibly determine the winner! I think that logic of laws as rigid regulations is much more present then the logic of

laws as rules! That's why I consider sports activities of my students very important – only if they are active in sports they'll be able to clearly understand this difference!

06) What does Montenegro need to put itself on the map?

Montenegro should develop as business destination! I often say business platform – platform where successful businessmen and investors would land because they have higher level of economic freedoms. That means that successful businesses would organize production in Montenegro and sell their products and services abroad, especially in the region! Only by „conquering“ foreign markets Montenegro can put itself on the map and become recognized! Tourism is just one of the sectors that can be developed. There are service sectors such as health, education, finance. Sports can be promoted and developed, as well as culture and arts! I insist on the innovation and technological progress! Only way that a small country put itself on the map is to sell its products and services on the external markets! Monaco, Lichtenstein and San Marino are good examples, aren't they?

If we lean on domestic market only and politic (bureaucracy) which would regulate and control, we would be in great danger! From this point of view it is necessary to become a member of EU, no matter for the disadvantages it can bring (large administration)!

07) How is Italy helping the process of development of Montenegro?

We are emotionally attached to Italy! Our princess Jelena, was your last queen! For long period of time people who live in certain parts of Montenegro could only see Italian TV (RAI UNO) beside national TV channels! Many people speak Italian! Many Montenegrin sportsman play in Italy! Economic relations are strong. People buy equipment and furniture for their home and businesses in Italy! Italy, i.e. Mediterranean should be Montenegrin path to Europe! However, in socialism we were oriented to continental parts of the country (the north) much more then to sea! Things are changing right now! Many people from Montenegro visit Italy on weekends, many children study in Italy,... Still, deep in their soul, ordinary people still regret negative attitude of Italian official politics to our independence! But, this is the past and should be forgotten! I don't think Montenegro needs help in classical sense – help in the form of money! We need opportunities, positive attitude! Help in the form of money is financed from taxes. I don't think Italian citizens should give up part of their income to finance whatever we need to do! I think that “help“ should be nothing else but providing opportunities and services on market basis, i.e. on clear interests! You will help us the most when you purchase products and services we make - of course they must satisfy your needs! That is the market, not the politics! Maybe, we should promote cooperation in the education industry even more. Many professors from Italian Univeristies already teach at UDG, such as professor Enrico Colombatto, from the University of Torino, Marina Marena from the same University,...

08) Montenegro has always been a gate to enter in Balkans. Maybe that is its true mission in

region?

I agree on this as well. Montenegro still has the chance to be the leader of development, freedom and business in the region! I am sure that, no matter for the problems, especially those arising from big administration, business logics, the logic of prosperity, logics that knowledge is the key factor of success is not as developed in the region as in Montenegro! I am honored when people say that this is the influence of The Montenegrin School of Economics and liberalism we develop.... After all, liberalism brought independence to the country much more than our famous history.

09) Can You introduce us the Montenegro's legislation for foreign investors?

As I said: Montenegro is the leader in FDI inflow per capita in South East Europe and the third ranked country in Europe! Isn't it saying enough about attractive and good environment for foreign investors?

Foreigners feel better in Montenegro as at home! Maybe even better!

People sometimes hesitate to come to Montenegro because they are not informed well. But once they come, they are not willing to leave the country easily. Foreigners have the same rights as domestic citizens. Foreigners can buy companies, repatriate profits, there is no tax on reinvested profits; corporate tax rate is flat and single digit - 9% ...

10) Are You positive about the future of your Country?

No matter for the problems, which we take as challenges, Montenegro will soon be Mediterranean tiger!