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In »Next Steps in Croatia's Transition Process: Problems and Possibilities«, leading policy-oriented scholars and practitioners from Zagreb and Split draw on years of experience to critically assess the transition process in post-independence Croatia. Wide-ranging contributions analyse how the interpretation of national sovereignty has evolved in this post-communist transition, investigate the prospects for civil-social engagement in a future without civil society, and discuss the pervasive effects of external assistance as well as the considerable challenges Croatia's economy faces – above all the need for changes in the mindset of entrepreneurs and society in general. Arguing for a more nuanced understanding of Croatia, and considering the »ownership« of initiatives as a key to their success, the book offers insights into the problems emerging at this juncture.

Edited by Srdjan Dvornik and Christophe Solioz with contributions from Ivo Bicanic, Srdjan Dvornik, Zarko Puhovski, Paul Stubbs and Srdan Vrcan.

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Next Steps in Croatia's Transition Process

Problems and Possibilities



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Transition and Renewal: Croatia Transformed. An Introduction

After the traumatic experience of living without a truly democratic constitution, first from 1918 to 1991 as part of a composite state (in its last incarnation, the Socialist Federal Republic of Yugoslavia) and second, since June 1991, as an independent country in its own right, a twofold dilemma haunts Croatia. On the one hand, the prospect of accession to the European Union (EU), with its own notorious democratic deficit, gives a new meaning to the conflict between the national(ist) politics of identity and the post-communist (and post-war) transition to democracy and rule of law. On the other hand, a democratic political culture and a culture of rights are supposed to be won, among other things, by adopting standards, regulations, measures, policies, and so on, that have been developed abroad and imported through the all-encompassing European integration process.

Both mutually intertwined processes, external and internal, pose challenges of various kinds, particularly given the lack of a sharply drawn distinction between the EU as a source of values and standards and as a community of states with its own geostrategic interests and concerns. Against this background, Croatia, as a society still lacking the power to impose legal limits on its political system and exercise full-fledged democratic control over it, can now either benefit from the gradual broadening of the space for development of its internal civil agents or regress to a nationalist, defensive attitude with regard to supra-national power.

The hour of Europe?

While by the end of 2005 each Balkan country – and notably Croatia – had achieved a certain degree of reform in step with the EU's integration process, the French and Dutch 'No' votes on the Constitutional Treaty, along with other internal challenges to the EU, put the very idea of EU enlargement in question. As in the early 1980s, when the idea of Yugoslavia's associate-membership of the European Community (EC) was mooted,¹ Europe now once again lacks the cohesion, determination and, to a degree, the necessary instruments to keep its promises. Indeed, the EU is partly pulling away from its commitment made at Thessaloniki on 16 June 2003. We may remember:

1 Yugoslavia signed an association agreement with the EC already in 1971 – long before the nations of central Europe made their requests. See Mihailo Crnobrnja, *The Yugoslav Drama*, Montreal: McGill-Queen University Press, 1994.

the Thessaloniki Agenda for the Western Balkans emphasised the need to strengthen the EU-led Stabilisation and Association Process and to intensify relations between the Western Balkans and the EU through the introduction of European Partnerships inspired by the various Central European states' national programmes for the adoption of the *acquis communautaire* in the accession process. But with the recent policy shift, the EU runs the risk that the countries concerned could back-pedal on their commitment to reform as well. If truth be told, in both Serbia and Bosnia, prospective key reforms once driven by the promise of closer EU ties are at the time of writing completely blocked, while the implementation of already agreed reforms has become slow and painful, encouraging various national anti-European forces to try to reverse the direction of their respective countries' development.²

In Croatia, too, public support for the association with EU has been consistently dropping in opinion polls in the last year. This can be only partly accounted for by the disappointment caused by the clash between unrealistic expectations of a quick entry and the reality of the first conditions for entry – notably cooperation with the International Criminal Tribunal for the former Yugoslavia – as well as by the slow pace of the negotiation process. The shift in public opinion shows clear marks of the nationalist agenda – which has not been overcome, despite the 'European' stance of the last two governments.

Although initiated by marginal right-wing extremists, a propaganda campaign against EU membership has been successful in provoking mass anxiety that indigenous Croatian products or methods of food production will be forbidden in the Union. A fear of 'foreigners' seizing the most valuable national resources is clearly visible in media reports of rapidly growing real-estate prices, resulting from the liberalisation of the market, which has been made accessible to EU citizens. The fear is, of course, that Croats will become foreigners in their own country, in which rich people from the EU will own buildings, land, natural resources, and so forth.

At the same time, after the EU accepted Bulgaria and Romania as full members on 1 January 2007 – two countries with much larger problems in the fields of the economy, development, corruption, etc. – it has become 'clear' to the Croatian public that all the reasons that have been used to explain why Croatia had to remain in the waiting room were mere excuses for political discrimination. The necessity of Croatia's engagement in the process of 'regional cooperation' in the 'Western Balkans' is the final blow to national(ist) pride, which has led to the reaction expressed in the rise of negative attitudes in the opinion polls.

As the EU, newly enlarged, faces a dramatic confrontation with itself, new impulses could come from the 'other Europe', which could contribute to

2 See Christophe Solioz, "The Balkans in post-referendum Europe", *Turning Points in Post-War Bosnia: Ownership Process and European Integration*, Baden-Baden: Nomos (Democracy, Security, Peace series, no. 179), 2007 (2005), pp. 144-152.

answering the question, ‘What does Europe want’.³ Danilo Kiš’s repeated insistence on the fact that Yugoslavia was part of Europe, and on the need to reconcile the soul of the Balkans with the European tradition,⁴ has lost none of its topicality.

Do you remember the ‘Other Europe’?

With Europe no longer prisoner to the stale East-West schism, it is essential that all the countries of South-East Europe – including those from the former Balkans battlegrounds – are granted the opportunity to swiftly follow the example of their north-eastern neighbours. More than a decade after the Balkan wars of the 1990s, the EU is both duty-bound to ensure stability in the Balkans and obliged to offer a clear and convincing perspective to the countries in question – based on their own merits and in consideration of their ‘added value’ for Europe – on the process of their swiftly moving closer to the EU, including eventual full membership.⁵

As mentioned above, an enlarged EU also has to acknowledge what the Balkans represent and to listen to a lesson not yet learnt: what the ‘Other Europe’ has to say and to contribute to Europe. This is a voice that is unlikely to be listened to, as the EU faces the necessity, beyond its obligation to restart the constitutional debate, of reviving the European project, thus building a new consensus about its future.

While a matter of fact in today’s political climate, the above-mentioned European ambivalence concerning the prospect of EU membership – indeed, the notion of the ‘Europeanisation’ of the Balkans – rings an irritatingly false note for those from the Balkans peninsula who have been contributing to a united and democratic Europe since well before 1989.⁶ Yugoslav intellectuals from all the former Yugoslav republics participated in the Western discourse well ahead of their East European comrades. Korčula was recognised in the 1960s and 1970s not only as a beautiful island off the Dalmatian coast, but also for hosting the summer school of the ‘Praxis School’.⁷ This was Yugoslavia’s contribution to the ‘Third Way’, that is, ‘socialism with a human face’, a true democratisation process from within.

3 See Slavoj Žižek, *Que veut l’Europe? Réflexions sur une nécessaire réappropriation*, Paris: Flammarion (champs), 2007.

4 See Danilo Kiš, “Scrivo per unire mondi lontani”, *Corriere della Sera*, 26 May 1989.

5 See Denisa Kostovicova & Vesna Bojčić-Dželilović (eds), *Austrian Presidency of the EU: Regional Approaches to the Balkans*, Vienna: Centre for the Study of Global Governance and Center for European Integration Strategies, 2006.

6 See Timothy Garton Ash, *The Uses of Adversity. Essays on the Fate of Central Europe*, London: Penguin, 1999 [1989].

7 The ‘Praxis School’ was a Neo-Marxist philosophical movement that originated in Zagreb and Belgrade in the 1960s. See Ursula Rütten, *Am Ende der Philosophie? Das gescheiterte ‘Modell Jugoslawien’: Fragen an Intellektuelle im Umkreis der Praxis Gruppe*, Klagenfurt: Drava, 1993.

Later on, at the beginning of 1989 – shortly before the fall of the Berlin Wall and the collapse of the Union of Soviet Socialist Republics – the Association for a Yugoslav Democratic Initiative was founded. Independent and anti-nationalist intellectuals, well aware of the state's deep crisis, asked for radical democratisation as the only way to initiate a democratic transformation of Yugoslavia and its republics.⁸ They also represented the 'voice' of the 'Other Europe', requesting "Europe [to be] more open to others than was colonialist Europe, less selfish than the Europe of nations, more conscious of itself and less subjected to Americanisation", as Predrag Matvejević put it.⁹ But already then, Matvejević points out,

it [was] utopian to expect [Europe] to become more cultural than commercial, more cosmopolitan than communitarian, more comprehensive than arrogant, more welcoming and less proud of itself, more a Europe of citizens and less the 'Europe of homelands' that have so often made war with one another.¹⁰

And today?

Some of the authors of this book were members of the UJDI: Srđan Vcran, Žarko Puhovski and Srđan Dvornik. Together with Ivo Bićanić and Paul Stubbs, they question Croatia's current post-war transformation process.

"E la nave va": *Integration matters, but not exclusively*

Despite all the difficulties, Croatia's integration process is moving forward. Too slowly? The obvious specificity of the Balkans notwithstanding, we should remember, firstly, that the countries of Central and Eastern European (CEE) needed 15 years of tough choices and profound changes before being accepted into the EU and, secondly, that the gradualist approach favoured Slovenia's endogenous transition, as well as consensus-building within that country.¹¹ This could help all concerned to accept the obvious fact that the entry strategy for the country's of the Western Balkans will take some time to be completed – provided, of course, that the EU proceeds with its enlargement process.

8 The UJDI's manifesto was published as "Udruženje za jugoslavensku demokratsku inicijativu", *Republika, Zagreb*, vol. 1, no. 1, March 1989; also published in Dejan Djokić (ed.), *Yugoslavism: Histories of a Failed Idea, 1918-1992*, London: Hurst, 2003, pp. 300-303.

9 Predrag Matvejević, "Europe seen from the Other Europe", in Hannes Swoboda & Christophe Solioz (eds), *Conflict and Renewal: Europe Transformed. Essays in Honour of Wolfgang Petritsch*, Baden-Baden: Nomos, forthcoming 2007.

10 Matvejević, "Europe seen from the Other Europe".

11 See Mojmir Mrak *et al.*, *Slovenia: From Yugoslavia to the European Union*, Washington, DC: World Bank, 2004, and Christophe Solioz, *L'Après-guerre dans les Balkans*, Paris: Karthala, 2003, pp. 39-50.

While Croatia finds itself well engaged in the process of accession to the EU and is about to find its place in Europe,¹² *Next Steps in Croatia's Transition Process: Problems and Possibilities* reviews a set of key issues that are too often neglected in the relevant literature as most experts and scholars scrutinise the structural and institutional reforms, and the negotiation process with the EU, focusing exclusively on the normative and effective harmonisation with EU standards and requirements. Of course, this may be explained by the slowness of reforms and the limited institutional capacities of the country, but these challenges must not undercut the need to critically assess the transformation from war to peace in post-independence Croatia – a country progressively emerging over the last decade from state socialism, whose process of consolidating power and building a state was shaped by warfare.

Obviously, Croatia experienced a transition process that was significantly different from that in most CEE countries, since it was strongly affected by the break-up of the SFRY and the war the country experienced in the early 1990s. Rethinking these years, Marina Glamocak coined the term 'transition through war' (*transition guerrière*) to describe them.¹³ On examining this period, we may observe four distinct phases:¹⁴ a transitional period characterised by war and crisis after independence (1991-95); a period of authoritarian nationalism and economic recovery (1996-98); a period of transitional democratisation (1998-2000); and a period of democratic consolidation and EU integration (2001-07). What is at stake in this last period is not only the desired EU membership, but above all the effective transformation of the country into a truly democratic state – and this would require more than just the 'implementation' of EU requirements.

Indeed, the transformation of the state cannot be really accomplished without a profound change in the relationship between the state and society. This includes the level of autonomy of the economy, as well as the level of the civic political culture that sustains pluralism, freedom of choice and active citizenship. While the four above-mentioned periods have seen important shifts in the degree of violence, the rigidity of the dominant ideology and the political rhetoric, the political sphere has remained dominant over all sectors of social life, with the political elite still in control. What is often presented as 'civil society' is just a community of NGOs that developed not as an expression of broader citizens' movements, but as the result of specific circumstances that included substantial international support (see chapters 3 and 4).

12 Croatia's EU integration process is well assessed by the four volumes edited by Katarina Ott, *Croatian Accession to the European Union*, Zagreb: IPF and FES, vol. 1, 2003; vol. 2, 2004; vol. 3, 2005; vol. 4, 2006.

13 See Marina Glamocak, *La Transition guerrière yougoslave*, Paris: L'Harmattan, 2002.

14 Following Paul Stubbs' periodisation; see Stubbs' contribution in this book, p. 101.

The necessity for democratic consolidation and the reforms required by the EU integration process cannot as such be questioned, although the form and content of specific solutions suggested by the EU should be subject to critical analysis no less than the 'domestic' products. The fact is that the outcome is too often, if not cosmetic, then just normative: not only is implementation missing in almost all fields,¹⁵ but the question of the inner social agents of the reforms remains entirely overlooked. These and similar problems will not be solved only by firm will and dedication to reforms. On the contrary, the fact that the concept of 'political will' is so often evoked as the missing key factor in the process of social and political changes indicates how big the confusion still is about the real possibilities, conditions and modes of such changes. As long as political will remains the key factor, we will have to deal with arbitrary power rather than the rule of law.

If truth be told, a *Rechtsstaat* could conceivably be introduced through strong political will, but its maintenance as a form of rule of law would require social forces capable of limiting the political power of the state. Rights merely appear as written norms adopted by democratic procedures; in essence, they are the expression of a relationship within which political power has to accept constraints imposed by the guaranteed liberties of people as free individuals, economic agents, voters and participants in the public deliberations that in turn form the country's political will. Only within such a relationship do legal norms and democratic institutions work as effective checks and balances to control arbitrary power.

The above-mentioned problems, as well as the deficits of the transition process in Croatia so far – the hidden deficits in the field of social policy and social dialogue¹⁶ – are obscured not only by the dominant approach of normative and institutional reforms, aptly named 'normative optimism', but also by reducing the problem to a 'problem of implementation'. The problem of implementation exists in all countries, regardless of how stable their institutions and normative system are. Such an 'implementation problem' is usually solved by increasing the capacities of the normative institutional system itself, by training and controlling the officials in charge, and so on. The problem of countries like Croatia is that there is a wide *gap* between the normative sphere of formal institutions and real-life relationships, as a result of which even the officials of the former act as though the various valid regulations that are meant to guide their activities did not really matter. In such a context, another frequently mentioned problem – that of 'corruption' – is yet

15 Ott, *Croatian Accession*, vol. 4, 2006, p. 4. See also our viewpoint below.

16 See Paul Stubbs & Siniša Zrinščak, "Extended social Europe? Social policy, social inclusion and social dialogue in Croatia and the European Union", in Katarina Ott (ed.), *Croatian Accession to the European Union: The Challenges of Participation*, Zagreb: IPF and FES, vol. 3, 2005, pp. 161-84.

another understatement that obscures the real problem, because corruption as an aberration implies an existing system ruled by law.

Therefore, the present book focuses on themes that are missing or neglected in the existing accounts, such as a renewed consensus on national sovereignty in a transformed Croatia and Europe (chapter 1), the existence and development of a civil society contributing to a new public sphere (chapters 2 and 3), community development and mobilisation as related to social policy and social inclusion, and the impact of foreign-led reforms based on strategies relying more on conditionality than ownership (chapter 4). The economic challenges include real convergence with the welfare level of EU, the overcoming of 'crony capitalism' and the negotiations on entry conditions, i.e., nominal convergence with the EU (chapter 5).

These key terms refer not only to the social and economic dimensions of EU membership but address such core issues as how a country and a society understand their own transformation, which could also affect citizens' readiness to support change. Croatia's paradox is that it must both depoliticise and repoliticise simultaneously. The emergence of the country as an independent state has been carried out as a collective political 'project' in which society appeared as a community cemented by a collective – ethnic – identity, dominated by one party and led by an authoritarian leader. Hence, both the dominance of the political elite and the implicit collectivist ideology underlying the social consciousness manifest themselves occasionally through the politics of identity (for instance, in linguistic and cultural policies) even now that the nation-state 'project' has been completed. In that sense, a change to liberal, pluralist and democratic politics should begin a depoliticisation process that would involve liberating culture, the economy and other sectors of civil society from the dominance of the political sphere. The opposite of the above-mentioned type of paternalistic politicisation from above should be a process of genuine democratic participation by citizens that reclaim the polity from below, both through political parties and the electoral system and through the whole variety of forms of civil society.