

## Special, Today Only: Six Million Dinars For a Snickers Bar

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### The Bizarre Economy of Serbia Creates an Inflation Rate Well Into the Quadrillions

By Roger Thurow

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BELGRADE, Yugoslavia -- At the Luna boutique, a Snickers bar costs six million dinars. Or at least it does until manager Tihomir Nikolic reads the overnight fax from his boss.

"Raise prices 99%," the document tersely orders. It would be an even 100% except that the computers at the boutique, which would be considered a dime store in other parts of the world, can't handle three-digit changes.

So for the second time in three days, Mr. Nikolic sets about raising prices. He jams a mop across the door frame to keep customers from getting away with a bargain. The computer spits out the new prices on perforated paper. The manager and two assistants rip the paper into tags and tape them to the shelves. They used to put the prices directly on the goods, but there were so many stickers it was getting difficult to read the labels.

After four hours, the mop is removed from the door. The customers wander in, rub their eyes and squint at the tags, counting the zeros. Mr. Nikolic himself squints as the computer prints another price, this one for a video recorder.

"Is that billions?" he asks himself. It is: 20,391,560,223 dinars, to be precise. He points to his T-shirt, which is emblazoned with the words "Far Out," the name of a fruit juice he once sold. He suggests it is an ideal motto for Serbia's bizarre economic situation. "It fits the craziness," he says.

How else would you describe it? Since the international community imposed economic sanctions, the inflation rate has been at least 10% daily. This translates to an annual rate in the quadrillions-so high as to be meaningless. In Serbia, one U.S. dollar will get you 10 million dinars at the Hyatt hotel, 12 million from the shady money-changers on Republic Square and 17 million from a bank run by Belgrade's underworld. Serbs complain that the dinar is as worthless as toilet paper. But for the moment, at least, there is plenty of toilet paper to go around.

The government mint, hidden in a park behind the Belgrade race track, is said to be churning out dinars 24 hours a day, furiously trying to keep up with the

inflation that is fueled, in turn, by its own nonstop printing. The government, which believes in throwing around money to damp dissent, needs dinars to pay workers for not working at closed factories and offices. It needs them to buy the harvest from the farmers. It needs them to finance its smuggling forays and other ways to evade the sanctions, bringing in everything from oil to Mr. Nikolic's Snickers bars. It also needs them to supply brother Serbs fighting in Bosnia-Herzegovina and Croatia.

The money-changers, whose fingertips detect the slightest change in paper quality, insist that the mint is even contracting out to private printers to meet demand.

"We're experts. They can't fool us," says one of the changers as he hands over 800 million worth of five-million-dinar bills. "These," he notes confidently, "are fresh from the mint." He says he got them from a private bank, which got them from the central bank, which got them from the mint -- an unholy circuit linking the black market with the Finance Ministry. "It's collective lunacy," the money-changer says, laughing wickedly.

Lest he lose his place on this dinar merry-go-round, the changer refuses to be identified. The finance minister refuses to be interviewed. So do the governor of the central bank and the director of the mint. Bankers bar reporters from their offices. One will grant an interview, but only for several hundred dollars.

Stanko Ivkovic, the deputy director of Serbia's financial supervision office, agrees to talk, mainly so he can lambaste the U.S. and Europe for putting the Serbs through such misery by taking away their international credit. "We've been forced by the world to work more with cash than we're used to," he says.

He is also not used to taking the bus to work and sitting at home on weekends, the fallout from his plunging salary. He can't believe that the same America that sold him IBM computers to supervise Serbia's cash flow would now pull the plug on the economy. "Next time," he muses, "we will buy Japanese or Korean."

The sanctions, which aim to cut off the flow of

goods into and out of Serbia, are supposed to force the government of President Slobodan Milosevic into persuading the Bosnian Serbs to stop fighting in Bosnia. Failing that, they are supposed to persuade the Serbian population to overthrow Mr. Milosevic. So far, after a year of economic hardship, neither is happening.

The average Serbian salary has fallen to about \$20 a month. Bread is frequently unavailable. Hospitals advise patients to bring their own bandages. It takes more dinars to buy a candy bar today than it did to buy a car two years ago.

"Is this what the West calls human rights? Depriving us of heating oil, food, medicine, an economy? Is that your democracy?" asks Ljiljana Danilovic, 62, while waiting several hours in line at a bank to collect her monthly pension, all 160 million dinars of it. That's \$16 at the Hyatt rate.

The crowd waiting with her growls a Serbian version of "Hear! Hear!" "Why should we blame our government?" asks Mrs. Danilovic in genuine wonder. "It is only trying to protect us from Croatian and Muslim-sponsored genocide." She admires the nodding heads around her. "We'd rather stand in line like this," she says, "than be in a grave."

The weekly payday here is a true adventure, as company accountants spend hours trying to round up enough dinars. The second the workers get paid, they scramble to the money-changers to convert the dinars to German marks or dollars, which rise in value with inflation. Whenever they need to buy something, they change the foreign currency back.

Denis Celebic, who manages a construction-supply company, dashes from the money-changers to a store to buy diapers for his seven-day-old daughter before the price goes up. He makes it, and plops 152 million dinars on the counter. "You can't keep dinars in your pockets," he says. "If you stop to have a coffee, you lose money."

That is why Dragan Jovanovic and Dejan Misovic stop for coffee before they change their money. "One day soon, the dinar will disappear," says Mr. Jovanovic, who once distributed Wrigley's gum throughout Yugoslavia before war and sanctions chewed up his market. "We'll be using rocks, cigarettes, maybe even gum, for money. I give the dinar another two or three months."

"Oh, you're an optimist then," says Mr.

Misovic, who figures Serbs will sink to barter trade within weeks. "Of course, one day things will get better. The question is when."

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