



# Weekly Briefing

**Montenegro social briefing:**  
**Social summary – Montenegro 2022**  
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## **Social summary – Montenegro 2022**

### **Summary**

*Significant social events in Montenegro in 2022 can be seen from different aspects, bearing in mind their heterogeneity. In addition to the issue of living standards, the focus was on numerous social problems, from demographic, health, political-ideological, to high-level corruption and security problems. Tensions in society are also fueled by the presence of false announcements in the so-called independent media, which is also a widespread problem. Dealing with these social issues was not adequate. Additionally, social divisions are still present and intense as during the previous year.*

### **The standard of living was improved and then deteriorated**

The issue of the standard of living was especially in focus during 2022, bearing in mind the numerous factors that determined it. Some of these factors concern specific internal policies, while global instability and the conflict in Ukraine also affected the standard of living. Growing unemployment and inflation during the pandemic served as the basis for the introduction of the populist program "Europe Now", which included a significant increase in the minimum wage (by 80%) and also a certain increase in other wages. The implementation of the program started in January and had a significant effect on the improvement of living standards in the first months of implementation due to the fact that citizens had more income available for consumption. Nevertheless, this program seems to have been conceived with hidden political intentions, rather than sustainable improvement in the long term. The program is not based on a sustainable concept where wage growth is a consequence of productivity growth, but is based exclusively on giving up various state revenues (such as health contributions) at a time when state finances are already in a very unfavourable situation, and health care has never been more necessary.

Such a policy can achieve short-term improvement for individuals, but through such a program, its creators simultaneously made it impossible for the state to react additionally and implement an effective social policy in any emerging situation. Therefore, the increase in salaries that continuously puts pressure on the budget and causes continuous borrowing creates problems, and at the same time calls sustainability into question. Additionally, the main

problem that the Europe Now program has created is additional inflation. Namely, inflation in Montenegro as an import-dependent economy (which uses the Euro as an official currency without the possibility of printing money) has mostly followed inflation from the Euro Area with minor deviations. However, the increase in wages without productivity growth has led to a significantly higher price increase in Montenegro since January, and such a trend continued in the following months. In addition, the international crisis due to the war in Ukraine spread to Montenegro in the form of additional inflation, so that by the end of the year, inflation reached a level of almost 18% on an annual basis, which is significantly higher than inflation in the Euro Area. Therefore, the populist project of increasing wages without good planning was practically flawed in its design, because the real growth of wages was gradually reduced due to inflation, which was partially created by the program itself.

At the same time, that program created enormous problems for the health system of Montenegro and practically led it to collapse. By September, the government was trying to cover up the health problems, but the catastrophic situation was evident. Finally, the Minister of Health also accused the "Europe Now" program and announced devastating data on the indebtedness of the Health Insurance Fund (HIF) and demanded funds from the budget reserve in order to ensure uninterrupted supply of medicines and medical devices. In addition, the alarming situation is supported by the fact that HIF did not settle its obligations towards pharmaceutical companies, and this resulted in unprovided health care for the citizens of Montenegro. This was especially felt through the long waiting lists for therapy, and occasionally, even patients with the most serious diseases (such as oncology) were faced with a lack of medicines. The occasional dysfunctionality of institutions in the health system during 2022 is therefore a consequence of a populist and irresponsible approach of former ministers who, for the sake of political points, threatened healthcare system - an important segment of population protection.

### **Other social issues**

Montenegro was also faced with numerous other social problems during 2022, which were occasionally brought to the fore. The periodic data of the Statistical Agency of Montenegro (MONSTAT) on the demographic trends of the population often alarmed the public about the existence of increasingly pronounced negative demographic trends, which were reflected in an increasingly pronounced negative natural increase, as well as in an

unfavourable mechanical population movement. Nevertheless, these are problems whose roots are complex and which require a comprehensive approach in order to change the situation. Nevertheless, during 2022, policy makers approached this problem one-dimensionally, trying again to improve the situation through isolated (monetary) measures. Such behaviour implies either the ignorance of policy makers, or their populism. On/off cash benefits for new-borns were increased, but this was primarily a consequence of political investment in the electorate, rather than part of a compact demographic policy. Reducing the entire demographic policy to financial incentives, without putting it in a wider context and in connection with other measures and policies, can hardly be effective. This was confirmed during 2022, when the trend of decreasing the number of new-borns continued. Even this year, the government did not decide on a clearer strategic approach to this problem, and a state body to deal with population policy was not established. Thus, other development policies and strategies adopted in Montenegro in previous years (such as regional development policies, fiscal and social reforms and health system reforms) did not target this problem due to the lack of a holistic approach to the problem.

The quality of education was also in focus, especially at the end of the school year, when the issue of an increasing number of diplomas for completely excellent students was raised. This is due to the fact that these highest grades are not accompanied with adequate competences, while Montenegrin students have low level of ability to use the acquired knowledge. This is confirmed through the results of international testing. This indicates that the educational system in Montenegro is in a serious crisis. Despite such results, in negotiations with the government, it was decided at the end of 2022 that the salaries of employees in education will be increased by 20%. So, this is another populist move without a realistic desire for the government to deal with systemic problems.

The degradation of the education system during the last years can be one of the reasons for another problem that was very evident during 2022 - growing fascism in society. This was especially felt when a group of Serbian nationalists who deny Montenegro as a state, and who are also supporters of the Serbian Orthodox Church (SOC), tried to stop the celebration of the National Day of Montenegro in Niksic. What is particularly worrying is that the reaction of the police, which was supposed to protect the citizens who were celebrating, was absent. Moreover, police threw tear gas at those who were celebrating and thus helped the clerical fascists to reach their goal - to stop the celebration of the most important Montenegrin holiday in Montenegro. The absence of a real response from state authorities indicates that the state has no will to deal with this problem in Montenegro. Reactions to this problem were more such that the problem

was tried to be relativized, and in this relativization the clerical fascists even had the support of certain self-proclaimed independent media. The best example is a false map of extremist organizations which notes as extremists those who are true Montenegrin fighters against extremism, totalitarianism, and fascism, journalists from rival media, human rights fighters, members of various NGOs, etc. This was done on purpose by a journalist who is close to the SOC, around which numerous extremist organizations circulate in Montenegro. Therefore, the issue of media independence and abuse is also an issue that Montenegrin society had to deal with more significantly in 2022.

The growing influence of clerical-fascist organizations is worrisome, and this is tolerated by the current government, which was voted no confidence. The result is an increasing number of citizens who lose trust in state institutions and the government's commitment to the goals of the secular state of Montenegro. This has been shown through numerous surveys of public opinion, but also through the appearance of increasingly massive protests by citizens who oppose the collapse of secular Montenegro.

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Montenegrin society is still reeling under the burden of numerous problems that are continuously present. Unfortunately, in 2022 there was no significant comprehensive approach to solving those problems. The problem was mostly solved, or suppressed, through isolated measures or policies that are more a reflection of populism, than the desire for Montenegrin society to take more permanent steps on the path of success.