

Arise, Sir Steve!

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We may not have a round table, but NATIONAL REVIEW now has a knight in its ranks. We are pleased to announce that Steve Hanke, a contributor to the newly created “Capital Matters” section, has been knighted by Republic of Albania president Ilir Meta.

On August 5, President Meta announced that Professor Hanke would become a “Knight of the Order of the Flag,” one of Albania’s highest honors. President Meta’s declaration states that:

Prof. Dr. Steve H. Hanke will hereby become a Knight of the Order of the Flag. Prof. Hanke is one of the world’s most outstanding scholars and distinguished experts in the field of economics. He has provided significant contributions to the Republic of Albania where he introduced and implemented the principles of market economy and sound money to the post-Communist Republic. Prof. Hanke has also undertaken important strategic initiatives that have facilitated the integration of the Republic of Albania into European and world markets, the integration of Albania into the Balkans, and the establishment of a strategic alliance with the United States of America.

Professor Hanke, Sir Steve, *Steve*, has been a professor of Applied Economics at Johns Hopkins University, where he founded and co-directs the Johns Hopkins Institute for Applied Economics, Global Health, and the Study of Business Enterprise, for over 50 years. Steve currently serves as chairman of the Supervisory Board of the Advanced Metallurgical Group in Amsterdam. In addition, he has been a senior fellow and director of the Troubled Currencies Project at the Cato Institute for many years. For my part, I first came across Steve’s name (repeatedly!), although, sadly we never met, when I was visiting the Baltics in the early 1990s, and he was closely associated with the creation of first Estonia’s and then Lithuania’s currency board.

Amazing as it may seem now, when the Baltic States broke free from the USSR, there were those that suggested that they should remain within the ruble zone. For reasons that were political as well as economic, Estonia, Lithuania, and Latvia established their own currencies. From the beginning, Estonia operated under a currency-board regime, which (to oversimplify) provides that a country’s currency must be fully backed by hard currency and/or gold, and freely convertible into a hard currency at a fixed rate. In Estonia’s case, the revived kroon (the currency it had used for most of the years of its interwar independence) was convertible into the

deutschmark at the rate of 8:1, a rate that endured and underpinned the sound finances that paved the way for Estonia's remarkable economic development after nearly 50 years of Soviet occupation. Lithuania, where Steve was a state counselor, followed suit a few years later, as, with the help of Steve's advice, did Bulgaria, where he served as the president's chief adviser.

Steve discussed currency boards in a recent article for us [here](#).

Steve's other involvement in emerging markets has included serving as an official adviser to governments in the Baltics, Balkans, Latin America, and Southeast Asia. As for Albania, shortly after communism collapsed in December 1990, Steve was appointed as the chief adviser to Albania's Council of Ministers and to deputy prime minister and minister of the economy Gramoz Pashko. He also has hands-on investment experience in this area. He was president of Toronto Trust Argentina in Buenos Aires in 1995, when it was the world's top-performing emerging-market fund, and he continues to trade in currencies and commodities to this day.

Based on his experiences with often deeply troubled economies, Steve has devised a realistic model for calculating the very high rates of inflation with which they have often had to contend. A few weeks ago, we published his [world inflation update](#), listing the (grim) inflation numbers for the economies with the highest rates of inflation. This will be updated monthly on NATIONAL REVIEW Capital Matters.

At home, Steve served on President Reagan's Council of Economic Advisers with a special focus on privatization.

Steve's knighthood is not his first honor or award. He holds seven honorary doctorates and four honorary professorships. In 1998, he was named one of the 25 most influential people in the world by World Trade Magazine. Focus Economics in Barcelona ranks Steve [sixth on its list](#) of the "World's Top Economics Influencers."