

Old Dominion University

## ODU Digital Commons

---

Graduate Program in International Studies  
Theses & Dissertations

Graduate Program in International Studies

---

Spring 5-2013

### Croatia Joins Europe

Nikola Kovač  
*Old Dominion University*

Follow this and additional works at: [https://digitalcommons.odu.edu/gpis\\_etds](https://digitalcommons.odu.edu/gpis_etds)



Part of the [Eastern European Studies Commons](#), and the [International Relations Commons](#)

---

#### Recommended Citation

Kovač, Nikola. "Croatia Joins Europe" (2013). Master of Arts (MA), Thesis, Political Science & Geography, Old Dominion University, DOI: 10.25777/qyzz-x063  
[https://digitalcommons.odu.edu/gpis\\_etds/195](https://digitalcommons.odu.edu/gpis_etds/195)

This Thesis is brought to you for free and open access by the Graduate Program in International Studies at ODU Digital Commons. It has been accepted for inclusion in Graduate Program in International Studies Theses & Dissertations by an authorized administrator of ODU Digital Commons. For more information, please contact [digitalcommons@odu.edu](mailto:digitalcommons@odu.edu).

CROATIA JOINS EUROPE

by

Nikola Kovac

B.A July 2010, University of Zagreb, Croatia

A Thesis Submitted to the Faculty of  
Old Dominion University in Partial Fulfillment of the  
Requirements for the Degree of

MASTER OF ARTS

INTERNATIONAL STUDIES

OLD DOMINION UNIVERSITY  
May 2013

Approved by:

\_\_\_\_\_  
Simon Serfaty (Director)

\_\_\_\_\_  
Regina Karp (Member)

\_\_\_\_\_  
Kurt T. Gaubatz (Member)

## ABSTRACT

### CROATIA JOINS EUROPE

Nikola Kovac  
Old Dominion University, 2013  
Director: Dr. Simon Serfaty

On 1 July 2013 the Republic of Croatia will officially become the 28<sup>th</sup> member of the European Union. History of Croatia has always kept it on the brink of Europe. The case study of this enlargement examines the relations between Croatia and the European Union since Croatia became independent in 1991. This relation is divided into two eras, one of mutual distancing and the other of mutual rapprochement. The thesis aims to identify the dimensions of Croatian road to the EU membership which differ it from other accessions. Now, in the eve of enlargement both Croatia and the European Union face serious economic, social and political problems which they will have to solve together. The thesis examines these problems and ties them to the policies followed during the accession period. Solutions for current problems are seen in reexamining those policies and remembering the principles both Croatia and the European Union were founded on in order to validate this enlargement.

This thesis is dedicated to Ante Kovac (1961-1992) and Stjepan Majcen (1933-2013).

## ACKNOWLEDGMENTS

I would like to thank to all faculty and staff of the Graduate Program in International Studies at Old Dominion University for making my Master study an unforgettable experience. I extend my special thanks to three persons who with their knowledge, expertise and availability enabled me to finish this program and complete this thesis.

First, I would like to thank Dr. Regina Karp for her effort as the committee member, but also for her work and commitment as a graduate program director which make GPIS such a great program to participate in.

I would like to thank Dr. Kurt Taylor Gaubatz, my advisor and thesis committee member for his support and suggestions which made both my thesis writing and study course more accomplished.

In the end I will use this opportunity to thank Dr. Simon Serfaty for two years of wonderful classes and for his unlimited support in my work on this thesis. Without him as my thesis director, this paper would never come to life and my acquired knowledge in the last couple of years would be much lesser.

## TABLE OF CONTENTS

Chapter	Page
1. INTRODUCTION .....	1
2. AT THE "GATES OF WEST" .....	7
3. AN EVER LARGER UNION .....	13
4. DISTANT NEIGHBORS: 1990 – 2000 .....	26
5. NO EASY ROAD: 2000-PRESENT .....	38
The ICTY Cooperation .....	45
Border Dispute with Slovenia .....	49
Finalizing the Negotiations .....	52
The Referendum .....	56
6. WHERE TO? THE STATE OF THE UNION .....	60
Economic Problems .....	61
Social Problems .....	68
Political Problems .....	73
7. CROATIA TODAY .....	80
Economy .....	80
Society .....	93
Politics .....	101
Why Enter? .....	108
8. CONCLUSION: ALL IN THE FAMILY .....	112
BIBLIOGRAPHY .....	124
VITA .....	138

## CHAPTER ONE

### INTRODUCTION

Number 28 is the second perfect number in mathematics, after 6 and before 496. The European Union, coincidentally, started with six members as the European Coal and Steel Community in 1951. In 2013 European Union receives its 28th member with accession of Republic of Croatia. This essay will deal with this, most recent, enlargement of the EU.

At the first sight it is hard to see the importance of this new enlargement of the European Union. A country of a little more than four million people like Croatia won't make significant changes in EU, for the better or for the worse. However, there are many reasons for making of Croatia's accession an interesting study topic. For one, the EU is welcoming its newest member in a different shape and condition than in previous enlargement. The financial crisis which lingers on since 2008 threatens some of the EU's main accomplishments if not the EU itself. The world around the EU is changing, and the position of the European Union in the emerging world order is yet to be decided, making the EU's position even more complicated. This is also the first enlargement consisting of the single state since Greece in 1981, hopefully with a better long term outcome than accession of Greece had. Republic of Croatia also carries the experience of fighting a still recent war on its territory which made its accession path different from other states once belonging to Eastern Bloc.

For Croatia, EU accession represents a major landmark in its recent history. Country in historically and ethnically troubled region on the brink of the Western

Civilization is making its return to the West official. Croatia itself is struggling with the economic crisis and sees European Union membership as a chance to improve its economy, although this belief is dwindling with the growth of problems inside the Union. However, choices for a small country are limited in contemporary world system and EU membership may very well be the best choice for Croatia. This essay will examine relations between the European Union and Croatia during last 22 years of Croatian independence which had their ups and downs and finally culminated in signing of accession treaty. Big European states often failed in their policies related to the southeastern part of the continent resulting in skepticism which followed Croatian way to European membership. Public enthusiasm for EU membership was far smaller than in other recent member states.

Both the European Union and Croatia face serious problems which started in the economic sphere but impact society and the political system. They endanger the very core of the European project. From July 2013, the European Union and Croatia will deal with their problems together. The final and most essential task of this essay will be to examine the position of European Union in the world as well as the position of Croatia in the European Union. Current conditions are very hard, confusing and ungrateful to any kind of research, as they change from day to day. However, this essay argues that the states of Europe, including Croatia, will successfully deal with its problems and reassert their position on the world stage as a European Union. While this may not be the best time to join, current crisis can provide Croatia with necessary caution teach it to avoid mistakes committed by some countries as Greece and Spain.



In short it is a time of confusion and change; it can mean both good and bad for both Croatia and the European Union. As we will see Croatia has spent centuries on the very brink of the Western Civilization, in contemporary Europe now epitomized by the European Union. Its return to Europe may not be perfectly timed, but in present times it is most likely the best possible choice. History can show us not only that Croatia truly belongs to Europe, but also that countries of Europe belong to each other. Recent history demonstrates the struggles which Croatian people went through to join Europe, as well as the differences which 50 years of communist dictatorship followed by war of independence brought in contrast to 50 year story of success which is European Union. Relationship between Croatia and the European Union can be divided in two era's, first from 1990 – 2000 in which it is pretty much frozen, and second era, since 2000, in which European Union becomes the main preoccupation of Croatian politics. The present highlights challenges and possibilities, which are similar for the EU and its newest member. Finally, the future signalizes hope and tries to highlight the way out of current problems.

Additionally this essay will explore similarities and differences of the Croatian road into the European Union in relation to the other countries who joined. Differences which make this enlargement special also deserve special attention. It will try to see how Croatia fits into the theoretical approaches regarding EU enlargement. Current economic and social situation of both Croatia and the EU also causes this essay to offer a different political outlook on recent Croatian history than most of the existing literature on the subject do.

The main research issue of this essay, Croatian EU membership, can be examined both causally and historically. The main variable causing Croatia to join the European Union is the increasing globalization which makes it hard for small nations to succeed alone. Globalization, by reducing time and space, forces Croatia to grow up more quickly as nation than its Western compatriots had to. Croatian sovereignty, a centuries old dream which was regained through blood and sacrifice 22 years ago, also came in the time when sovereignty began losing its classical meaning. Growing integration in the world leaves Croatia with little choice, but to enter the fourth supranational union in its history. This historical fact also reveals that the need for integration of small states isn't something new in the history of Europe. It was often used by small states in order to answer the challenges they could not handle alone (Croatia joining the Habsburg Empire as the response to Ottoman threat). Globalization just makes that need more apparent than ever, as there are more issues which cannot be solved by a single state. It, however, only partly reveals the reasons behind Croatia's decision to join the EU.

The second variable determining Croatia's desire to join is the character of the European Union. Croatia has taken part in four multinational unions which all eventually disintegrated, often causing bloodshed (special mention to the two Yugoslavia's). It can seem ludicrous for a country which waited for its independence for almost 900 years to enter another union only 20 years after achieving its goal. The reason making this decision valid is the fact that European Union is the different kind of union from those experienced by Croatia. In 60 years of its existence it acquired the reputation of an area offering freedom, security or economic prosperity to its members, the nation-states of Europe. In other words, it should be an area which won't ban Croatian language and

culture, prevent Croatian economic development or discriminate its people in any way. Character of the EU as a variable, covers all economic and social benefits applicant states expect from the EU. This variable is currently being brought into question by the European crisis. Therefore, remembering the values on which the EU was founded isn't useful just to determine Croatian wish to join, but also to answer some questions about the future of the EU as a whole.

The realization of the wish to join the European Union is another important issue this paper examines. While the wish was present already upon Croatian independence in 1991, it took 10 years for the road to officially start, and further 12 years for its goal to be reached. The main intervening variable was the Homeland War which broke out in 1991 and lasted until 1995, resulting in political consequences which distanced Croatia from the European Union. This variable divides relations between Croatia and the European Union into two eras: from Croatian independence to the death of first President Franjo Tudjman in 1999, and from 2000, when the road to the EU membership started, until the upcoming membership on 1 July 2013.

The prevailing method used in the essay is a historical analysis of Croatia – EU relationship put into the context of current crisis which troubles both the EU and Croatia. It reveals the increasing inevitability of Croatian EU membership but also suggests that both sides made mistakes in the process and distanced themselves from their original values. Recall of those values could provide the ground for successful integration.

This analysis is enriched by empirical impressions and insights which contribute to the value of the work and give it its tone. As Paul Feyerabend famously said: "The

only principle that does not inhibit progress is: anything goes.”<sup>1</sup> More than everything this is a painting of the past, the present and the future of a country and its continent seen in the particular moment in time. Looking back on this essay some five or ten years from now might reveal the true success of the Croatian integration into Europe. Statistical evaluations are easy to look up, but impressions one had at the time tend to be obscured or forgotten.

---

<sup>1</sup> Paul K. Feyerabend, *Against Method*, (New York: Verso, 1993), 6.

## CHAPTER TWO

### AT THE “GATES OF WEST”

Even before the European Union ever existed, the East-West division was present in Europe. It started with the division of the Roman Empire, continued with the split in the Church, and had its culmination in the 50 years of Cold War. During that period Croatia has multiple times opted for the West, and due to its geographic position had to reassert its western claim again and again.

Although modern Croatian republic belongs to Europe's younger states, Croats are amongst the continent's older nations. According to most historians Croatian tribes came to what is now Croatia in seventh century, making war with Avaric tribes for their future homeland.<sup>1</sup> First influence of a great empire on Croatia was Byzantine, with the Byzantine Empire having formal sovereignty over Croatian dukes for several centuries. Western influence came through the Rome and the Carolingian empire which exercised power in northern Croatian lands. First international recognition of Croatian state came also from the west in 879 in the view of letter from pope John VIII to Croatian duke Branimir which referred to him as “dux croatorum” and recognized his principedom(principatum terrenum).<sup>2</sup> According to the father of Croatian geopolitics, Ivo Pilar, reason to this turn to the west was the prospect of enhanced sovereignty under Rome contrary to Constantinople.<sup>3</sup> Most important year in this ancient times for Croatia is 925 when duke Tomislav united coastal and continental parts of Croatia and

---

<sup>1</sup> Vjekoslav Klaić, *Povijest Hrvata*, 4 vols., vol. 1 (Zagreb: Matica Hrvatska, 1988), 4.

<sup>2</sup> Vjekoslav Cvrnje, "Kulturno-Civilizacijska Pripadnost Hrvatske Europi I Uloga Svete Stolice I Katoličke Crkve U Ujedinjavanju Europe," in *Hrvatska I Europa*, ed. Ljubomir Čučić (Zagreb: Europski Pokret Hrvatske, Europski Dom, 1999), 59.

<sup>3</sup> Ivo Pilar, *Die Südslawische Frage Und Der Weltkrieg. Übersichtliche Darstellung Des Gesamt Problems* (Zagreb: Matica Hrvatska 1944), 24.

pronounced himself king. First turning to the west came during the Great Schism when Croatian kingdom opted to stay with the Roman Catholic Church. This wasn't a straightforward and easy process but it shaped Croatian cultural identity for centuries to come. The kingdom lasted for a little more than century and half, ending in 1102 with leaders of twelve Croatian tribes electing to join the personal union with Hungary in *Pacta Conventa*. As we can see, the contract with the EU won't be the first case of Croatia renouncing parts of its sovereignty to join a multinational state or a group of states. The reason for this first union was quite common for that era: the Croatian dynasty had vanished and the wife of last great Croatian king Zvonimir was the sister of the Hungarian King Kolman.

Sovereignty of Sabor – first the council of noblemen, then the parliament- in making contracts became a foundation of Croatian state right which made the theoretical foundation for modern Croatian state. As Croatia now enters a multinational community, remembering those times can be useful. *Pacta Conventa* was a contract between the Croatian noble families and the Hungarian king in which they accepted him as their king but could keep their lands and rule over them as they will, pay no taxes in peace and were obliged to help the king during war.<sup>4</sup>

Life in the union with Hungary wasn't much different for Croats than for other European nations at the time. It was a time of feudal Europe where the king exercised limited influence over noblemen. Hungarian influence became present in northern Croatian parts, while Venice and Byzantine had more influence on the coast. However, biggest foreign influence yet to form the fate of the entire Southeastern and Central Europe was yet to come. It came in the view of the Ottoman invasion, which in its

---

<sup>4</sup> Antun Dabinović, *Hrvatska Državna I Pravna Povijest* (Zagreb: Matica Hrvatska, 1940), 99.

penetration into Europe brought new culture and religion into Croatian neighborhood. During the 14<sup>th</sup> and 15<sup>th</sup> century Turks have spread across the Balkan peninsula swallowing orthodox Byzantine, Bulgarian and Serbian states as well as small catholic Bosnian Kingdom. Unlike orthodoxy, which ensured its survival by formally subjecting to the Sultanate and was allowed to work to a certain extent, Catholicism, bearing the mark of main enemy – Rome, was far more persecuted inside the Ottoman Empire. Number of central Bosnian elite (in boundaries of small Bosnian kingdom) turned to the Islam. Catholicism was kept in former Croatian lands mostly due to the Franciscan monks which operated inside the empire. Religion was destined to play a great role in nation and state formation in this part of Europe.<sup>5</sup>

This new menace was not well managed by the Hungarian-Croatian kingdom, and it was the sense of outer threat which forced Croatian people to enter next union. This fear can be compared to the fear of the Soviet Union which was one of the factors which formed the European Union.

In 1527. Croatia, in separate contract from Hungary joined the Habsburg monarchy. The Sabor of Cetingrad, where Croatian noblemen accepted Ferdinand I as their king was also the time of change. It signalized one further step forward towards the West. Habsburg Monarchy was in some way, at the height of its power, European Union of the time. Croatia came under the influence of Western lawmaking and political tradition today referred to as the ‘‘acquis communautaire’’. Five centuries under the Habsburg rule had their heights and lows, but in general they brought Croatia closer to the West. Extent of Croatian lands under Habsburgs varied accordingly to the war

---

<sup>5</sup> Pilar, *Die Südslawische Frage Und Der Weltkrieg, Übersichtliche Darstellung Des Gesamt Problems*, 273-78.

success against the Turks, but at no time was the whole of Croatia under Ottoman rule. Habsburgs influenced Croatian culture in great extent, but Croatian economy and population suffered as Croatia was de facto the last frontier of Europe before the Ottoman Empire. In the late 16<sup>th</sup> century Turkish penetration left Croatian territory at its historical low of around 16 000 square kilometers, earning it the famous name of "reliquiae reliquiarum olim inclyti regni Croatiae" (remains of the remains of once great Croatian kingdom). More than a century of war with the Ottomans left its mark on Croatia's development in contrast with the rest of Europe. Although data from that age aren't absolutely precise, Croatia lost about quarter of its population from 1500-1700 and its GDP shrunk by one third. Drop in comparison with other states was appalling: while Croatia was more developed than world average in 1500 and had about 75 percent of the Western European GDP, until 1870 these numbers fall to 30.2 percent Western European GDP and 69.8 percent world GDP.<sup>6</sup> It was clear that the Austro-Hungarian Empire was falling behind the world, especially in its outer parts as was Croatia.

Decisive time for the formation of the Croatian national identity came in the 19th century. New ideas of nationalism came in Europe on the wings of Napoleonic revolutions and combined with Vienna absolutism and subsequent reform of the Monarchy to give birth to the school of Croatian State Right which under Ante Starčević and Eugen Kvaternik denounced ideas of Pan Slavism and Austroslavism for the single Croatian state.<sup>7</sup> Reform of the Habsburg Monarchy into Austro-Hungary in 1867 presented a final blow for the Croatian question inside the monarchy. After ban Josip Jelačić's army stifled the Hungarian revolution of 1848, de facto saving the Habsburgs,

---

<sup>6</sup> Gordan Družić, *Croatian Economic Development and the Eu, Potential and Perspectives* (Zagreb: Školska Knjiga, 2009), 6-9.

<sup>7</sup> Eugen Kvaternik, *Istočno Pitanje I Hrvati* (Zagreb: Dom i Svijet, 1997), 387.



Croatians were rewarded twenty years later by being split between Austria and Hungary. Rebecca West, in her famous travel book through pre-World War II Yugoslavia, inspired by the Jelacic statue on the main square in Zagreb, provides the best description of the aftermath of 1848: "Instead of giving the Croats the autonomy they demanded they now made them wholly subject to the central government, and they freed them from Magyarization to inflict on them the equal brutality of Germanization. And then, ultimately, they practiced on them the supreme treachery. When the Dual Monarchy was framed to placate Hungary the Croats were handed over to the Hungarians as their chattels."<sup>8</sup> Austro-Hungarian monarchy was already terminally ill and it needed the final punch in the view of the First World War to finally disintegrate.

Most of the next century, was for Croatia, as well as for the rest of Europe, the saddest and the bloodiest in history. After the First World War, Croatia entered the Kingdom of Croats, Serbs and Slovenes, later to be renamed into the Kingdom of Yugoslavia. For the first time in history contract by which Croatia joined a multinational state was not ratified by Croatian parliament. Croatia, together with former Habsburg parts of new country was far more developed than other parts, leading to the situation in which Zagreb became industrial center of Yugoslavia, while Belgrade became state and administration center. State administration tried to turn the situation around. Most of the measures employed by new state were abandoned in Croatia centuries ago. Most notable examples included branding of the cattle as the part of agrarian reform and introducing Serbian customs of corporal punishment into common army.<sup>9</sup> Party fragmentation emerged exclusively between national lines leading to violent political life. It culminated

---

<sup>8</sup> Rebecca West, *Black Lamb and Grey Falcon: A Journey through Yugoslavia* (Edinburgh: Canongate Books, 2006), 55.

<sup>9</sup> Josip Horvat, *Politička Povijest Hrvatske* (Zagreb: August Cesarec, 1990), 151.

with the king's dictatorship of 1929 and the dissolution of political parties after the assassination of the Croatian deputies in the Belgrade parliament. Croatian resistance then turned revolutionary as illustrated by the assassination of King Alexander and French foreign minister Louis Barthou in Marseille in 1934 by the Croatian revolutionary group Ustasha. The royalist regime embraced the country firmly into the grasp of the Balkans,<sup>10</sup> and opened door for slaughter in the Second World War. It gave perfect chance for the nations to settle their scores in what became war inside the war.

The war, during which Croatia had an independent state on the side of the Axis, amounted not only to increased hatred between nations but also to the deep cuts inside Croatian society which were in most part solved only in 1990s, but in some parts still haunt Croatian people. After the war the Allies decided to reform Yugoslavia under communist rule. As a result, Croatian people ended in another dictatorship, this time communist, with a burden of collective guilt for the crimes of Independent State of Croatia. While Yugoslavia was living its second life, on the other side of the continent, European Union was emerging from the destruction of war and starting its story of success.

---

<sup>10</sup> Holm Sundhaussen, "Die Königsdiktaturen in Südosteuropa: Umriss einer Synthese," in *Autoritäre Regime in Ostmittel- Und Südosteuropa 1919-1944*, ed. Erwin Oberländer (Paderborn: Ferdinand Schöningh, 2001), 341.

## CHAPTER THREE

### AN EVER LARGER UNION

The European Union came out of need, as the final mean to save the war ravaged continent from self-destruction. Extraordinary generation of post-war politicians and leaders nurtured the idea as the way to prevent war between European nations. Somewhere inside the idea there was hope that it could evolve into something bigger. Remembering these times helps us realize the unbelievable success of the European project over the last 60 years.

Enlargement was a constant feature of the EU since its inception, at first due to the reluctance of some countries (namely Great Britain) to join the project, and then due to the attractiveness of the European Community as an area of economic freedom, prosperity and security. Purpose of this short introduction is to examine all six enlargement waves and notice their similarities and differences.

Enlargement here relates to the numerical increase in members states of the EU, but it doesn't stop there. Frank Schimmelfennig defines enlargement of an organization as "process of gradual and formal horizontal institutionalization of organizational rules and norms."<sup>1</sup> Advantage of this definition is that by describing enlargement as "a gradual process that begin before and continues after, the admission of new members to the organization,"<sup>2</sup> it encompasses all issues that come with the enlargement such as the changes in the applicant countries as well as the changes in the organization. It also

---

<sup>1</sup> Frank Schimmelfennig and Ulrich Sedelmeier, "The Politics of European Union Enlargement, Theoretical and Comparative Perspectives," in *The Politics of European Union Enlargement, Theoretical Approaches* ed. Frank Schimmelfennig and Ulrich Sedelmeier (Oxon: Routledge, 2005), 5.

<sup>2</sup> Ibid.

suggests that along with the horizontal dimension of enlargement (widening) comes the vertical dimension (deepening), relating to the changes taking place inside the organization, in our case the European Union. Schimelfennig also identifies four key dimensions of the enlargement research: applicant enlargement politics, member-state enlargement politics, EU enlargement politics and impact of the enlargement.<sup>3</sup>

The European Union when it started, back in 1951 as the European Coal and Steel Community, consisted of six members: the Benelux countries, France, Germany and Italy. Decisive in making the community was the United States financial assistance as well as its push to include Germany. Most significant European state which stayed outside was Great Britain. Aside from its discontent with some features of the European project and its special relations with the United States, Great Britain was still harboring illusion that it belonged to the world powers. Following decade proved otherwise, with Suez crisis dealing a mortal blow to British superpower status and new formed project, from 1957 known as the European Economic Community outperforming Britain in all economic areas. First British application which came in early sixties was turned down by French president De Gaulle citing many differences between continental states and Great Britain as the reason and doubting the seriousness of application itself.<sup>4</sup> Second British application was accepted in 1967 and followed by first sets of conditions which applicant country had to pass to join the EU. In 1973 Great Britain together with Denmark and Ireland, who followed Britain due to their economic ties, became members of the EEC. Being part of the EFTA, they simply followed the biggest EFTA state to the EEC.

---

<sup>3</sup> Ibid., 6.

<sup>4</sup> Allan Tatham, *Enlargement of the European Union* (Alpen an den Rijn: Kluwer Law International, 2009), 9-13.

Common agricultural policy was the bait for Denmark and Ireland, due to the importance of agriculture in both countries at the time. People of Norway voted against joining the EEC on a referendum. Most offered explanations for it are the Norway's petroleum industry which made life without the EU easy and the fishing industry which opposed the enlargement.<sup>5</sup>

This first enlargement proved that the EEC project was a story of success in which once reluctant nations suddenly desperately wanted in. Yet it was just 'a matter of unfinished business: of reversing the original decision by the United Kingdom not to join the EC after taking part in a preliminary negotiations.'<sup>6</sup> With the possible exception of Irish economy, all states of 1973 were well prepared for membership and did not need any significant reforms to attain it. Although first enlargement confirmed EEC as a successful project and announced the new era of world politics in which no European state can make it alone, it bore no greater transformative significance.

Second wave of the enlargement, so called "southern wave" had greater significance because it dealt not only with poorer societies, but also with countries which only recently became democratic. Greek, Portuguese and Spanish applications were linked together, but Greece was hurried in order to prevent radical change in power on the coming elections.<sup>7</sup> Greece joined the EEC in 1981, while Portugal and Spain followed five years later. EEC approved negotiations with each country only after democratic changes took place: Greek application in 1975, a year after the collapse of

---

<sup>5</sup> Sieglinde Gstohl, "Scandinavia and Switzerland, Small, Successful and Stubborn toward the Eu," in *The Politics of European Union Enlargement*, ed. Frank Schimmelfennig and Ulrich Sedelmeier (Oxon Routledge, 2005), 34-38.

<sup>6</sup> John van Oudenaren, "The European Union as a Foreign Policy Actor, toward a New Realism," in *European Foreign Policies: Does Europe Still Matter*, ed. Ronald Tiersky and John van Oudenaren (Plymouth: Rowman and Littlefield Publishers, 2008), 18.

<sup>7</sup> Tatham, *Enlargement of the European Union*, 27.

military dictatorship; Portuguese in 1977, a year after first elected government took office; and Spanish, few months later than Portuguese and not even two years after Franco's death in 1975. With this enlargement the EC undertook a much bigger task than in 1973. Ireland was a problem due to its economy and Great Britain due to its occasional lack of cooperation, but southern enlargement presented the case of whole societies in the need of transformation. Greek economy was especially fragile case, as the country never met economic criteria for accession and was far behind poorest members of the EEC.

Revolution in Portugal in 1974 marked the beginning of Huntington's "third wave of democratization" <sup>8</sup> and the EEC welcomed that wave more than ready. Between the first and the second enlargement the European Monetary Union came to life deepening the integration into the financial sphere which ultimately helped in dealing with the 70's crises. It is important to stress that the three new members also expected more than just free market, they expected zone of democracy, economic prosperity and financial stability. The EEC proved successful in accommodating new members, which was in no mean easy task considering the amount of financial help which Greece and Portugal required. All of these countries prospered greatly during the next 20 years and only the current financial crisis exposed the deficiencies in their integration. Croatia shares main economic branch with these countries – tourism. Along with Ireland, they were presented as the shining examples of the European transformative success, thus highlighting the benefits of integration until the crisis. Croatia can surely learn from their mistakes, considering its tourist orientation, financial policy and public sector structure which are more similar to these three countries than to Western European countries. How to avoid

---

<sup>8</sup> Samuel Huntington, *The Third Wave* (Norman: Oklahoma University Press, 1993), 3.

the fate of Greece and Spain in the view of unemployment, public debt, financial issues and bad sides of mass tourism will be one of the most important questions for Croatia.

This widening was followed by another deepening, first by the Single European Act which was in fact preparation for the birth of the European Union which happened in Maastricht. Although primarily an economic treaty, the SEA made some significant contribution to future design of the EU institutions, most notable example being the introduction of QMV in Council of Ministers.<sup>9</sup> European Union of twelve members was prepared to tackle the emerging non bipolar world seriously. Maastricht formed the European Union as we know it, ensured future existence of common currency. It introduced the three pillar structure and significantly strengthened the Union making it ready for German unification.

In this time Croatia was also reborn, and the EU's response in Yugoslav breakup was especially poor as we will discuss later. It has shown that despite all deepening and widening successes, the EU was still far from decisive global political actor.

The first post-Cold War enlargement wave was perhaps the least challenging enlargement task of all. It could be compared to the first enlargement wave because it embraced candidates who in terms of political systems and economies firmly belonged to the West: Austria, Finland and Sweden. Their GDP per capita was even higher than the EU average.<sup>10</sup> Those three countries exercised neutral policy during Cold War era: Sweden traditionally, while Austria and Finland due to the proximity of Soviet Union and their satellites. With changes in global political system came a need for change in

---

<sup>9</sup> Ian Bache, Stephen George, and Simon Bulmer, *Politics in the European Union* (New York: Oxford University Press, 2011), 154.

<sup>10</sup> Andreas Staab, *The European Union Explained: Institutions, Actors, Global Impact* (Bloomington: Indiana University Press, 2005), 33.

political orientation of those countries. They kept pace with the EU for much of the Cold War and adopted more than half *acquis communautaire* by 1992 with participating in the European Economic Area.<sup>11</sup> Andreas Bieler offers an additional economic explanation for Austrian and Swedish entrance by signifying the interests of domestic economic groups in EU entrance.<sup>12</sup> With this enlargement the European Union covered the entire European space west of the former iron curtain with the exceptions of Switzerland, Norway and Iceland who didn't wish to join the EU. It was clear that the next enlargement, if it was going to be one, was to the east.

Formerly communist countries in the 90s found themselves in much harder position towards Europe than Greece, Portugal and Spain did in early seventies. Fifty years of the communist dictatorships were perhaps harder and what's more important more distant from European values than the Salazar and Franco dictatorships. Spreading to the east was big challenge for the European Union and once again it was the United States who provided the decisive push.

Before the "big bang" enlargement the European Union also made significant efforts towards unification with the treaties of Nice and Amsterdam as well as with introduction of Euro. Especially Nice was meant as a mean to prepare the EU for the biggest enlargement yet and to adapt the institutions to the enlarged European Union.<sup>13</sup>

From a historical perspective achievements of the European Union in the wake of the Eastern Enlargement were great. There were no more boundaries between states that just 50 years ago went to war over them and almost entire area of EU15 shared a

---

<sup>11</sup> Peter Poole, *Europe Unites: The Eu's Eastern Enlargement* (Westport: Praeger Publishers, 2003), 26.

<sup>12</sup> Andreas Bieler, "The Struggle over Eu Integration, a Historical Materialist Analysis of European Integration," in *The Politics of European Union Enlargement, Theoretical Approaches*, ed. Frank Schimmelfennig and Ulrich Sedelmeier (Oxon: Routledge, 2005), 84-86.

<sup>13</sup> Bache, George, and Bulmer, *Politics in the European Union*, 188.



common currency. Yet, it was time for the return of forgotten part of Europe home. The United States played big part in that as it did in founding the European Union. By announcing the enlargement of the NATO and spreading the NATO to the east, United States inspired Europe to do the same. Finally in 2004, European Union became richer for ten new members: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. All countries except Cyprus and Malta shared Croatian fate of half century under communism. Most of the countries above share some cultural and historical facts with Croatia which is another reason to take a closer look at this enlargement.

Negotiations and adjusting processes lasted much longer this time, due to the differences in economic and political development between the EU and ten future members but also due to the greater cohesion inside the EU which in Copenhagen criteria had a clear list of accomplishments for the new applicants to achieve. Ten states have applied for membership in 1996, only to be accepted in 2004. Acceptance of new members required more coherent and clear accession policy from the European Union. The ten future members also differed in size and degree of development. From Malta to Poland, challenges for the EU were very different. In the eve of enlargement their combined GDP was around 7 percent of the EU average.<sup>14</sup> This was a big and risky step for the European Union and was met with opposition in many EU states, most notably France.<sup>15</sup> The member states differed in their approach towards enlargement. Schimmelfennig divided them in two camps; Austria, Germany, Britain, Denmark and

---

<sup>14</sup> European Commission, *Five Years of Enlarged Eu, Economic Achievements and Challenges*, (Luxembourg: Office for Official Publications of the European Communities, 2009), [http://ec.europa.eu/economy\\_finance/publications/publication14078\\_en.pdf](http://ec.europa.eu/economy_finance/publications/publication14078_en.pdf). doi:10.2765/11656. 26..

<sup>15</sup> Poole, *Europe Unites: The Eu's Eastern Enlargement*, 35.

Sweden as the drivers of the enlargement and France, Greece, Ireland, Italy, Portugal, Spain and Benelux countries as the brakemen of integration. Emerging pattern of this enlargement is that EU member states closer to applicant usually pushed their neighbors towards enlargement: Germany supported Central European States while Scandinavians supported Baltic countries.<sup>16</sup>

When we look at the eight former communist countries together with Croatia they certainly shared lot in common. Together they form a cultural and social community of Central Europe which was between or under German, Russian, Ottoman Empire yet it belonged to none of them. Croatia was in state union with Hungary for more than eight centuries, with Czech Republic and Slovakia for around four and with Slovenia for around five. It shares dominant religion in Catholicism with all countries except for Estonia and Czech Republic. In the 1990s it was economically in a better position to make the transition than most of Central European countries, as Slovenia did. However the fact that war for Slovenian independence lasted ten days, contrasted to four year struggle for Croatian independence, was the defining factor of the nine year gap between those two countries in joining EU.

This enlargement increased the numbers of EU states for two thirds. EU accommodated 75 million new inhabitants.<sup>17</sup> It forced Europe to deepen its integration further to accommodate the new states and to make the decision making process, which was in 90's still designed for six states, possible. Cohesion policy, one of the most appealing EU policies, needed to be reformed because of the GDP per capita gap between

---

<sup>16</sup> Frank Schimmelfennig, "The Community Trap: Liberal Norms, Rhetorical Action and the Eastern Enlargement of the European Union," in *The Politics of European Union Enlargement, Theoretical Approaches*, ed. Frank Schimmelfennig and Ulrich Sedelmeier (Oxon: Routledge, 2005), 144-45.

<sup>17</sup> Bache, George, and Bulmer, *Politics in the European Union*, 201.

old and new members.<sup>18</sup> Agricultural policy was also an issue due to the fact that new countries had larger and less efficient agricultural sectors than member states. These reforms are continuing as we speak with the Lisbon treaty and current economic changes. Europe continues to be an ongoing journey, and despite all doubts from old members, the 2004 enlargement presented a significant push forward. It was during that time that Europe began to develop its famous "soft power".<sup>19</sup> Coercive and attractive power of European Union was to be seen in policy of setting clear criteria which member states must accomplish and sticking to it. Applicant states themselves transformed their societies in order to satisfy the EU. European Union was even adopting some blackmailing measures, felt also by Croatia during the negotiation process. A good example can be the EU's influence in getting Meciar off power in Slovakia.<sup>20</sup> Same problem was seen in Croatia for the second period of Tudjman's government on a much bigger scale. European Union refused to deal with regimes which were perceived authoritarian, for right or wrong reasons. The enlargement process presented the highlight of the foreign policy power of the EU, even according to its critics, as Francesco Bongiovanni: "It is easy to criticize Europeans as being ineffectual. But there is one case of their use of soft power: the enlargement of Europe. This soft imperialism works."<sup>21</sup> Indeed, the European Union as an area applicants wish to enter was capable to exert its influence over them. The Copenhagen criteria which are market economy, democracy and adoption of EU legislature presented a clear list of accomplishments EU expected of

---

<sup>18</sup> David Allen, "Cohesion Policy Pre- and Post- Enlargement," in *Eu Cohesion Policy after Enlargement*, ed. Michael Baun and Dan Marek (Basingstoke: Palgrave MacMillan, 2008), 22.

<sup>19</sup> Joseph Nye, *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004), 75-78.

<sup>20</sup> Lenka Fedorova, *The Effectiveness and Limits of Eu Conditionality: Changing Domestic Policies in Slovakia* (Berlin: LiT Verlag, 2011), 49.

<sup>21</sup> Francesco Bongiovanni, *The Decline & Fall of Europe* (Basingstoke: Palgrave MacMillan, 2012), 71.

the new members. At the same time they are so indeterminate terms they gave the EU much room for manipulation. There is no clear definition of market economy and democracy in Copenhagen criteria, their adoption is defined by institutions of the EU. In that way the European Union was able to shape political and economic systems of the applicant states even beyond the Copenhagen criteria. According to Moravcsik and Vachudova: ‘‘Until the final rounds the negotiations were a little more than a process of checking that the candidates accepted EU law, chapter by chapter, page by page. The requirements are massive, non-negotiable, uniformly applied and (usually) closely enforced.’’<sup>22</sup>

General agreement seems to be that the 2004 enlargement was a major success for both the old EU and the new member states. The EU became bigger and stronger while common market expanded and became more diverse. In average numbers new member states managed to cut the GDP per capita difference to EU-15 by increasing their GDP per capita from 40% of the old EU in 2003 to 58% percent in 2008.<sup>23</sup> Old states benefited as well, especially in exports and lower labor costs that came with spreading of the common market. Fears of great labor migration were generally avoided. Performance of new member states also depended on the states themselves, with special focus on biggest newcomer Poland, whose failure to integrate would be a serious setback for the project. Poland, due to its size and importance for the EU, performed well, despite initial widespread Euro-skepticism during the tenure of right wing government.<sup>24</sup> Poland, due to

---

<sup>22</sup> Andrew Moravcsik and Milada Ana Vachudova, "Preferences, Power and Equilibrium," in *The Politics of European Union Enlargement, Theoretical Approaches*, ed. Frank Schimmelfennig and Ulrich Sedelmeier (Oxon: Routledge, 2005), 201.

<sup>23</sup> Filip Keereman and Isztvan Szekely, *Five Years of an Enlarged Eu, a Positive Sum Game* (Heidelberg: Springer Verlag, 2010), 1.

<sup>24</sup> Aleks Szczerbiak, *Poland within the European Union: New Awkward Partner or New Heart of Europe* (New York: Routledge, 2012), 22-26.

its size and economic performance, can be seen as an important player in EU politics. Smaller countries which could serve as better benchmarks for Croatia differed in their degrees of integration and success. Slovenia, once the most developed Yugoslav republic, was the most developed state of the 2004 enlargement. It was one of the few 2004 states which fulfilled the criteria for the Euro adoption, but at the moment seems in troubles and likely to request EU financial help. On the other hand the Baltic States seem to have dealt with the crises reasonably well, after being hit particularly hard in 2008. Hungary experienced not only financial but also social problems with strengthening of extreme right parties. Its attempt to solve the economic crisis unilaterally by lowering the forint was very much unsuccessful showing the limitations of national government action in the EU crisis. However, different performances of the 2004 countries demonstrate that national governments still matter and that great deal of Croatian integration will be up to Croatia.

Three years after the 2004 enlargement came another enlargement with Bulgaria and Romania entering the EU. They differed from previous members both culturally and economically. Their economies were even weaker and far more corrupt than those of the 2004 enlargement countries. As a result they received treatment different to the previous members with most of the EU states placing work permit restrictions on Bulgarian and Romanian workers resulting in the fact these countries didn't become real Schengen members till today.<sup>25</sup> This enlargement also broke the pattern of previous enlargements in which it "alternated between rich and poor countries."<sup>26</sup>

---

<sup>25</sup> Bache, George, and Bulmer, *Politics in the European Union*, 201..

<sup>26</sup> Simon Serfaty, "The United States and Europe in a Multipolar World," in *A Recast Partnership? Institutional Dimensions of Transatlantic Relations*, ed. Simon Serfaty (Washington D.C.: CSIS, 2008), 16.

Today, six years after the last enlargement of the EU, Europe greets its newest member in entirely different mood. Economic crisis, which started in 2008, still lingers on. Prime examples of success from the Southern enlargement are struggling to avoid bankruptcy, with Greece the very likely candidate for leaving the Eurozone. European Union itself is striding for more unity as citizens inside states show less and less satisfaction with it. As with every almost every enlargement, Croatian entrance was preceded by ambitious deepening of the integration in the form of the Treaty of Lisbon. Treaty of Lisbon represents perhaps the most ambitious revision of the Maastricht treaty undertaken, at least cosmetically. It came to life as the EU's response to the failure of the European Constitution which didn't pass the referendums in France and Netherlands.<sup>27</sup> The Lisbon Treaty was a way to keep most of the provisions of the constitution while being enough nonintrusive to avoid the verdict of the masses.

Although the EU enlargement seems like constant feature of the EU since its beginnings it also had its setbacks. The European Union rejected the application of Morocco in 1981, and doesn't seem very keen on accepting Turkey. Switzerland, Norway and Iceland chose not to join the EU. Remaining states of the Western Balkans which the EU wishes to incorporate still seem according to political and economic criteria some way off the criteria requested for the European Union membership. The biggest challenge however, remains Turkey which is several times bigger than all mentioned states combined. Largely Muslim and poor, Turkey presents unique challenge for the European Union enlargement policy for some time already.

---

<sup>27</sup> Bache, George, and Bulmer, *Politics in the European Union*, 201.

Overall enlargement policy proved as a success for both the Union and most of its members. Except for countries of Southern wave, who had great short term successes, good examples from the 2004 enlargement are Poland and Baltic States. Croatian neighbors, Hungary and Slovenia, present less successful examples of integration. Although this may not be the best time to join the EU, history and experience of other states are here to learn from.

Simply put, the European Union faces an existential crisis, maybe biggest since its inception. Croatian entrance won't change the European Union for better or for worse but may have big symbolic role as the benchmark for the future of the EU. The crisis can give another perspective to the integration, causing not only Croatia to avoid mistakes committed by other members, but also further improving the EU as a whole. Smallest enlargement has also a twofold way of looking at it. Croatia can be observed as a latecomer of the 2004 and 2007 enlargements or as a frontrunner of upcoming "Western Balkans" enlargement. Croatian politics often took the first view while the EU opted for the second. In truth, Croatia is somewhere in between. It comes into the European Union alone, six years after last states which entered and for sure at least six years before first states to enter. This is very much in synchronization with its history and geography which always conspired in putting Croatia between Central Europe and Southeastern Europe. Looking at the phrase *antecederum christianiti* which was used for Croatia during the Turkish invasion one can notice that its meaning "forewall of Christianity" doesn't exactly put Croatia inside Christianity (then analogous to Europe) but somewhere on its outer borders. This epitomizes history of Croatia – EU relations prior to the Croatian accession which were anything but idyllic.

## CHAPTER FOUR

## DISTANT NEIGHBORS: 1990 - 2000

The European Union stepped into the post-Cold war world with the plan to integrate further. Meanwhile, on the other side of the continent, another multinational state created (or better recreated) after the World War II was involved in the process of disintegration. Yugoslavia, a federation which ironically consisted of six republics, as did the EU in its beginning, was nearing its bloody but logical dissolution.

Yugoslavia in its inception faced the same task as the EU, uniting formerly warring nations. During the World War II Southeast Europe saw many national conflicts emerging inside the global war. Conflicts from first Yugoslavia were simply translated onto World War II stage. The Independent State of Croatia, consisting of most of the contemporary Croatia and the whole of Bosnia, was formally on the side of the Axis, which proved to be very detrimental to any idea or image of independent Croatian state in the future. The only genuine pan-Yugoslav antifascist movement was that of the communist party, which used the World War II situation very well and on the Yalta congress acquired support from the Allies. Once the war ended communist Yugoslavia was set up as a federal state which proclaimed "brotherhood and unity" and formerly protected every nation. This indeed fooled many western writers contemplating Yugoslavia's dissolution. Actually, it was the "dungeon of nations." All advantages of so called federalism are irrelevant when we take into account that Yugoslavia was a one party state. Furthermore, first years of regime took several hundred thousand lives while



secret service roamed Western Europe during cold war killing political dissidents.

Yugoslavia started in the same way in which it ended, by slaughter.

Economically both Yugoslavia and the EU enjoyed periods of relative prosperity from 1960 – 1980. Yugoslavia benefited from its international position following the Tito-Stalin rift in 1948. It was deemed important by the West and given significant economic aid. Special treatment which Yugoslavia enjoyed in the West is symbolized by the fact it was the first socialist country to establish official relations with the EEC.<sup>1</sup> Yet the differences in political and economic systems between the two were exposed by first serious crisis. While the EC successfully adapted to new economical solutions and overturned crises of the seventies with deeper integration and new enlargements, Yugoslavia had fallen into deep economic crisis from which it had never recovered. Entire decade of the 1980s was marked by serious economic crisis in Yugoslavia, not helped by its loss of international significance due to the detente between the United States and the USSR. For much of the Cold War Yugoslavia under Josip Broz Tito benefited from its position between the United States and the USSR. How much money Tito got from the two superpowers and how important was it for Yugoslav economy will never be exactly known, but it is a fact that the detente and the Yugoslav economic crisis go hand in hand as described by Jakov Sirotković: “Economic policy of former Yugoslavia was incompetent and utterly irresponsible. It was unilateral from the point of view of Republic interests, under the impact of Serbia and underdeveloped republics. The final outcome of such a policy was a severe and long lasting dead end crisis.”<sup>2</sup>

---

<sup>1</sup> Radovan Vukadinović and Vlatko Mileta, *Evropa Iza Ugla* (Zagreb: Biblioteka Suvremene Teme, 1990), 229.

<sup>2</sup> Družić, *Croatian Economic Development and the Eu, Potential and Perspectives*, 29.

While the European Economic Community was in the process of becoming the European Union, Yugoslavia was breaking apart in its very neighborhood. The EU was, as can be seen from the Maastricht Treaty, determined to enter the post-Cold War world as a world power, not only in the economic sense but also in the foreign policy and security aspects. However, war in Croatia which started in the spring of 1991 has shown that the European Union unity and competency in foreign policy issues were far from accomplished.

After ending the war in Slovenia by signing the Brioni Agreement, President of the Council of European Union, Jacques von Poos proudly proclaimed that the “hour of Europe has arrived.”<sup>3</sup> In reality he was soon proven wrong. When the Treaty of Maastricht was concluded, the Yugoslav National Army (JNA) was already invading Croatia for several months. The three months long siege of Vukovar was ended in November, with the JNA entering the city, and the EU trying to negotiate one of the many ceasefires which eventually won't be respected. Seriousness of the war was ignored at first, as illustrated by the statement of Italian foreign minister De Michelis, who, while the siege of Vukovar was underway, reportedly described the war as invented by the media.<sup>4</sup>

States of the EU reacted differently to the war, almost by splitting along the World War II lines. Most support for new states of Croatia and Slovenia was shown by Germany, especially by its foreign minister Hans Dietrich Genscher. International recognition of Croatia and Slovenia was the issue around which united Germany showed its intent to take the lead inside the EU. Germany was the fifth country to recognize

---

<sup>3</sup> Richard Holbrooke, *To End a War* (New York: The Modern Library, 1999), 28.

<sup>4</sup> Alois Mock and Herbert Vytiska, *Das Balkan Dossier: Der Aggressionskrieg in Ex-Jugoslawien Perspektiven Für Die Zukunft* (Vienna: Signum Verlag, 1997), 84.

Croatia, behind Slovenia, Lithuania, Ukraine, Latvia and Iceland on December 19th 1991, but the recognition was made formal on January 15th 1992 when Germany played an instrumental part in making the whole of the EU recognize Croatia. This recognition was shortly followed by the Declaration of Independence in Bosnia and Herzegovina and subsequent spreading of war to that country. Many analysts criticized Germany for hurrying the recognition for exactly that fact. In fact Germany was the only European state which realized that Yugoslavia was beyond being saved. Foreign minister at the time Hans Dietrich Genscher called the decision on independence inevitable and suggested there was more European unity in it than later described.<sup>5</sup> Caplan's analysis of the EU recognition of former Yugoslav states also refutes the claims that the recognition of Croatia worsened the conflict.<sup>6</sup> Considering the facts that Serb rebellion inside Croatia started in April 1991 and that JNA attacked Croatia in August, decision on recognition which the EU agreed upon in December of 1991 was a matter of political reality. Although, while knowing the processes of decision making in the EU and initial reluctance of some states to recognize Croatia that early decision might seem like a quick one, these few months since the start of the war to the official recognition were anything but quick for Croatia. Since 15 January 1992, it can be formally talked about the EU-Croatia relationship.

First democratic elections in Croatia, while it was still part of Yugoslavia, were won by the Croatian Democratic Union (HDZ), winning absolute majority in parliament. It was very much helped by the majority voting system made by the ruling Communist

---

<sup>5</sup> Hans Dietrich Genscher, *Sjećanja*, trans. Boris Hudoletnjak (Zagreb: Hrvatska Sveučilišna Naklada, 1999), 546.

<sup>6</sup> Richard Caplan, *Europe and the Recognition of New States in Yugoslavia* (Cambridge: Cambridge University Press, 2005), 113.

Party of Croatia (SKH) to help them win majority of seats as they believed they will win the elections.<sup>7</sup> First President of Republic was Franjo Tuđman of HDZ and the first government had members of all parties in parliament except for Serb Democratic Party (which had only five deputies). The government had a tough task of establishing Croatia as a modern, democratic state and conducting the transformation of economy simultaneously. This task was additionally hardened by the Serb armed rebellion in so called “Krajina” part of Croatia which started early in 1991. War spilled over in Bosnia and Herzegovina and lasted until the signing of the Dayton Accords in November 1995. Croatia freed Krajina by military action Oluja (Storm) in August of 1995 while Eastern Slavonia was peacefully reintegrated following the Dayton Accords.

Almost entire period of the war was characterized by incompetent meddling of the European Union, the United Nations and other international organizations into the conflict. Some of the measures employed as the UN embargo on weapons were not only useless but contrary to common sense and benefited only the aggressor. The EU itself sent numerous envoys and constructed numerous peace plans which ultimately failed. In Croatia, the peace plans did very little to relieve its wartime status. In general they just froze the situation on the battlefield allowing the JNA to spread the conflict to Bosnia. The recognition itself was probably conditioned by agreeing to the Carrington-Vance peace plan which reportedly stopped the planned counteroffensive in Eastern Slavonia.<sup>8</sup> Croatia officially accepted all peace plans on its soil as well as in Bosnia and Herzegovina. Serb side mostly ignored them, especially in Bosnia and Herzegovina; confident it could achieve more with fighting. Soon the weight which the EU peace plans

---

<sup>7</sup> Susan Woodward, *Balkan Tragedy: Chaos and Dissolution after the Cold War* (Washington D.C.: The Brookings Institution, 1995), 119.

<sup>8</sup> Caplan, *Europe and the Recognition of New States in Yugoslavia*, 113.

carried became obvious to all warring sides. The reason for such failure of the EU became apparent when the United States got more involved in the crisis. Unlike the United States, the European Union had no effective military force to back its threats up. It confirmed Huntington's statement that soft power matters only if there is enough hard power to back it up.<sup>9</sup> EU member states' peacekeepers inside the UN didn't do a very effective job either, culminating in Srebrenica when Dutch peacekeepers observed the slaughter in the UN safe zone. Unity and political will inside the EU was lacking and even when it was shown, there was nothing to back it up. Britain and France were lenient on Yugoslavia (consisting of Serbia and Montenegro) for most of the war. French position changed when Chirac replaced Mitterrand as the president of the state and, especially, after the Bosnian Serb forces took the French peacekeepers hostage. British position remained constrained during the whole war, as illustrated by Brendan Simms.<sup>10</sup> Success and measures employed by the entire international community, primarily by the EU and the UN is best summed up by Margaret Thatcher: "Pure isolationism would probably be less harmful than policies that were in fact then adopted. The West after all did intervene to try to keep old Yugoslavia together."<sup>11</sup>

In the first years of Croatian independence, the relationship with the EU wasn't great. It continued to deteriorate in the latter stages of the war and after the war. Negative baggage that the Independent State of Croatia acquired during the Second World War made the struggle for Croatian state much harder. That image was also enforced by very strong Yugoslav propaganda. This propaganda played a great part in denouncing the

---

<sup>9</sup> Samuel Huntington, *The Clash of Civilizations and Remaking of World Order* (New York: Simon and Schuster, 1996), 92.

<sup>10</sup> Brendan Simms, *Unfinest Hour: Britain and the Destruction of Bosnia* (London: Penguin Books, 2002), 16-19.

<sup>11</sup> Margaret Thatcher, *Statecraft* (London: Harper and Collins, 2002), 283.

Tudjman regime in the world at the very start. Influence that World War II analogy had in France (especially with president Francois Mitterand) during the start of the conflict is well described by Finkelkraut.<sup>12</sup> The Serb rebellion in Krajina was often depicted as provoked, and the democratic government as intolerant towards Serb minority since its ascendance to power. Example of such propaganda in Britain is depicted by historian Carole Hodge: “The seed sown by Serb lobbyist nurtured the civil war myth essential to British strategy, and suggested symmetry of guilt.”<sup>13</sup> In fact it was an excuse for rebellion with the purpose of creating Serbian Para-state inside Croatia and using the “fifth columns” inside Croatia and Bosnia to create the mythical “Great Serbia”. Diminished number of Serbs in public services after the 1990 elections had more to do with their overrepresentation during the communist regime than with actual discrimination. Even after the war, the symmetry of guilt view Hodge mentions played a big part in determining the European Union policy toward Croatia.

The war in Bosnia and Herzegovina significantly complicated Croatia's relations with rest of the world and especially with the European Union. Borders of the republics in former Yugoslavia weren't made according to national criteria. The EU's Badinter's commission decided that they should be regarded as the borders of new states. This had both positive and negative implications for Croatia. It justified the fight for liberation of Croatian state, one third of which was under the Serb occupation. Any new definitions of borders would be almost impossible. On the other hand this decision legitimized the Yugoslav disobedience of ethnic criteria in border determination and allowed it to backfire. This was most evident in Bosnia and Herzegovina where 43% of the population

---

<sup>12</sup> Alain Finkelkraut, *Dispatches from the Balkan Wars and Other Writings*, trans. Peter S. Rodgers and Richard Golson (Lincoln: University of Nebraska Press, 1999), 80.

<sup>13</sup> Carole Hodge, *Britain and the Balkans, 1991 - Present* (New York Routledge, 2006), 36.

was Muslim (later to be called Bosniak), 35 percent was Serbian and 17 percent Croat. Serbian and Croat populations identified strongly with their home countries while the Muslim community developed its own national identity over the last century. Ethnically Croatian parts of Bosnia and Herzegovina were under Croatia from 1939 – 1945. During the whole duration of the war the survival of Bosnia and Herzegovina was doubtful. Situation evolved into the war of all against all between the three sides. The European Union itself wasn't sure about the survival of multiethnic Bosnia and Herzegovina what is illustrated by both Cultiero and Vance-Owen plans which divided the country into three parts or ten cantons according to the national key. Interesting fact is that the Bosnian Croats were the only warring side which accepted all peace plans proposed by the international community. Croatian involvement in the war in Bosnia and support for the Croatian Community of Herzeg-Bosnia was harshly viewed by the international community, most of all by the EU. That is, when it finally became evident that Bosnia and Herzegovina was to be a single state. Although Croatia made mistakes in its Bosnian involvement, the policy of non-involvement was, considering the number of Croats in Bosnia and Herzegovina, impossible. This involvement at the end enabled the Dayton Accords and creation of Bosnia and Herzegovina.

Unfolding of the war shaped the European Union policy towards Croatia in the 1990s. With the founding of the International Criminal Tribunal for former Yugoslavia (ICTY), relations between European Union and Croatia received another dimension. Firstly, the Croatian expectations from the Tribunal were high. The tribunal was expected to punish the aggressor and justify the fight for independence. Instead of this, the cooperation with the tribunal became obstacle in Croatian accession process.

International community's plan to stabilize the region included spreading the blame for war between the 1990's regimes, which is demonstrated by the work of the ICTY prosecution. Especially targeted areas were the Croatian involvement in Bosnia and the Operation Storm which liberated most of Croatian territory in 1995. During the Operation Storm some 150 thousand Serbs fled the country. The prosecution was keen on proving that their exodus was planned by Croatian political and military leadership at the time.

In late 1990's the Visegrad countries and most of the 2004 enlargement countries already submitted their membership applications and were considered for the EU negotiations. Croatia under the Tuđman regime found itself in international isolation. The main thing what made Croatia different from those countries was the legacy of war. It could be argued that Croatia and Slovenia were among the best prepared former communist countries for economic and social transition. Slovenia fulfilled its potential and was the most advanced country in 2004 enlargement. Croatia is yet to join the EU in 2013. Main differences between the two lie in direct war damages to economy, different models of transition to private ownership and the EU's perceived authoritarianism of the Tuđman's government.

Direct war damage in Croatia amounted to 31.7 million dollars.<sup>14</sup> Most damaged area of the country was Slavonia, heart of agricultural production in former Yugoslavia. With the Serbian Para-State of Krajina in the middle part of Croatia, coast and mainland were almost separated, making tourism which was once, and is especially today the main industrial branch of Croatia, impossible.

The economic transformation was conducted during the war, making the process harder and raising chances for the criminal activity in the privatization. The result was

---

<sup>14</sup> Družić, *Croatian Economic Development and the Eu, Potential and Perspectives*, 66.



economic disaster and the destruction of the industry. As Gordan Družić puts it: “Privatization thus became an end in itself. Nobody checked the buyer’s personal competences and financial credibility to cover their acquisitions with legally obtained resources, and to maintain and develop their enterprises.”<sup>15</sup> Indeed, the very notion of conducting the economic transformation during the war had the criminal potential.

Another issue which troubled Croatia was the strengthening of its international isolation from 1995 until 2000. The European Union was beginning to show the shapes of its normative power character. It has set the standards for countries who wish to join the EU, not only in economic criteria. The EU set clear political criteria for countries who wished to join it. For the right or for the wrong reasons Tudjman's regime was considered too authoritative, as was Meciar's government in Slovakia. Legacy of the war made it harder for Croatia to fulfill political criteria of the European Union. The EU, on the other hand, didn't show much understanding for the wartime circumstances, a behavior which it repeated during the Iraq war.

First period of Croatian politics under Franjo Tuđman and HDZ was committed to the Europe from the very start. This is illustrated by Tudjman's writing in times of Yugoslavia and by the programs and national goals of first Croatian governments.<sup>16</sup> One could see the EU flags next to Croatian in public celebration after the first multiparty elections and the fall of communism on 30 May 1990. In the first years of the Croatian state the support for the EU membership was around 80 percent. However, the reality of war distanced Croatian political scene from the EU standards. Times of war often call for more stable and greater political control. In spite of all that, there was more political

---

<sup>15</sup> Ibid., 202.

<sup>16</sup> Franjo Tuđman, *Nationalism in Contemporary Europe* (New York: Columbia University Press, 1981), 291.

freedom during the Tuđman era than ever before in Croatia. Croatia, unlike Europe, lived entire 20<sup>th</sup> century under different dictatorships, either royalist or communist. The fact that it had to go through five years of war to reach actual independence and territorial integrity made its view on democracy incomparable with that of the European Union. Rather than arguing who was right, we are better off putting Croatia and European Union in the 90s in the Kuhn's definition of incommensurability.<sup>17</sup> Due to the circumstances, democracy and political freedoms were different words for each side. It was the case of two contrasting worldviews, which were incomparable as a product of different historical experiences from which they were drawn.

Tuđman's government was far off classic definition of authoritarian rule. Aside from some irritating images of the authoritarian regime such as changing the name of the football club Dinamo Zagreb into Croatia which was never accepted among the people, attempt to silence radio 101 which provoked mass protests in capital of Zagreb or refusal to sanction the democratically chosen mayor of Zagreb; Tuđman's regime belonged to definition of Western democracies. Problem was that the European Union was on its way of becoming something more than classical Western democracy. Conditions which it set for the new applicants often weren't obliged by some of its founding members. Serious problem for Tuđman's government in the eyes of the EU were minority rights, specifically related to Serbian minority. The EU was concerned with the mass exodus of Serbs from Krajina after its liberation by the Operation Storm and with their political participation in the country. On the other hand, it was the minority who raised armed rebellion against the country it lived in for some four hundred years. They fared much better than Sudeten Germans or Germans of East Prussia or Estonia half a decade ago.

---

<sup>17</sup> Thomas S. Kuhn, *Structure of Scientific Revolutions* (Chicago: Chicago University Press, 1970), 199.

In one interview the US wartime ambassador Peter Galbraith compared Tudjman to "a 19th century European leader."<sup>18</sup> In the 1990's Croatia needed that kind of leader considering the things evolving on the territories of former Yugoslavia. Political opposition in Croatia was also encouraging such European policy, as it was their only realistic chance of taking power. Sadly, toward the end of the 1990's Croatia and the EU grew more and more apart due to this different worldviews. It was only the Tudman's death in 1999 and the HDZ's loss in the elections of 2000 which made the European Union start considering Croatia for the EU membership.

---

<sup>18</sup> "Galbraith: Nismo Dali Nikakav Znak Za Oluju, Tudman Je Riskirao," *Večernji List*, 24.04.2011.

## CHAPTER FIVE

### NO EASY ROAD: 2000 - PRESENT

The first president of Croatia, dr.Franjo Tudman, died late in 1999 and his party, HDZ lost the parliamentary and presidential elections in the following year. Although HDZ remained the single largest party in the parliament, it was replaced in power with the coalition of six parties led by the Social Democratic Party (SDP – reformed communist party) and the Croatian Social Liberal Party (HSLS – liberal party). Ivica Račan of SDP became the new Prime Minister, while the presidential elections were won by Stjepan Mesić of Croatian People's Party (HNS), former President of the Presidency of Yugoslavia and President of Sabor during his time in HDZ. The authorities of the President were reduced, transforming Croatian political system from semi-presidential as in France to parliamentary as in most European states.

Relations with the European Union instantly improved. The European Commission soon started negotiating with Croatia about the Stabilization and Association Agreement. The European Union also organized the Zagreb Summit of the EU on which participated leaders of the 15 EU countries along with the leaders of Croatia, Bosnia and Herzegovina, Federal Republic of Yugoslavia (today Serbia, Montenegro and Kosovo), Macedonia and Albania. This confirmed that the EU based its policy towards Croatia on regional terms, as a part of so called Western Balkans – all former Yugoslav states minus Slovenia plus Albania. Something like that was unacceptable for Tudman's government. The meeting ended with the declaration which guaranteed European perspective for all

countries of the “Western Balkans” and promised it will respect their individual achievements in joining the EU.<sup>1</sup>

After the Zagreb Summit, the EU has founded the CARDS program in order to provide financial and technical support for the targeted states. It was the expanded version of the PHARE program in which Croatia participated for a short time until the Operation Storm.

The Stabilization and Association Agreement was perhaps the most important step toward the EU membership. It was finally signed on October 29<sup>th</sup> (interestingly, the date Croatia left Austro-Hungarian monarchy in 1918)<sup>2</sup> 2001 in Luxembourg, and confirmed by the Croatian Parliament on December 5. The agreement still had to be ratified in all countries of the EU, but it set clear criteria Croatia had to fulfill on its way to the EU. It was different than the Association Agreements signed with the 2004 and the 2007 enlargement countries in two main issues: it confirmed the country’s status of potential EU member and encouraged regional cooperation.<sup>3</sup>

The membership potential more than all signified intention of the European Union to accept all of the “Western Balkans” countries into its membership at one moment in time. It gave hope, knowing that almost all of those countries had to make significant changes to their political and economic systems in order to become members of the European Union. It was clear than negotiations and adjusting processes were likely to take longer than those for the 2004 enlargement. Countries of the 2004 enlargement were, while poor compared to the old EU, already in the later part of 1990s deeply entrenched

---

<sup>1</sup> Radovan Vukadinović and Lidija Čehulić Vukadinović, *Politika Europskih Integracija* (Zagreb: Naklada Lijevak, 2011), 336.

<sup>2</sup> Horvat, *Politička Povijest Hrvatske*, 81..

<sup>3</sup> European Commission, "Stabilisation and Association Agreement between the European Communities and Their Member States and the Republic of Croatia," (2001), 18.

in reforms.<sup>4</sup> They were more ready for the EU membership than countries encompassed by SAA's, with the exception of Croatia, were in 2000s.

The concept of regional cooperation came from the EU's plan for stabilizing the "region" which EU adopted in 1999. Another name used for the concept was Euroslavia<sup>5</sup>, but the Western Balkans finally prevailed, as it probably carried least negative associations of all the names intended. Florian Bieber refers to it as "a politically correct term for a region that was no longer Yugoslavia and Albania, but not yet really somewhere else."<sup>6</sup> Some proponents of the project even called for all countries of the intended region to join the EU as a unit. This gave a lot of ground to euro-skepticism in Croatia, bringing back the memories of the EU's efforts to keep Yugoslavia together. It was also completely unacceptable for Croatian government before 2000 and carried the potential of unconstitutionality, considering the article 141 of the Croatian Constitution which forbade alliances with other states "which would result, or could result in recreation of the Yugoslav state community, or any Balkan state union in any form."<sup>7</sup> There were also reasons to believe that the parts of the post-2000 government weren't exactly committed to the idea of Croatia sovereignty, as the great number of SDP deputies left the parliament on 25 June 1991 when the vote for Croatian independence was on schedule. The SAA itself was very general in definition of the regional cooperation, putting economic aspects such as the establishment of the free trade area and movement of workers and capital in the first place and listing just the political dialogue

---

<sup>4</sup> Heather J. Conley and T.J. Cipoletti, "The European Union's Policy Towards the Western Balkans," in *Western Balkans Policy Review 2010*, ed. Janosz Bugajski (Washington D.C.: 2010), 14.

<sup>5</sup> Radovan Vukadinović, "Perspektive Europske Integracije U Dejtonskom Kontekstu," in *Hrvatska I Europa*, ed. Ljubomir Čučić (Zagreb: Europski Pokret Hrvatske, Europski Dom, 1999), 114.

<sup>6</sup> Florian Bieber, "The West Balkans Are Dead - Long Live the Balkans," in *Unfinished Business, the Western Balkans and the International Community*, ed. Vedran Dzihic and Daniel Hamilton (Washington D.C.: Center for Transatlantic Relations, 2012), 3..

<sup>7</sup> *Ustav Republike Hrvatske*.

under political conditions. However, it also stressed the importance of the political dialogue by insisting that the “readiness by Croatia to conclude such conventions will be a condition for the further development of the relations between Croatia and the European Union.”<sup>8</sup>

The biggest part of the SAA was concerned with the economic integration of Croatia into the EU and was in most issues similar to other Association Agreements. However, the legacy of war brought forward some specific conditions European Union had for Croatia which soon became most contentious of all. The SAA already states “commitment of Croatia for the return of all refugees”<sup>9</sup> as the precondition for signing of the agreement. Another issue which will later deserve discussion of its own was the ICTY cooperation, bound to become the biggest problem in the EU- Croatia relationship.

New government, aside from improving Croatian relationships with the EU, had other important tasks to fulfill. The Croatian economy in 1999 was suffering due to the failure of privatization policies and the international isolation in the age of growing global interdependence. The financial sector presented a huge problem with very low liquidity and a large number of banks heading into bankruptcy. Politics of bank recovery meant selling banks to foreign ownership, while methods aimed at raising liquidity were amassing the great amounts of foreign debt and unpopular recession measures such as the reduction of salaries and jobs in the public sector. The stand-by arrangement with the IMF was achieved in 2001 as well. While some success on the international financial markets was achieved and GDP started to grow, wisdom of such policies, applied throughout Europe is being questioned by the current economic crisis. Foreign bank

---

<sup>8</sup> European Commission, "Stabilisation and Association Agreement between the European Communities and Their Member States and the Republic of Croatia," 18.

<sup>9</sup> Ibid.

ownership increased from 6.7% of foreign capital in 1998 to 90.1% of 46 banks under foreign control in 2002.<sup>10</sup> Foreign debt grew from 10.2 billion dollars in 1999 to 24.9 in 2003<sup>11</sup>, while the unemployment reached 22% in 2001 and 2002.<sup>12</sup>

Political stability inside country was lacking as well. The coalition government was united in bringing HDZ down from power, but very divided in finding the way to run the country. Relationship of the government and the president towards the Croatian War of Independence became a huge issue. First scandal was when President Mesić retired twelve generals, who expressed concern about government's handling of the war legacy in an open letter to Croatian public. New ICTY indictments which arrived were related to the war in Croatia, not only in Bosnia as the case was before. First such indictment was against General Janko Bobetko, a WWII antifascist hero who was the Chief of Staff in Croatian Army from 1992 to 1995. However Bobetko, well into his eighties and ill, managed to avoid arrest until his death in 2003. Handling of the Bobetko case prompted Great Britain to postpone the ratification of the SAA, demonstrating the influence of the ICTY cooperation for the Croatian road to the EU membership. Indictment against the youngest General of the Croatian Army, Mirko Norac, provoked mass protests against the government across the country. The case ended with Norac surrendering himself. The ICTY then compromised by delegating the case to the Croatian courts. General Ante Gotovina, in command of Operation Storm, fled the country when indicted and wasn't found by the coalition government.

Treatment of war legacy also caused a split in the ruling coalition. HSLS, the second strongest party in the coalition, led by student leader from 1971 protests, Dražen Budiša,

---

<sup>10</sup> Družić, *Croatian Economic Development and the Eu, Potential and Perspectives*, 123.

<sup>11</sup> Ibid., 49.

<sup>12</sup> Ibid., 51.



left the government. The Istrian Democratic Assembly (IDS – Istrian regional party) defected earlier due to economic issues, so HSLS defection caused the resignation of the cabinet in the summer of 2002. New cabinet was formed of four remaining coalition parties and the part of the HSLS which defected from the party when it left the coalition. However, despite the change, the coalition government failed to last full four years. Although it was politically anything but stable, Mirjana Kasapovic finds its tenure, considering the size of the coalition, longer than average coalition government.<sup>13</sup>

In 2003 Croatia was in deep social and economic depression with unstable political system which resulted in early elections and the return of HDZ to power. Relations with the EU were, however, improving during the entire time of coalition government. Before the elections in November 2003, Croatia submitted formal request for the EU membership on February 21, and by October underwent the screening process of the European Commission. The European Union at the time was enjoying its finest moments and was getting ready for the big enlargement of 2004 after the success of common currency introduction. Although the EU once again showed its political disunity and weakness relating to the American invasion of Iraq in 2003, it was the time of easy money and economic prosperity. The new Croatian government was to continue in the steps of its predecessors in improving relations with the European Union.

Although HDZ, now consolidated under dr.Ivo Sanader, was ringing nationalist bells while in opposition; it followed a strictly EU led policy once in power. The economic policies like encouraging the foreign purchase of state companies and amassing

---

<sup>13</sup> Mirjana Kasapović, "Coalition Governments in Croatia: First Experience 2000.-2003.," *Politička Misao* 40, no. 5 (2003): 62-63.

the foreign debt were still followed. However, the unemployment was reduced and salaries in the public sector grew steadily.

Immediately upon seizing power HDZ opted to form a coalition with national minority deputies, including those of SDSS (Serb Democratic Independent Party) which included some wartime Croatian Serb politicians. More logical coalition partner was the right wing Croatian Party of Rights (HSP) which by winning eight deputies in parliament achieved its best result in modern Croatia. However, the EU was concerned about these results and considered HSP too radical to participate in government, so HDZ chose different options.

Indeed, the European Union became the final and only mean of Croatian politics since 2000. The accession strategy didn't change with the change of government and it continued to be the case of fulfilling all EU requests. The strategy adopted was similar to some strategies adopted by the 2004 enlargement countries. Krisztina Arato in analyzing the Hungarian accession experience, as ideal types in 2004 puts forward the Hungarian and Polish examples: while Hungary was hurrying into the EU membership, Poland proved to be a tough negotiator.<sup>14</sup> Croatian position was closer to Hungary which is not a surprise, since Poland was a special case due to its size and geopolitical importance. Another reason for hurrying was the wish to separate from the rest of the "Western Balkans" club. Although Croatia was far ahead of other countries of this group, there was the fear of the EU insisting on all "Western Balkans" countries joining together. Although this, due to economic and political differences between these countries, was

---

<sup>14</sup> Krisztina Arato, "Sobering after a Grim Wedding - a Realistic Evaluation of Hungary's Accession to the European Union," in *Euroscepticism and European Integration*, ed. Krisztina Arato and Petr Kaniok (Zagreb: CPI, 2009), 112.

never a sane option, it contributed to setting the EU as the ultimate political goal of Croatia.

The European Union rewarded this with positive opinion on the Croatian request for membership, given by the European Commission on April 20<sup>th</sup> 2004. Political system was evaluated as a stable democracy and market economy as working.<sup>15</sup>

On June 18 the European Council followed the Commission's opinion by awarding Croatia with the candidate status and in December confirmed March 17 2005 as the starting date of the negotiations. Now Croatia was in similar situation to the countries which already joined the EU in the eve of their negotiations start, but for one big difference. Croatia's starting date was conditioned by the ICTY main prosecutor opinion. Indeed, Swiss Carla del Ponte evaluated Croatian cooperation as unsatisfying on the day before the starting date. Main reason was the case of the General Ante Gotovina, who was still in exile. So the Croatian accession process for a while turned into hunt for one man, regarded as a hero by most of the Croatian people.

### The ICTY Cooperation

In 2005 it was clear that the International Criminal Tribunal for the former Yugoslavia was taking decisive role in the Croatian future regarding its accession to the EU. The Tribunal was established by the UN Security Council resolution 827 in 1993. Croatian cooperation with the Tribunal was regulated by the Constitutional Act on the Cooperation of the Republic of Croatia with the International Criminal Tribunal passed in 1996 in the time of the Tuđman regime. It basically authorizes Croatian Government as the main body cooperating with ICTY and regulates the relationship between the

---

<sup>15</sup> Vukadinović and Vukadinović, *Politika Europskih Integracija*, 339.

Croatian courts and ICTY.<sup>16</sup> First person to be extradited by Croatia was General Tihomir Blaškić, charged for the crimes in Bosnia, already in 1997 by the Tudjman government. He was quickly followed by one of the leading Bosnian Croat politicians, Dario Kordic.

While the war in Bosnia, especially the unfortunate conflict between Croatian and Bosniak forces from which neither side really benefited, was always likely to be the contentious area between Croatia and the ICTY, the court didn't stop there. Indictments which arrived during the coalition government demonstrated that the ICTY had problems with Croatian army operations which liberated the country as well, the main being the Operation Storm.

The Tribunal from which was expected to punish the aggressors in Nurnberg or Tokyo style was a great disappointment for the Croatian public and most of the political scene. Although founded and led by institutions which did more damage than help in Croatian struggle for independence, the Tribunal was expected to justify five years of the Homeland War. When the indictments for the war crimes on Croatian soil started to arrive, tied to the improvement of Croatian international position, they revealed some further reasons for isolation Croatia enjoyed in last days of Tudman regime. Way into the EU was seemingly impossible without big sacrifices to the ICTY. Connection between these two institutions which became too apparent in 2000's brought the EU down in eyes of the Croatian people.

First two big cases, against Bobetko and Norac, ended up with Bobetko dying and Norac appearing in front of Croatian court. On the biggest demonstrations in Split against the arrest of Mirko Norac in 2001 appeared some 150 thousand people. Big part in

---

<sup>16</sup> *Constitutional Act on the Cooperation of the Republic of Croatia with the International Criminal Tribunal.*

demonstrations was played by then opposition HDZ, which won the elections in 2003 on the promise against further extraditions. None event demonstrated better the connection between EU and ICTY than the postponement of negotiations. Former member of the French foreign legion Ante Gotovina thus became the man standing between Croatia and the EU negotiations. In this case, HDZ broke its promise. Gotovina was arrested by the Spanish police on Tenerife on December 7<sup>th</sup> 2012. Negotiations were opened two months earlier but were clearly dependent on the ICTY cooperation.

ICTY therefore started to appear more as a political tool of the international community for the “region” than as the actual court of justice. The Court indeed lost some of its international reputation outside of Croatia, too. Processes were long even compared to the Croatian judicial system. Most of the verdicts when they arrived were hard to understand for people who lived through the first half of 1990’s on the territories of Croatia and Bosnia and Herzegovina. It can be said that the image of the court never stopped declining in the eyes of the Croatian public. No charges were raised against the military top of the Yugoslav National Army from the start of the 90s, which orchestrated the aggression on Croatia. These facts expose the tendency to move the blame away from Yugoslav National Army and shift it to paramilitary units and Milošević, thus moving towards the image of the civil war rather than interstate conflict.

The first degree verdicts in Gotovina and Markač case were nothing short of scandalous for the Croatian public. Gotovina was sentenced to 24 year imprisonment, while Markač got 18 years. The verdict was passed in April of 2011, not even a year before EU referendum. Most damaging of it part was classification of Operation Storm as joint criminal enterprise with the “purpose to permanently remove the Serb population

from the Krajina region by force or threat of force. “<sup>17</sup> This verdict quite clearly criminalized entire Croatian wartime leadership by stating “that high-ranking Croatian military officials, including Tudman, Šušak, and Červenko used the Croatian military forces and the Special Police to commit the crimes within the objective of the joint criminal enterprise.”<sup>18</sup> By doing that it de facto classified the very creation of Croatian state as criminal despite statements of some EU officials to the contrary. Apathy and disbelief towards this verdict was also reflected on the EU referendum.

Most of the Croatian political scene expressed their disappointment with the verdict, simply because nothing else was possible. The European Commission report on Croatia for 2011 expressed regrets and concern about Croatian government stance on Hague verdicts.<sup>19</sup>

The Hague verdicts seemed to serve a higher political cause of rehabilitating the institutions which failed during the Yugoslav crisis, such as the UN and the EU. In it the ICTY disregarded the fact that Croatian politics of nineties made not only independent Croatia, but also independent Bosnia and Herzegovina possible. Without Operation Storm and subsequent involvement of the Croatian Army in Bosnia and Herzegovina we would have no Dayton, possibly no Bosnia and Herzegovina, and probably another Srebrenica (which was already preparing in the town of Bihać). Only after the Croatian vote on referendum for the EU, ICTY's final acquittal of Gotovina and Markac partly dispelled the Hague ghost haunting Croatia for so long. This dimension of the Croatian accession process made the Croatian road to the EU different from those previously taken

---

<sup>17</sup> *Prosecutor Vs Ante Gotovina, Ivan Cermak, Mladen Markac, Judgement Vol 2 of 2*, 993 (2011).

<sup>18</sup> *Ibid.*, 1177.

<sup>19</sup> European Commission, "Croatia 2011 Progress Report Accompanying the Document Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2011-2012," (Brussels 2011), 13.

by other states. The EU's conditionality made the ICTY such an important factor of Croatian political life.

### Border Dispute with Slovenia

The Croatian membership in the EU was facilitated by joining NATO in 2009, which marked another step towards the European Union. When Gotovina was extradited, The Hague did not stand in Croatia's EU way anymore. Although the plan to join the EU together with Bulgaria and Romania didn't succeed mainly because of the ICTY factor, Croatia was already deeply into negotiations and reforms. On the wings of EU success and rosy times in global economy, HDZ won another general elections in 2007. They again formed a coalition with national minority deputies as well as with the Croatian Peasant Party (HSS) which with its agricultural programme and demands for Exclusive Economic Zone in Adriatic Sea achieved great results in the elections. However as both of those programmes were deemed antieuropean, HSS renounced them upon entering the coalition. This episode not only demonstrated the influence of the EU on the Croatian politics but the character of Croatian politics as well.

Croatia soon learnt the importance of bilateral relations with the states of the EU when the Republic of Slovenia blocked several chapters of its EU negotiations on the grounds of maritime border dispute.

The blockade started in December 2008. Contested area was Gulf of Piran, part of the Gulf of Trieste which represents the border between Italy, Slovenia and Croatia. The continental boundary between Croatia and Slovenia ends in the Gulf of Piran. Although Slovenia at first opted for solving the boundary through the usual instrument of middle

line, it quickly changed its mind, and decided to pursue more favorable option as a "geographically disadvantaged state". Slovenia has no route of its own into international waters so the traffic to its only significant harbor of Koper has to pass through Croatian or Italian territorial waters. The Croatian EU application drew the border as the middle line, which Slovenia saw as prejudication of border and therefore blocked the elections.

The two countries had very tied destinies, living together in Habsburg Monarchy and Yugoslavia. They proclaimed independence from Yugoslavia on the same day, 25 June 1991, and were recognized by the EU as independent states on the same date as well. Yet, since the disintegration of Yugoslavia there have been several disputes between them. Most important of them were the banking issue involving the Ljubljana Bank and the Adriatic Sea border issue. Main reason causing this debate was the fact that the conclusions of Badinter commission which recognized the borders of former Yugoslav republics as borders of new states was invalid in this case since the republics had no maritime boundaries inside Yugoslavia.<sup>20</sup> Territorial sea boundary between former Yugoslavia and Italy was set by Treaty of Osimo in 1975. Since Slovenia's coastline amounts to only 46.6 km, by using the usual method of equidistance, Slovenia wouldn't have access to high seas.<sup>21</sup> The problem was lingering on since 1990s and various administration have attempted solving it. In 2001 prime ministers of Croatia and Slovenia Račan and Drnovšek signed an agreement which gave Slovenia "corridor" to the high seas in turn for the small disputed area of land on the bank of Dragonja river.<sup>22</sup> The

---

<sup>20</sup> Budislav Vukas, "Maritime Delimitation in a Semi- Enclosed Sea: The Case of the Adriatic Sea," in *Maritime Delimitation*, ed. Rainer Lagoni and Daniel Vignes (Leiden Marius Nijhoff Publishers, 2006), 210.

<sup>21</sup> Tulio Scovazzi, "Recent Development as Regards Maritime Delimitation in the Adriatic Sea," *ibid.*, ed. Rainer Lagoni and Daniel Vignes (Leiden: Martinus Nijhoff Publishers), 196.

<sup>22</sup> Budislav Vukas, "Maritime Delimitation in a Semi- Enclosed Sea: The Case of the Adriatic Sea," *ibid.*, ed. Rainer Lagoni and Daniel Vignes (Leiden Marius Nijhoff Publishers), 212-13.



agreement was viewed unfavorable for Croatia and was never ratified by the Croatian parliament.

Border disputes rekindled in 2003 when Croatia pronounced the fishing and ecological zone, as a replacement for the Exclusive Economics Zone requested by HSS. It was the important issue of the 2003 elections because of protests by Croatian fishermen against Slovenian and Italian fishing boats entering Croatian territorial waters. Slovenia protested to that proclamation because it felt it prejudiced border at sea which hasn't been agreed upon.<sup>23</sup> Another attempt at solving the problem was the Bled Agreement of 2007 between Prime ministers Janša and Sanader, which provisioned solving of the border issue in front of International Court of Justice. However this agreement was not ratified by Slovenian parliament. The issue became an important factor in the Slovenian elections of 2008, and new government under Borut Pahor resorted to the blockade of Croatian negotiations with the EU. For almost a year process stalled, with Slovenia using its EU membership status to gain edge over Croatia, Croatia advocating International Court of Justice, and European Union seemingly irritated by the blockade but not keen on the intervention from International Court of Justice either. Olli Rehn, European Commissioner for Enlargement at the time, was advocating EU mediation rather than court.<sup>24</sup>

Solution for the problem came after another great shock for Croatian public. In summer 2009 Prime Minister Ivo Sanader announced his withdrawal from politics, leaving the Prime Minister spot to Vice-president of government Jadranka Kosor. At the moment Sanader didn't give any rational explanation for his conduct, but today, faced

---

<sup>23</sup> Tulio Scovazzi, "Recent Development as Regards Maritime Delimitation in the Adriatic Sea," *ibid.*, ed. Rainer Lagoni and Daniel Vignes (Leiden: Martinus Nijhoff Publishers), 197.

<sup>24</sup> Davor Vidas, *Hrvatsko - Slovensko Razgranicenje; Medjunarodno Pravo Je Crta Ispod Koje Se Ne Ide* (Zagreb: Skolska Knjiga, 2009), 68.

with charges for corruption before Croatian courts, cites dispute with Slovenia as the main cause of his departure. The government under Jadranka Kosor succeeded in finding the common language with the Slovenian government and agreed upon international mediation. The agreement on arbitration was signed in Stockholm on November 4<sup>th</sup> 2009, after being ratified by both parliaments. Both Slovene and Croatian public weren't completely satisfied by the agreement and felt they were being tricked due to the massive political manipulation surrounding the dispute.

The border dispute with Slovenia demonstrated again the importance of bilateral relations to each EU member, as well as the power which each EU member can exercise over EU applicant state. It confirmed the importance of sea and fishing policies in the European Union, although on a much smaller scale than in cases of Norway and Iceland which didn't join the EU almost primarily out of maritime reasons. After resolving the dispute, Croatia was ready for the long anticipated EU accession.

### Finalizing the Negotiations

Although HDZ's government under Jadranka Kosor succeeded in moving the negotiations from a standstill, it was steadily losing domestic support. The financial crisis hit Croatia as hard as the rest of the Europe. It signified how deeply was Croatia entrenched in European and world economy, and exposed the problems of huge foreign debt, oversized state apparatus and overblown housing sector. Some of the problems experienced carried many similarities to some troubled EU member states. Problems of foreign debt at corruption were reminiscent of Greece while housing industry issues reminded of Spain. The crisis exposed the enormous degree of corruption in government

and public firms and made HDZ beatable by anyone on the next elections. This was confirmed on the presidential elections of 2010, by failure of their candidate Andrija Hebrang to make even the second round. In the elections which would have been won by anyone from the main opposition party SDP, prevailed their candidate Ivo Josipović.

This gave the HDZ little less than two years to try finishing the EU negotiations and combat the state corruption, before general elections they were destined to lose. Former Prime Minister Sanader attempted a shock return after the presidential elections, but ended up expelled from the party and charged for corruption. Fight against corruption did little to improve the position of HDZ in Croatian public. It was the case of “too little too late.”

The remainder of the EU negotiations was a different story. With The Hague and Slovenia out of sight, the negotiations proceeded smoothly. All parliament parties supported the Croatian road towards the EU, which was a little awkward since the popular support for the EU never exceeded 65 percent in the period 2008-2010.<sup>25</sup> Only later, because of the coming general elections, the Croatian Party of Rights, having now just one deputy, changed its standpoint to anti-European.

The chapter negotiation speed varied depending on the issue concerned. Croatia was already upon the opening of negotiations in synchronization with the EU in the areas of education, intellectual property protection and company laws. By the end of the Slovenian blockade these chapters were firmly in line with the *acquis*.<sup>26</sup> Last chapters to be concluded were unsurprisingly concerned with agriculture and fisheries; and with the

---

<sup>25</sup> Damir Grubiša, "Hrvatski Referendum Za Europsku Uniju: Anatomija Zakašnjelog (Ne)Uspjeha," *Politička Misao* 49, no. 2 (2012): 56.

<sup>26</sup> European Commission, "Croatia 2009 Progress Report Accompanying the Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2009-2010," (Brussels 2009), 34-61.

judicial system. While the agriculture and fisheries were areas of high interest in negotiations with almost all applicants, judicial system was something of great concern to the EU, especially related to the judge appointing processes as well as to the length of the court proceedings and the high number of unsolved cases.<sup>27</sup> In March 2011, the Commission published an Interim report on reforms in Chapter 23 (Field of Judiciary and fundamental rights) thus identifying that chapter as the key for concluding the negotiations in the next few months. As a reason for focusing on that particular chapter Commission has stated: "that this chapter in the accession negotiations requires the establishment of convincing and credible track records and hence is likely to be among the last chapters to be provisionally closed."<sup>28</sup> Remaining issues of concern were fight against corruption, war crimes investigations and refugee return issues.<sup>29</sup> It took little more than three months for Croatia to apparently satisfy those criteria, as the negotiations were officially closed on June 30th 2011. Interesting fact was that the closing was preceded by another war crimes apprehension, that of long time HDZ politician and wartime police commissioner Đuro Brodarac. Apparently it demonstrated the will to investigate the domestic war crimes issue. Brodarac never made it to trial. A sick man, he died little less than a month after his arrest.

Signing of the EU Accession Treaty was scheduled for December of 2011 and it was the last thing Jadranka Kosor was going to do as prime minister. General elections which took place a week after the EU treaty signing confirmed the expectations with four party coalition under SDP winning convincingly. So, while HDZ regime finished the

---

<sup>27</sup> Ibid., 52.

<sup>28</sup> "Interim Report from the Commission to the Council and the European Parliament on Reforms in Croatia in the Field of Judiciary and Fundamental Rights (Negotiation Chapter 23)," (Brussels 2011), 2.

<sup>29</sup> Ibid., 7.

negotiations, organizing the referendum fell upon the new government. Between Croatia and the EU now only stood the Croatian people and the ratification of the Treaty in the states of the Union.

Theories used to explain the previous enlargement waves are only partly useful when looking back on the Croatian accession process. Croatian wish to enter the European Union at any cost didn't differ much from the rest of CEEC's. The legacy of war brought another dimension to the policy of the EU as a whole towards Croatia as opposed towards previous applicants. Policy of EU member states and their support for the membership was at least equally important as before. Germany and Austria were big supporters of Croatia as they were of the CEECs. The Slovenian blockade however, made an exception in the theory that neighboring countries are usually more acceptive towards new applicants. Another exception was made by Britain, which is generally viewed as pro-enlargement country. In Croatian case it was one of the main brakemens of the enlargement.

While the political factors seemed to be more decisive in European treatment of Croatia, the economic factors were the main driving force behind the Croatian determinnes to get into EU. Croatia has participated in several EU assistance packages since 2001: CARDS until 2004, PHARE, IPSA and SAPARD until 2006 and IPA since 2007. Initially most of the money went into transition and democratization policies, especially in return of the refugees and war recovery. From 260 million of Euros Croatia received through CARDS, 66.2 went to the refugee return issue.<sup>30</sup> Gradually, the assistance programs shifted towards assistance member states are usually receiving, such

---

<sup>30</sup> Slađana Novota et al., *Europski Fondovi Za Hrvatske Projekte, Priručnik O Financijskoj Suradnji I Programima Koje U Hrvatskoj Podupire Europska Unija* (Zagreb: Središnji državni ured za razvojnu strategiju I koordinaciju fondova Europske Unije, 2009), 15.

as regional assistance which has overtaken the transitional funds as a part of IPA program.<sup>31</sup> These funds will increase with Croatian entrance to the EU. However, as the accession drew nearer, the economic attractiveness of the EU waned due to the recession and it became clear that the European Union isn't going to be a magical solution for all problems, as was presented to the Croatian people.

### The Referendum

Atmosphere in which Croatia welcomed the EU referendum was more unfavorable than in any transition country before. The European Union was not quite clearly viewed as the area of prosperity and security as in 2004 or 2007. It was deeply in the economic crisis and even its survival was in question via the Euro crisis. Drop in the public support was also caused by the ICTY verdicts in the Gotovina and Markač case. The government had to make sure that the key political goal of the last ten years doesn't go to waste. It put in motion a massive media and public pro-Europe campaign. The campaign was often on the border of distastefulness, as illustrated by the Foreign Minister Vesna Pusić statement that there will be no pensions available unless Croatia enters the EU<sup>32</sup> and by the reported message of support for the EU from General Gotovina, serving time in The Hague prison.<sup>33</sup> At the end they had to thank to the constitutional changes made by the previous government which abolished the provision of 50 percent turnout on referendum to be legal. The Croatian people decided to join the EU with 66 percent yes

---

<sup>31</sup> Ibid., 73.

<sup>32</sup> "Vesna Pusić: Ne Želim Biti Preokrutna, Ali Ako Ne Uđemo U Eu Nećete Dobiti Mirovinu!," *Jutarnji List*, 18.01.2012.

<sup>33</sup> Davor Ivankovic, "General Gotovina: Ja Ću Glasati Za Eu, Tamo Civilizacijski Pripadamo," *Večernji list*, 21.01.2012.

vote and only 43 percent voter turnout. Without the constitutional changes the referendum wouldn't pass.

Comparing the results of Croatian referendum with the countries of 2004 enlargement, the yes vote percentage would put Croatia somewhere in the middle, but the turnout is significantly lowest. Although all post-socialist countries were characterized by relatively low turnout, the only country with turnout under 50 percent was Hungary on 45 percent, which is still higher than Croatia. Turnout threshold of 50 percent which was abolished in Croatia was used in Lithuania, Slovakia and Poland, and while in Lithuania the threshold was crossed comfortably, in Slovakia it was barely.<sup>34</sup> According to Sczerbiak and Taggart, in Poland, who had stronger anti-EU movement than other 2004 enlargement countries, “lessons were learnt from the Lithuanian and Slovak experiences, with voting extended from one day to two days and the turnout published after the first day to encourage the voter mobilization.”<sup>35</sup> From their description of referendums Croatia’s case most fits the pattern of Slovakia, with ‘unprecedented mobilization by an extremely broad spectrum of political elites’<sup>36</sup> trying to ensure the success of referendum. The anti-EU movement was weak and without sufficient media coverage. It was made out of the extreme right and extreme left parties as well as out of some former HDZ members from the Tuđman regime. However, since 2000 HDZ became an entirely Pro-European party while still claiming the Tuđman legacy thus monopolizing the right political scene in Croatia. Therefore the influence of former Tuđman associates was very limited. Appearances of highest political functionaries in EU media campaign carried

---

<sup>34</sup> Aleks Sczerbiak and Paul Taggart, *Choosing Union: Eu Enlargement and Referendums, the Politics of European Referendum Outcomes and Turnout: Two Models* (New York Routledge, 2005), 5-6.

<sup>35</sup> Ibid., 6.

<sup>36</sup> Ibid., 5.

similarities to the way campaign was carried out in Slovenia in 2003.<sup>37</sup> Pro-Europe campaign was joined by the Catholic Church, with Croatian bishops urging the people to choose Europe. In June of 2011, just before the end of the negotiations, Pope Benedict XVI also visited Croatia, delivering a strong pro-European message.

Despite entire pro-European campaign, one cannot be satisfied with the results of the referendum. Compared with the results of only other referendum ever conducted in Croatia, the 1991 Independence referendum, they look poor. The independence referendum had the turnout of 84 percent with 93 percent yes vote, which amounts to 40 percent bigger turnout and 27 percent bigger yes vote. For comparison's sake, Slovenia had the turnout of 93.5 percent and 94.8 percent yes vote in the independence referendum and 60 percent turnout with 89 percent yes vote in the EU referendum.<sup>38</sup> Such Croatian results can be explained by the crisis in the EU, the disappointment at Hague verdicts or as a backfire to the aggressive and often distasteful media campaign. They also send a worrying message regarding the confidence of Croatia people in their political elites, as almost entire political elite stood firmly behind the EU project.

Additional reasons are offered by Damir Grubiša in the view of the discrepancies between the number of electors and the number of citizens in Croatia, which ultimately result in Croatia having more electors than citizens over the age of 18. Even with voters from emigration, mostly Bosnia and Herzegovina, which amount to 9 percent of Croatian electorate, the electoral lists are still in the need of the reform.<sup>39</sup> Low turnout of only 3.54% in the diaspora is quite understandable, considering that these people won't enter

---

<sup>37</sup> Damjan Lajh and Alenka Krašovec, "Referendum O Ulasku Slovenije U Europsku Uniju, Međunarodni Komparativni Pogled," *Politička Misao* 44, no. 3 (2007): 56.

<sup>38</sup> *Ibid.*, 49.

<sup>39</sup> Damir Grubiša, "Hrvatski Referendum Za Europsku Uniju: Anatomija Zakašnjelog (Ne)Uspjeha," *ibid.* 49, no. 2 (2012): 50.



the EU with Croatia. However, the article gives far too much significance to the chaos in the electoral lists, thus making a mockery out of people who actually voted against the EU membership. Especially debatable are its findings which based on the electorate to population accounts, without a doubt, as the real turnout confirms the number of 61 percent, affirms that it would probably be 70 percent had the referendum been in 2000, and concludes that with all difficulties considered the result of referendum was positive.<sup>40</sup>

In truth, the Croatian people, tired of sacrifices which the road to the EU membership asked of them, halfheartedly decided to join the EU, not because of their love for the EU but because of the feeling that no other way was possible, the feeling which was built into them since 2000. In 2012 faced with the crisis citizens of Croatia looked into the EU with hope, although the EU itself was in crisis. This hope, however, didn't come from the romantic idealism of 1990; it came out of desperation provoked by economic and social crisis. Croatia will seek way out of it as a part of the European Union

---

<sup>40</sup> Ibid., 52-64.

## CHAPTER SIX

### WHERE TO? THE STATE OF THE UNION

As the enlargement discussion already reveals, the process wasn't just about the states changing their economies and societies to fulfill the EU criteria. It was also the case of the EU transforming itself with every new enlargement. The EEC which welcomed Britain, Denmark and Ireland went through significant changes to accept Greece, Spain and Portugal and through thorough transformations to become the European Union which will accept the former socialist states in 2004 and 2007. The changes which the EU is currently experiencing are making it very much different than it was in 2007 when it welcomed Bulgaria and Romania.

Current state of the European Union is first and foremost determined by the economic crisis which started in 2008. It wasn't the first crisis that the EU experienced but it is proving to be hardest. In its history, the EU successfully overcame obstacles on its way and emerged stronger from every crisis it faced. The solution usually came in either widening or deepening of the integration. This crisis struck the weakest points of European economy first, thus exposing the social and political problems which were present for a while. The EU's response to that seems to be another deepening in the view of the Lisbon Treaty (although it preceded the crisis) which replaces the failed European Constitution, and the banking and financial union which should deal with the European economic problems. Success of these projects will determine the union Croatia will be joining. On the one hand it could be the ever tighter union more resembling a real state, or the Union which is disintegrating as a product of failed policies. It might also be a

“two or more speed” union, in which some states will integrate faster and some states slower. In order to make an educated guess about the future it is essential to examine the present.

Problems the European Union is currently facing encompass almost the entire area of its integration. As the EU started, it wasn't all just about economy, although economy emerged as the most successful part of the integration. In the Cold War there was also the security aspect of the integration with the danger of the Soviet Union looming from the East. It could be argued that currently the security issues inside the EU are more dangerous to it than outer threats. Another big factor was the factor of the United States which stood behind almost every important success of the EU. At this moment the economy seems stalled, inner security declining, and old problems like the democratic deficit, low birthrates and immigrant problems seem exposed. Therefore, the problems the European Union is facing can be divided in three categories: economic, social and political; although all three spheres are connected. The economy, as the driving factor of integration as well as the first area impacted by the crisis is the best way to start.

### Economic Problems

Economic prosperity is the number one factor for every applicant country wishing to join the EU. All countries which already joined, did so primarily out of this reason. Countries which opted to stay out like Switzerland, Norway and Iceland did so also out of economic reasons. Reducing the national sovereignty is not a very popular measure unless it is followed by big economic gains. The European Union so far generally

delivered these gains. It was the mean by which national state in Europe wasn't destroyed, but saved. All applicant states ever viewed the EU as an area of economic prosperity first and then freedom, democracy and human rights.

Today, when Croatia is knocking on EU's door, this image is very much distorted. It is all due to the 2008 crisis which attacked the economy of the EU putting the future of the common currency, the Euro, in doubt. It exposed the fragility of the Eurozone which never fulfilled the criteria of famous Mundell's optimum currency area.<sup>1</sup> The spontaneous process of integration which Europe cherished was taken by surprise. Countries struck first and worst were countries of the Southern enlargement wave and Ireland. They were soon joined by Italy. All of the former countries (with the exception of Greece) were once shown as examples to applicants for membership. Being once poor, they benefited greatly from their membership in the EU. Fragility of that growth was quickly exposed by the crisis. As Daniel Hamilton says: "The same interlinked monetary system that exerts downward pressure on inflation and interest rates can transmit financial insecurity at the click of a mouse. The same global demand that fuels European exports can also boost prices for many daily needs."<sup>2</sup>

Robert Mundell, who praised the EU for its integration successes and acknowledged its potential for currency area, also warned about insufficient political regulation and stressed that the Euro might have problems if faced with major crisis.<sup>3</sup>

Andrew Moravscik asserted that the Eurozone had to be more than an optimum currency

---

<sup>1</sup> Robert A. Mundell, "A Theory of Optimum Currency Areas," *The American Economic Review* 51, no. 4 (1961), <http://www.jstor.org/stable/1812792?origin=JSTOR-pdf>.

<sup>2</sup> Daniel S. Hamilton, *Europe 2020, Competitive or Complacent?* (Washington D.C.: Center for Transatlantic Relations, 2011), 1.

<sup>3</sup> Robert Mundell and Armand Cleese, *The Euro as a Stabilizer in the International Economic System* (Norwell: Kluwer Academic Publishers, 2000), 63.

area considering the difference of economic behaviors and traditions inside the EU.<sup>4</sup> The crisis simply exposed these differences which were hiding behind the common currency during the time of economic boom.

It is important to stress that the impact and type of the crisis differed across the EU. Spanish and Greek crises can hardly be labeled as identical. While Greece was never in accord with the EMU financial criteria and was amassing enormous amount of foreign debt, Spain was not heavily indebted but suffered due to the housing bubble burst. Irish crisis was financial in nature combined with some bad politics. Those differences don't absolve the European Union of the guilt but show the influence of national governments in dealing with crisis. The financial markets which treated the EU as a unit, thus allowing Greece to borrow under same terms as Germany despite different economic conditions, have a large share of the blame, as well<sup>5</sup>. Blame of the European Union lies in its response, which was slow and came only when the whole of the EU, especially its older members, were endangered.

Currently, one can say that the EU is still searching for its way out of the crisis. While the answer will surely be more "European" in terms of the financial control, member states still don't appear united about the way in which this should be achieved. Generally the debate seems to be between savings and cuts policy in affected countries, advocated by Germany, and Eurobonds concept advocated by European Central Bank and countries as France. So far, the financial assistance to the likes of Greece seems more like a retention medicine and it seems unlikely to produce sufficient growth in the near

---

<sup>4</sup> Andrew Moravcsik, "Europe after the Crisis, How to Sustain a Common Currency," *Foreign Affairs* 91, no. 3 (2012): 56.

<sup>5</sup> Jason Manolopoulos, *Greece's "Odious" Debt, the Looting of Hellenic Republic by the Euro, the Political Elite and the Investment Community* (London: Anthem Press, 2011), 163.

future. Sebastian Mallaby sums up the results as following: “In the short term, slashing budgets will shrink demand and quell growth, while some labor-market reforms that make it easier to fire workers may initially drive up unemployment, undermine consumer confidence, and reduce growth further.”<sup>6</sup> In this way the restrictive policies can backfire before they can achieve their results. Farrell and Quiggin even put into question the long term effect of cuts and savings policy, warning of its political effects: “Even if these strict spending limits do calm bond markets somehow, they will destroy what little is left of the EU’s political legitimacy.”<sup>7</sup>

Most important lesson learned from the crisis that the states of the EU, especially those on periphery, couldn’t get out of the crisis on their own. It wasn’t only because they adopted Euro, which rendered them off monetary policies, but it was also due to the way their industries evolved during the last two decades. The periphery countries simply became too dependent on the European core countries thus lacking the economic strength to get out of the crisis alone. Advantages of the integration during the time of economic boom just turned to disadvantages when the crisis erupted.

Today, the destiny of Greece still hangs by the thread and it is still possible that Greece eventually leaves the Eurozone. Future of the common currency isn’t linked directly to the Greek destiny, but if any “new Greece” appears, it might be too much for the Eurozone. When and if Eurozone stabilizes again, with or without Greece, it is likely to be tighter with the EU in the view of the European Central Bank having more control

---

<sup>6</sup> Sebastian Mallaby, "Europe's Optional Catastrophe, the Fate of the Monetary Union Lies in Germany's Hands," *Foreign Affairs* 91, no. 4 (2012): 9.

<sup>7</sup> Henry Farrell and John Quiggin, "How to Save the Euro - an the Eu, Reading Keynes in Brussels," *ibid.* 90, no. 3 (2011): 97.

over national banks. Agreement regarding the banking union reached recently is seemingly heading in that direction.

European Union health and future is dependent on the health of its members. Deep crisis in one member, especially if large, can be devastating for the whole union. If Spain followed Greece closer to bankruptcy it would most certainly be too much for the EU. At the moment a lot of European countries are still in crisis. With Greece as the most alarming issue, Spain is another country which received substantial financial help from the EU funds. Some countries of the 2004 enlargement are also in serious problems. Slovenian first decade in the European Union can't exactly be characterized as a success. It entered the EU as the most advanced former communist country, and now it faces serious economic crisis with the realistic possibility of needing the EU financial assistance. In addition to that, at the end of 2012 Slovenia experienced protests it hasn't seen since the breakup of Yugoslavia. The Slovenes, unlike the French and the Italians, don't quite have protests as a part of their national culture, meaning that situation is truly alarming.

Another less successful example of integration is another Croatian northern neighbor, Hungary. Its dealing with the crisis epitomizes what can and cannot be done by the EU states today in solving their economic problems. Hungary's reaction to the crisis was very sovereign, attempt to devalue the forint, which backfired because of debts in foreign currencies, namely Euros. More simply, Hungary, once in the EU, could not deal with foreign banks without provoking the anger of the EU, which would put the country in more financial troubles than devaluation of the forint would solve. It demonstrated limited choice countries on the European periphery have in dealing with the crisis.

Successful examples in dealing with crisis are found on the Northeastern borders of Europe. Poland and Baltic states are the bright spots in Europe's dark economy. Poland used its importance for the EU well upon its accession, while Baltic countries (because of their size more interesting to this paper), after being hit extremely hard with the crisis managed to get out.

Answer to the crisis which European Union offers in the bailout of the weakest members has its weaknesses and many critics, especially in richer and bigger members, whose publics feel they are paying and working for the countries in trouble. On the other hand conditions for financial help which troubled countries receive ask them to conduct unpopular restrictive measures such as salary and social rights cuts and the reduction of jobs in the public sector. That also has political consequences regarding the public opinion in recession countries which sees these conditions as imposed by big European countries. Economically, European Union which Croatia enters is in biggest crisis ever. However, solutions to the crisis should fix the holes left in the integration process. The single currency failed as a stabilization instrument simply because the economic union wasn't completed. That was the fault of big states more than small, which retained as much protection as they could, in fear of being overwhelmed by cheap labor from the east. It could be said that the famous four freedoms on which the European Union was built also had their limitation.

Interesting for the main theme of the thesis, the Slovenian economist Bogomir Kovač likens the response of the European states to the economic crisis of 2008 with the response of Yugoslavia to the economic crisis of 1970s. Measures employed by the European Central Bank such as expansive credit and monetary policy are likened to the



measures adopted by Yugoslav national bank, and the European Stabilization Fund to the various Yugoslav stabilization programs which never succeeded.<sup>8</sup> The issue of the fund transfers to the less developed states, or in Yugoslav case republics, is a common economic question which is becoming more political. Main point of the article is the hardship of sustaining the social state while turning to the market capitalism, especially in bad demographic conditions, which troubled both unions.

The economic problems also spilled over on political and social areas. The social and political problems on the other hand impede long term economic future, about which the EU should finally begin to think, now that its evolutionary integration model has been brought in question. The crisis, for all its evils, is the perfect time to deal with all problems. The economic problems are just the most obvious at the moment. Bad economy has exposed European problems in a same way good economy was hiding it. The European economic success, praised for keeping most of its social rights, while embracing the Washington Consensus type liberal capitalism was exposed as just a good magic trick. Recent return of the welfare state wasn't based on any solid economic theory like welfare state in 1930s or liberal capitalism in 1970s and it was ambiguous in its application.<sup>9</sup> Rather than combining liberalism with indigenous economic and social traditions as some of the currently rising countries did, the EU simply added them together with all their flaws.

---

<sup>8</sup> Bogomir Kovač, "Politička Ekonomija Reformiranja Samoupravnog Socijalizma -Od Europeizacije Jugoslavije Do Balkanizacije Danasnjeg Eu-A," *Politička Misao* 49, no. 3 (2012): 89.

<sup>9</sup> Anton Hemerijck, "The Political Economy of Social Investment," in *Economy and Society in Europe, a Relationship in Crisis*, ed. Luigi Burroni (Cheltenham: Edward Elgar Publishing, 2012), 51-55.

## Social Problems

Even before the economic crisis, European societies were a hidden problem for the EU. The issues of most concern for the future are the European demographic trends. At the moment Europe is, with the exceptions of few countries, a rapidly aging society. The birth rates of most member states are well below the reproduction rate of 2.1 with most the notable exception being France primarily due to the government pro-natal policies.<sup>10</sup> This problem, present in Europe for some time, was not helped by the 2004 enlargement because former communist countries had even lower birth rates than the EU average. Low birth rate is directly connected with another alarming problem, which is the reform of social systems across Europe. Of 100 babies born in the world, only five are born in Europe.<sup>11</sup> In other words: "The weight of Europe in the world's population will drop from 12 percent in 2000 to 6 percent in 2030. In terms of working age population (people between the age of fifteen and sixty four years), the prospects are even bleaker; their number will decline by 21 million in the same three decades."<sup>12</sup>

First direct consequence of low birthrate is the population aging which means there will be fewer workers and more retirees. Translated in the picture of European welfare state this means that by 2050 for every four workers there will be three retirees in the EU, while in countries like Italy and Spain this ratio will be one to one<sup>13</sup>. Current social and pension systems will become impossible to support. Reforms need to be either conducted on the national basis with some degree of central control, or the EU needs to

---

<sup>10</sup> Claude Martin, "A Baby Friendly State: Lessons from the French Case," in *2050: A Changing Europe, Demographic Crisis and Baby Friend Policies*, ed. Jose Luis Valverde (Amsterdam: IOS Press, 2007), 203.

<sup>11</sup> Attila Marjan, *Europe's Destiny: The Old Lady and the Bull* (Washington D.C.: Woodrow Wilson Center Press, 2010), 10.

<sup>12</sup> Ibid., 11.

<sup>13</sup> Phillip Longman, "The Geopolitical Implications of Global Aging," in *Population Decline and Remaking of Great Power Politics*, ed. Susan Yoshihara and Douglas A.Silva (Washington D.C.: Potomac Books, 2012), 34.

deepen its social policy. The social systems across Europe are very different, with some, especially in Southern states already economically impossible to keep. Although the welfare state has been key element of the EU, there isn't a European model of welfare state. In European Union one can identify at least four different welfare state systems.<sup>14</sup>

If we add to this the fact that even the smallest cuts in social rights such as raising the working age limit, which is merely a cosmetic change, have grave political consequences in the view of mass protests and strikes; we realize the seriousness of the problem. Even successful pro-natal policy and potential "baby boom" across Europe can't prevent the fact that at one point in time Europe will be an "old continent". This is especially the case when compared to the rest of the world and makes the social system reform a necessity. High degree of social rights became one of the most recognizable assets of the European Union. It made the EU different from American "cruel capitalism" and became part of its coercive "soft power". Messing with the social rights would mean messing with the European identity (if there is one) itself. The social impact of the crisis is already seen by the young Europeans. As emphasized by Timothy Garton Ash, current young generation in Europe is the one experiencing Europe changing to the worse. In this regard it is the opposite of the first post war generation which grew up in poverty to see the Europe rising and prospering.<sup>15</sup> Only other way Europe could acquire a younger population is through excessive immigration. As the immigration presents another huge social problem for the EU, it is hard to see that happening.

One of the issues the European Union has been criticized for is dealing with its immigrants. As in most other non-economic areas, a working unified strategy was never

---

<sup>14</sup> Marjan, *Europe's Destiny: The Old Lady and the Bull*, 125-26.

<sup>15</sup> Timothy Garton Ash, "The Crisis of Europe, How the Europe Came Together and Why It's Falling Apart," *Foreign Affairs* 91, no. 5 (2012): 15.

adopted. Policies aimed at the accommodation of immigrants, mainly Muslim, varied from one country to another, ranging from the German “multi-kulti” which the German Chancellor Angela Merkel herself proclaimed as failed to the French assimilation politics.<sup>16</sup> One thing they do have in common is their limited success. European Union has failed in making its Muslims feel European, as demonstrated by the increasing ghettoization of the minority or by 2009 riots in France.

Political implications of the minority social problems can hardly be exaggerated. Muslims in Europe have significantly higher birthrates than domicile population and even if the EU finds the way to stop immigration, their ratio in the EU population will only grow. If they stay or even become more alienated they pose a major security issue for the European Union. Ironically, in that case the EU, which was founded in face of Soviet threat, becomes itself its most pressing security threat. Further political implications relate to the domicile populations and their reaction to the immigrant problem. Surge of the populist parties which are anti-immigrant and anti-European Union has been European political issue for some time.

The European Union has been an elitist project from its inception. In this crisis it seems to be backfiring as well. The fear of including European national masses into the EU building process has led to the huge mass-elite gap inside the EU. Most of the European society is not sufficiently informed about the EU, leading to the famous problem of the “democratic deficit”. The dissatisfaction of the masses can be expressed in a faster and more unified way than ever before due to the benefits of globalization like the internet and the social networks. As the European leaders connected in 1951 to make

---

<sup>16</sup> Bongiovanni, *The Decline & Fall of Europe*, 169.

the European Union, large dissatisfied masses can today connect to dismantle it if they feel like it.

Last, but not least the politics of building common European identity has stalled if not failed. The European identity in the form of supranational identity is a failed policy. The national identities are going to be stronger than the European in hearts of the European populations due to the entire history of Europe. National identifications don't show a trend of weakening in favor of the European identity, and the "European society" is still far away from realization.<sup>17</sup> Role of the EU as a savior of nation-state in Europe rather than its undertaker hasn't been adequately explained to the European public. The European identity has found some ground only in negative sense, in identifying Europe as an antithesis to something. Two best examples are the identifications of Europeans as non-Americans and non-Muslims.<sup>18</sup> Negative identification in relation to the biggest and key geopolitical and cultural ally and to the biggest non-Christian minority in Europe isn't exactly a way forward for the idea of the European identity. Solutions as the European citizenship didn't prove very effective yet.

Contrary to that, John McCormick in his book *Europeanism* sees a European identity emerging and taking over from national although he admits that numbers regarding the European/national correlation haven't changed much over the years. He sees the change in relatively low levels of patriotism in Western Europe compared with rest of the world and in increasing migrations inside Europe.<sup>19</sup> Europeanism is being determined by common European qualities which McCormick believes form the

---

<sup>17</sup> Juan Diaz Medrano, "Social Class and Identity," in *Sociology of the European Union*, ed. Adrian Favell and Virginie Guiraudon (New York: Palgrave MacMillan, 2011), 37.

<sup>18</sup> Rockwell Schnabel and Francis X. Rocca, *The Next Superpower? The Rise of Europe and Its Challenge to United States* (Lanham: Rowman and Littlefield Publishers, 2005), 91.

<sup>19</sup> John McCormick, *Europeanism* (New York: Oxford University Press, 2010), 74-89.

European worldview.<sup>20</sup> However, these values when looked upon hardly form a society. Identity shift from the national towards the European is highly debatable, values like cosmopolitanism, multiculturalism, multilateralism are general values not just European and one can't build society on opposition to capital punishment. Secularism, in its extreme form of religiously fanatical atheism, is becoming more of a problem for Europe than a quality with American model of religious tolerance proving as a far better model for multicultural societies (European secularism wasn't product of enlightenment as McCormick argues but a product of absolute monarchy). Foreign policy values as smart power are still unproven, leaving us with economic values as welfarism and sustainable development (young generation of Europeans will love that one) which are endangered by the crisis.

German philosopher Jurgen Habermas sees the perspective in strengthening the legal role of Europeans, rather than states, as constituting part of the EU leading to so called 'shared popular sovereignty.'<sup>21</sup> It is fueled by the correct assumption that the nation-state alone cannot provide for significant portion of the contemporary needs of its citizens. Habermas sees the possibility of the European success in this area even translating to the global level and giving birth to a global society<sup>22</sup>. However, globalization has been going on for quite some time and results of shifting identity to the European, let alone global, level are not encouraging. On the other hand, transnational connections in Europe were present before in any other part of the world. Yet, the nation proved to be strongest material to build political constructions from in Europe. As such it is the logical vehicle of the European identity.

---

<sup>20</sup> John McCormick: *Europeanism* (New York: Oxford University Press, 2010), 217.

<sup>21</sup> Jurgen Habermas, *The Crisis in the European Union, a Response* (Cambridge: Polity Press, 2012), 39.

<sup>22</sup> *Ibid.*, 66.

All these problems are exposed by the economic crisis but could impact European economy even more negatively than the crisis did. They have also grave political consequences and threaten not only the political unity of the EU, but also the political stability of member states. The European society was too dependent on the economic success and as such, more economically defined than any other society in the world, even that of the United States. Europe's modern identity stepped back from social and cultural categories like the nation state and kept economic categories like liberalism and welfare state. Takushi Sato warned about neglect of values leading to "vulgar capitalism",<sup>23</sup> which was in many European countries joined rather than mollified by the social state. Simply, European Union was good for European citizens as long it provided for them economically, all other ties were weak. Two "opposite" economic systems, used in symbiosis, tied ever polarizing "European" society to its ends. Crisis for one of them meant crisis for another, and it meant crisis for the society as well.

### Political Problems

In more than a half century of its existence the European Union has grown to be an economic giant. Yet, despite significant integration efforts in the political sphere, the EU can hardly be labeled as a "political giant". Its political influence in most way came from its economic power. Major influence was exercised almost exclusively on the countries who wished to join the EU. Once the countries distance themselves from its orbit, the EU hasn't got the means to influence them; as demonstrated by the many post-Soviet countries who recently returned to the Russian orbit after flirting with the West.

---

<sup>23</sup> Tsuneaki Sato, "Rethinking Remaining Problems from the Decade of Transition," in *Globalization, Democratization and Development, European and Japanese Views of Change in South East Europe*, ed. Vojimir Franičević and Hiroshi Kimura (Zagreb: Masmedia, 2003), 46.

The EU failed to establish itself as a unitary actor on the world political scene and showed too much disunity to be regarded as a world political power. In the time of Cold War, Europe was living under political and security umbrella of the United States. Since then, despite the Common Security and Foreign Policy developing since Maastricht, the European Union didn't exactly grow up to be a global political power.

The Common Security and Foreign Policy has, in the times of international political crises, been everything else than common. From fiasco in Croatia and Bosnia to the political divisions in the Iraq invasion, Europe has repeatedly failed to speak with one tongue on the global stage. The Lisbon treaty aimed at solving that problem with creating institutions of the European Union President and the High Representative for Foreign and Security Policy. However, the choice of Hermann van Rompuy and Lady Catherine Ashton to those positions added to the speculations that these positions had more representative than real political influence. This impression was made stronger by EU's role in Libya and its dealing with the economic crisis, which gave the impression of real power still lying with the heads of the member states. Libya also demonstrated that the EU still cannot handle the conflicts in its neighborhood without help from the United States. Disunity in foreign policy and lack of military power open a debate should the European Army project be continued or should the member states just more contribute more to the NATO. Most of the EU members are members of the NATO already, and any major military operation of the EU without the United States is, if not impossible, very unlikely.

Another aspect of the foreign and security policy is the borders control issue, which ties to the social problem of immigrants. The Schengen Agreement which



vanished the borders inside the EU, an achievement unimaginable some 50 years ago, is being brought into question more and more. With the enlargement of the EU, the immigration into the core states is dependent on the periphery border controls. During the war in Libya and the exodus of refugees to Europe, mainly via Italy, there were repeated threats of reestablishing border controls, most notable coming from Denmark and France. Current situation in which France or Germany depend on Greek border control to regulate their immigration seems hard to manage. It stopped new states of Bulgaria and Romania from entering the Schengen even now, counting five years since their EU accession.

Foreign policy and security issues are just part of the bigger question, the so called finality debate. The European Union was evolving in evolutionary way, with the integration spreading into the areas member states were ready to renounce. This way proved to be successful in the times of economic boom, but the lack of grand design seriously damaged the EU in the crisis. While romantic definition of Mark Leonard in which the EU “is the journey without an end”<sup>24</sup> befits the time when everything is going well, definite action is needed when things go wrong. The EU and its states didn’t provide the answer we are looking for: Is European Union progressing towards the “United States of Europe” or it is staying “Europe des Nations”?

The answer the EU is currently suggesting seems to be moving in the direction of the federation, often dubbed as the “United States of Europe”. However, the progress towards ever tighter Union is once again being enforced by the narrow political and financial elite without clear popular support. The fact that the European finality must be decided by the people of European Union seems to be ignored by the Union itself leading

---

<sup>24</sup> Mark Leonard, *Why Europe Will Run 21st Century* (New York: Public Affairs, 2005), 10.

to the famous democratic deficit. As Robert Ladrech notices: “For the average citizen of an EU member state the national executive represents the epicenter of national political life...At the same time, for the average citizen, the manner in which the national executive, in particular the prime minister, interacts with the EU barely registers on the political radar.”<sup>25</sup>

Different measures were proposed to take the European masses closer to integration project such as enhancing the role of the European Parliament or including the national Parliaments into EU decision-making process. The Lisbon Treaty presents a step forward in both directions. However, for European public this transition seems to be happening too slowly. Quality of participation of the national Parliaments in the EU political process is also being questioned by arguments that the new changes in fact reduce the autonomy of parliaments.<sup>26</sup> The political scene in member states has changed during their time in the EU. Classical difference between the European left and right has almost disappeared between major parties. As a result most of the member states experienced times of interchanging moderate left or right governments conducting almost the same politics. One of the main features of this politics was taking credit for all successes while shifting blame for domestic policy failures to the European Union. It was another factor contributing to the strengthening of the extreme political parties.

The populations of EU member states in recent years made some choices which warned about the policy of ignoring them in the EU building. The EU constitution was buried by Dutch and French “no votes”. The EU found a way of getting around it with the Lisbon contract, but not without troubles. Interest for the European Parliament

---

<sup>25</sup> Robert Ladrech, *Europeanization and National Politics* (Basingstoke: Palgrave MacMillan, 2010), 44.

<sup>26</sup> *Ibid.*, 91.

elections has been dropping across Europe.<sup>27</sup> On the national parliamentary elections there has been a pattern of extreme parties strengthening throughout Europe. Government in Netherlands was for some time dependent on the highly anti-immigrant and Eurosceptic VVD under Geert Wilders. The Fronte Nacional under Marine Le Pen did great in recent French presidential elections. In Hungary, extreme right Jobbik is still strengthening and was participating in the government, influencing some anti-European moves of Viktor Orban government. The crisis elections in Greece were also characterized by good results of both extreme right and extreme left which contributed to the repetition of the elections. Ironically, the anti-European parties started connecting through the very European institutions and connections they are fighting against. Extreme right and left parties are simply exploiting the gap core European parties left by moving towards center which is in fact the projected path of the European Union. The EU suffered from retreat of politics concerned with its development, thus opening the door for strengthening of the marginal anti – EU parties. It is not too dissimilar from the situation described by Carl Schmitt in late 1920s.<sup>28</sup>

Political problems which the EU faces are twofold. In the same time it must be decided about the fate of the EU itself while addressing the political systems of the member states. The leaders of the member states have been involved in, to paraphrase Putnam “two level games”<sup>29</sup>, one on national level, and the other on EU level. If we add the usual global dimension we have a third level. In this process the European politicians lost the confidence of its publics. The European finality project is closely connected to

---

<sup>27</sup> Roy H. Ginsberg, *Demystifying the European Union, the Enduring Logic of Regional Integration* (Lanham: Rowman and Littlefield, 2010), 169.

<sup>28</sup> Carl Schmitt, *The Concept of the Political*, trans. George Schwab (Chicago: The University of Chicago Press, 2007), 72.

<sup>29</sup> Robert Putnam, "Diplomacy and Domestic Politics: The Logic of Two Level Games," *International Organization* 42 no. 3 (1988): 434-36.

the democratic deficit question. If the EU remains primarily economic union, there is no problem with the heads of government who draw legitimacy from their nations making the policy of the EU. However, more political unity is definitely needed because even the simplest of logics suggests that divided governments cannot solve the problems of integrated economies.

Way in which the European publics will be included in the EU project remains to be seen. Whether it will be with strengthening of the European Parliament, or with bringing more Europe into the national parliaments, or with both as the Lisbon treaty suggests. Logical choice considering the history and culture of Europe would be connecting the national and European sphere making EU bodies more accountable to national bodies, rather than enlarging the already too large and unpopular EU bureaucracy.

Today, the major squares of the European capitals are more often than ever full of protesters. They clash with police from Athens to Madrid. While the benefits of the EU weren't explained to the citizens in time, they are feeling the deficiencies of the EU on their skin at the moment. The European economy entered a conflict with democracy which must be resolved to ensure European future.

Polish writer Jan Zielonka compared the EU to the 'medieval empire' citing its unclear borders and diffuse political system as more similar to the European medieval empires than to the nation state.<sup>30</sup> Indeed, the crisis which the EU faces today can be compared to the crises which destroyed Europe's empires. Redistribution of funds among provinces of empires was always the economic question for European empires. The

---

<sup>30</sup> Jan Zielonka, *Europe as Empire: The Nature of Enlarged European Union* (New York: Oxford University Press, 2006), 1..

European Union did well in that department until the crisis managing to keep economically healthy and successful periphery. However this crisis, in which periphery suffered the most has brought redistributive function of the Union into question. Another characteristic of the European empires was existence of pan- European, anational aristocracy, whose members were more connected between themselves than with their respective nations. The EU's economic and political elite came dangerously close to fulfilling these criteria with most of the Europe's population ignorant about the proceedings on the court of 'Holy Brussels Empire'.

The European Union as an area of freedom, peace and prosperity presented a move away from the history of Europe. By running away from the masses and nationalism, the EU got entangled into the problems of elitism and lack of identity. There was too much running away from bad history and too little learning from good history.

## CHAPTER SEVEN

### CROATIA TODAY

Croatia, soon to be 28<sup>th</sup> member state of the EU, spreads between Central and Southeastern Europe on 56,594 square kilometers. It is home to 4,290,612 people with the Croats making 86 percent of the population. To the north it borders EU member states Slovenia and Hungary, to the east Serbia; to the Southeast it has the longest border with Bosnia and Herzegovina, and to the South it borders Montenegro. South and west of Croatia lie on the eastern coast of the Adriatic Sea, with mainland coastline length of 1,777 km and total coastline length, counting 1,246 Croatian islands, of 5,835 km. According to the geographical criteria, Croatia comes into EU as the 19<sup>th</sup> largest and the 21<sup>st</sup> most populous member state of projected 28.

#### Economy

The newest Eurostat pocketbook on enlargement states handles statistical data from potential candidates including all so called Western Balkans states, Iceland and Turkey. If we exclude Iceland, it demonstrates the social and economic gap between Croatia and other countries of the group.<sup>1</sup> Comparing these results with the EU states gives us a rough choice where would Croatia rank in the EU. Croatian GDP for 2012 amounted 57.49 billion dollars in which Croatia ranks as 20<sup>th</sup>, one better than in population rankings.<sup>2</sup> GDP per capita as a better indicator of development is 18 400 \$ or

---

<sup>1</sup> Eurostat, "Pocketbook on the Enlargement Countries, 2012 Edition," (Luxembourg: Publishing Office of the European Union, 2012).

<sup>2</sup> Central Intelligence Agency, "Cia World Factbook," <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html>.

61 percent of the EU average, ranking Croatia as 25<sup>th</sup> in the EU ahead of Latvia, Bulgaria and Romania.<sup>3</sup> The comparison with older results reveals the current state of Croatian economy. In 2008 Croatia had 63 percent of EU GDP per capita and ranked as ranked as 23<sup>rd</sup> between provisional 28 states.<sup>4</sup> Since then it was overtaken by Poland and Lithuania. However the GDP per capita difference to other potential members, with exception of Iceland is still high. Closest to Croatia is Turkey at 52 percent of the EU average followed by Montenegro at 43. Candidate countries of Macedonia and Serbia have 36 and 35 percent of the EU average.<sup>5</sup>

Fall in the Croatian economic performance reveals the impact of the crisis on the Croatian economy. The GDP experienced a 6.0 drop from 2008 to 2009, which is 1.7 percent more than the EU average. It dropped again 1.2 percent in the following year while the EU experienced 2.0 percent growth. In 2011 GDP remained the same while in the EU it grew by 1.5 percent.<sup>6</sup> Forecast for 2012 is another drop of 1.2 percent, and only in 2013 GDP should grow by 0.8 percent.<sup>7</sup> Only five members of the EU had bigger fall in 2009: the Baltic States, Finland and Croatian neighbors Hungary and Slovenia. Baltic countries and Finland bounced back remarkably already the following year, while the crisis in Croatia continued. In 2010 only Romania and Greece had more negative change in GDP percentage, while in 2011 only Portugal and Greece experienced negative change while Croatia stagnated. In 2012 the EU itself is the process of stagnation and more

---

<sup>3</sup> Eurostat, "Gdp Per Capita in Pps,"

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tec00114&plugin=1>.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> "Real Gdp Growth Rate - Volume,"

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tec00115&plugin=1>.

<sup>7</sup> Ibid.

countries are experiencing GDP drops with Greece, Italy, Portugal, Romania and Slovenia doing worse than Croatia on current projections.

These comparisons illustrate the troubles Croatia has in shaking of the crisis and the dependence of the economy on the EU average. Lack of positive annual change in the GDP from 2008 to 2012 is superseded only by Greece. It also casts doubts on antirecession measures used by the previous and current government. Onset of recession was joined by the political crisis in which Prime Minister Sanader left his post. In spite of the anticorruption battle and several years of battling with recession, success is nowhere to be seen. Year 2012, led by the new government should end up with another negative change in GDP. The measures employed by the government were extremely unpopular, and consisted of raising taxes, firings in public sector and the reduction of some public sector salaries. The Value Added Tax was raised from 23% to 25 %. In European terms it means that Croatia, 23<sup>rd</sup> in GDP per capita in the EU, would rank split second with Denmark and Sweden, and only behind Hungary, in highest VAT rankings. Combined with other economic indicators as the price level and unemployment, tax burden puts citizens of Croatia in hard position. Entrance in the EU will bring increase in taxes on cigarettes, alcohol and energy along with reduction of tax exemption on milk, bread, books, building land and some medications, currently in place in Croatia.<sup>8</sup>

Croatia is also working on preventing tax evasion and introducing more order in taxing system which could be facilitated by the EU entrance. The EU accession should also, at least in theory, make Croatia an easier place to do business and attract investments. However, the current policy of raising taxes doesn't quite go in hand with

---

<sup>8</sup> Sanja Tišma, Višnja Samardžija, and Krešimir Jurlin, eds., *Hrvatska I Europska Unija, Prednosti I Izazovi Članstva* (Zagreb: Institut za Međunarodne Odnose 2012), 96.



the plans to attract investments. Croatia ranks poor as a place to do business in even when compared to Western Balkan states, let alone the European Union.<sup>9</sup> Current measures of curbing the grey economy (which is overstated problem) and taxing everything can hardly be the foundation for future growth. In the Croatian budget for 2013, government expects GDP growth of 1.8 percent, which is 1 percent higher than Eurostat projections. This optimism isn't shared by the Croatian National Bank, its citizens and it certainly isn't shared by the credit agencies which hurried to slash Croatian ratings to "garbage" upon the announcement of the budget.<sup>10</sup>

The general price level for consumer goods and services in Croatia is at 74 percent of the EU price level. Compared with member states, Croatia would share 21<sup>st</sup> place with Estonia.<sup>11</sup> That is still higher than Croatian GDP per capita rank, with some states as Hungary, Slovakia and Poland having lower price levels and higher GDP per capita.

The unemployment is another problem which troubles the EU throughout the crisis. It remains one of the best indicators on the crisis and one of the key economic problems since it directly relates to people and has serious political consequences. Sadly, even in unemployment Croatia would rank amongst the top countries in the EU. With unemployment up to 15 percent, Croatia is superseded only by Portugal, Ireland, Spain and Greece, a group of states often referred to as PIGS, which were hit by the crisis

---

<sup>9</sup> Lenard J. Cohen and John Lampe, *Embracing Democracy in the Western Balkans, from Postconflict Struggles toward European Integration* (Baltimore: John Hopkins University Press, 2011), 424.

<sup>10</sup> Michael Heath and Jasmina Kuzmanovic, "Croatia Cut to Junk by Moody's on Fiscal, External Risks," <http://www.bloomberg.com/news/2013-02-01/croatia-cut-to-junk-by-moody-s-on-fiscal-weakness-external-risk.html>.

<sup>11</sup> Eurostat, "Comparative Price Levels,"

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00120>.

hardest.<sup>12</sup> The numbers are even worse when it comes to youth unemployment, where Croatia ranks only behind Spain and Greece with 36.1% persons under 25 years unemployed.<sup>13</sup> This is the area which often comes in conflict with antirecession policies. Policies which the EU requests from its member in need of financial assistance often result in the rise of unemployment. Same is the result of the policies employed by the Croatian government. Unemployment is set to become the most pressing issue for the Croatian economy, and economic recovery in terms of the GDP rise is still doubtful. This year Croatia, for the first time in recent history, experienced the rise of unemployment during the tourist season, which is shocking considering the fact tourism is Croatia's number one economic activity and provides many part time jobs. The fact that the tourist season was best ever with over 60 million tourist nights and that the economy didn't move in positive direction only confirms the seriousness of the recession in Croatia.<sup>14</sup>

Another long term problem of the EU is its energy dependency. Here, Croatia won't make a major difference. On the Eurostat's energy dependency ratings Croatia ranks near the EU average with 52 percent of the energy imported. It has small oil production which is declining and currently gets 80 percent of its oil consumption from imports. Better situation is in area of national gas, where domestic production satisfies around 70 percent of Croatia's needs, but this number is likely to fall unless new sources of gas are found. Croatia will be one of the 16 EU countries with domestic natural gas production, ranking eight in the EU in that compartment. However, Croatian production

---

<sup>12</sup> "Harmonized Unemployment Rate by Sex,"

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&language=en&pcode=teilm020&tableSelection=1&plugin=1>.

<sup>13</sup> "Unemployment by Age Group,"

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdec460&plugin=1>.

<sup>14</sup> Hrvatska U Brojkama 2012, Croatia in Numbers, (Zagreb: Državni Zavod za Statistiku, 2012), <http://www.dzs.hr/>. 26.

is small in terms of whole EU amounting to around 1.5 percent of the projected EU28 production.<sup>15</sup> However, the Croatian geostrategic position in finding alternative natural gas sources for the EU, primarily from the Middle East and North Africa, can matter. Remembering the problems Europe had with Russian gas supply it wouldn't be surprising if the EU revived Nabucco project or some alternative gas route, which could transit Croatian territory. Recently there have been some contacts with Qatar regarding long term cooperation in area of natural gas. However the prospect of Croatia being the entrance point for arrival of Middle Eastern gas to Europe depends on Europe's will to buy gas as well as on finding the supplier as Qatar. Most recent developments suggest there will be a branch of Southern Gazprom Pipeline leading to Croatia as well, despite the fact that its main route goes around Croatia.

One of the areas that might still improve with the EU entrance is renewable energy. Croatia is, with renewable energy share of 14.6 per cent, already ahead of the European average of 12, with the potential of further increasing that number.<sup>16</sup> Wind power excels as an area suitable for investments with areas along the Croatian coast sometimes under wind gusts reaching 150 mph and has been the area of development over the last few years. However, with entrance in European Union, Croatian people can expect higher energy prices. Energy prices for households and private consumers, although high for Croatian living standards, are still low compared to most of the European states. Their surge, which has already started will present another hit on Croatian people. In long term, Croatia and European Union have similar energy goals:

---

<sup>15</sup> "Primary Production of Natural Gas,"

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=ten00079&plugin=1>.

<sup>16</sup> "Share of Renewable Energy in Gross Final Energy Consumption,"

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdcc110&plugin=1>.

reducing their energy independence and increasing renewable energy production. This is the area in which Croatia can attract European funds and improve its energy position.

Relation of the governing structures to the Croatian energy needs was far from satisfying in the past. The state oil company INA was partly sold to the Hungarian oil company MOL, which proved to be very murky business involving two governments. The coalition government from 2000-2003 sold 25 percent of shares, while HDZ government from 2003-2011 sold some 23 percent of shares along with governing rights to the Hungarian company. At the time of the first sale MOL was inferior company to INA. Relationship between the MOL and the INA is at the moment far from perfect and affects relations between two states. Remaining state energy firms such as HEP (electricity) and Hrvatske Vode (water) were also havens of corruption in the past which brought big damage to the Croatian economy. Not a lot of positive changes can be seen in the present either. The privatization of the energy firms, especially selling them to foreign ownership which is again being considered, provides only short term gains and results in long term problems, as demonstrated by the example of the INA. One must remember Croatia is a small country and breaking up or selling state energy firms wouldn't do much good, as they have been inefficient primarily due to gross mismanagement.

One of the key areas of general concern during all accession negotiations was the agriculture. There have been many peasant protests over the last few years, especially regarding milk and wheat prices. Prices offered by the buyers (bread and milk producers) were regarded as too low by peasants, often asking the state for price reimbursement. The eastern part of Croatia, Slavonia, is suitable for agriculture and has been primary wheat producing region in Yugoslavia and Croatia. However, it is also among the poorest

regions in Croatia, as it was heavily impacted by war. It could profit from the EU regional policies, depending on the final division of Croatia into regions submitted to the EU. Future of the Croatian agricultural workers in the EU is a mystery at the moment. The European Union, while investing less in agriculture of the old member states in modern times, has been forced to offer some support for the agricultural workers in the new members to encourage the enlargement. The agriculture has been the area moving out to the periphery of the EU politics and experiencing some sort of renationalization since 1990s.<sup>17</sup> Considering that the EU is in the crisis and Croatian agriculture is not important for the EU as for example Polish, expectations should not be too high. The European Union should make Croatian agricultural system, which didn't experience enough change since communist times, more efficient and less dependent on state. However, most EU states still have troubles in achieving that. Agriculture still consumes too much of the EU budget considering its share in the EU GDP.<sup>18</sup> Croatia is, by joining the CAP, entering a highly sensitive and still much protected area of the European Union. Transfer of subsidies from the national to the EU level which is bound to happen could bring some order into Croatian agriculture but will increase competition and challenge the agricultural workers. Turning to the high quality agricultural products could be the way forward for Croatian agriculture. Revival of the Croatian village is one of the first tests for Croatia in the EU. Popularity of the ecological and organic products in the West is an issue which can be utilized. The versatility of land and landscape is presents a major plus for Croatia, but it also means that the Croatian producers should aim for quality

---

<sup>17</sup> Bache, George, and Bulmer, *Politics in the European Union*, 378.

<sup>18</sup> Bongiovanni, *The Decline & Fall of Europe*, 110.

instead of quantity. The EU could facilitate necessary but painful transfer from state-led agriculture.

The fishing rights are another interesting area concerning all maritime countries joining the EU. Protection of Croatian territorial waters from Italian and Slovenian fishermen was important electoral issue in elections of 2003 and 2007. Croatia in the EU will be a part of the Common Fisheries Policy. Croatia shares Adriatic Sea with Italy, country with much bigger population and fishing fleet than Croatia. There are some fears concerning the former fact. Italy, along with Slovenia prevented Croatia for announcing The Ecological and Fisheries Protection Zone in 2008 and Italian fishermen catch several times more fish from Croatian waters than Croatians.<sup>19</sup> However, fisheries is area with much more unrealized potential than agriculture and one can see the EU investing more into it. Croatian expectations in this sector are similar to the expectations in agriculture. More order in state subsidies and bureaucracy is needed, same as in agriculture. The result is going to be reduction in the numbers of fishermen, but also, hopefully, more efficient fishing industry in Croatia. Both the agriculture and fisheries could benefit from access to the European market, as Croatia has sufficient amounts of both. Main branch of fishing industry is Bluefin tuna catching, with 90 percent of the catch exported. High quality products if recognized by European market should boost Croatian fishing industry and lower the prices for domestic consumers. European Union should also provide better protection against illegal fishing. Demand for other branches as shellfish catch which is in slight decline in Croatia could also go up. Production of aquaculture is another area that has been improving and is expected to improve further with entering the EU.

---

<sup>19</sup> Marcus Tanner, *Croatia, a Nation Forged in War* (New Haven: Yale University Press, 2010), 321.

The industrial production in Croatia has in general been suffering from the crisis, but also due to the long term problems as the lack of economic strategy, the legacies of socialism and war as well as privatization woes. However there are several areas and companies which can serve as good examples and the way forward for Croatia in the EU. One of the sectors doing well in the crisis is the arms production. Firearms company HS product and battle helmet company Šestan-Busch made their names with high quality products on the world market.

On the opposite side of the scale is the shipbuilding industry. Croatian shipyards didn't fare well in the turning to the market capitalism. Currently Croatia has five state-led shipyards of which only one is turning profit. The European Union requests privatization and restructuring of these shipyards. It is going to be a painful process as they employ a lot of people and it is quite clear that the restructuring will result in multiple firings. The shipbuilding industry also suffered due to the lack of clear and concise strategy for it on global market. It lost some of its market with the fall of communism and was also subject to mismanagement. Simply, while the world was moving forward, the Croatian shipbuilding industry stayed put with bulk of the global ship production shifting to Asia.

However, infrastructure and knowledge left from times when shipbuilding was the primary export industry can still be of some use, although the EU doesn't seem too interested in it. Specialization in some branches such as military or luxury boats should be the way to save at least some of the Croatian shipbuilding industry. This is the example of industry which paid its price for being on the wrong side of the Iron Curtain for too long.

Tourism deserves the final mention in the economy sector. It has been one of few constantly growing sectors in the last few years and arguably the most profitable one. It is the sector that will benefit from the EU almost certainly. Membership in the European Union will make Croatia more attractive tourist destination as well as more reachable one. The eventual entrance in the Schengen area will enable the EU tourists to reach Croatia without passport and border controls. Foreign investment in Croatian tourism will grow as well. The number of foreign tourists has been constantly growing in the last five years.<sup>20</sup> Most importantly, tourism is still a developing industry and there is still much room for improvement. Of course, Croatia cannot accommodate as much tourists as France or Germany, but it already beats most of the EU members it can be measured with in terms of population and size in tourism results. However results attained by landlocked countries as Austria, Slovakia and Czech Republic, which are still better than Croatian, could be a sign that there is still room for improvement. From this fact it can be read that tourism relates to all seasons of the year, not just to the summer and to all regions, not just to the coast. Although the coast is and will remain primary Croatian tourist asset, the inland tourism must be further developed. However, the salience of developing tourism as a primary economic branch is very debatable. Currently, countries in the EU with similar tourist structure are Greece, Spain, Portugal and to lesser extent Italy, since Italian tourism is more versatile and developed than of previous countries. All these countries currently present economic problem for European Union. Tourism numbers of Greece and Portugal have been declining in the last few years. This industrial branch is too dependable on other factors to count for stable basis of a country's economy. To sustain tourist attractiveness Croatia must keep the assets which make it attractive. Few years

---

<sup>20</sup> *Hrvatska U Brojkama 2012*, *Croatia in Numbers*. 28.



ago, the official commercial of the Croatian Tourist Board spinning on CNN was: “Croatia: Mediterranean as it once was”. Looking at the state the Mediterranean countries are currently in, Croatia is better staying that way. This sentence of course refers to the maladies of mass tourism as overbuilding and pollution. One can look at the example of Spain and its coast which was de facto ruined by apartmanization. Croatia could refer to the EU funds for protection of its environment, due to the big importance of ecology for the EU. Growth and development of tourism is accompanied by a big challenge: preserving environment as well as preserving one’s cultural identity. The latter is as important as the former; the foreign tourists don’t want to see England or Germany when they travel. Croatia must stick to its cultural specifics and open them toward Europe. Yet in this opening, it shouldn’t allow Europe to change them too much.

The financial system is the one that generated the current crisis. The EU is currently struggling to keep its common currency and is reforming its banking sector by strengthening ECB. In financial department Croatia very much depends on European Union and its member states for quite a long time. Croatian currency is Kuna, currently standing in 7.5: 1 towards the Euro. Croatian economy was highly influenced by the Euro since its inception. Euro has taken over the strong influence which the German mark traditionally had in Central and Southeastern Europe. In the past, prices of cars and apartments were often put out in German Marks and in some cases even transactions were carried out in Marks. The Euro was thus in high use in Croatia since it was born. Most of the Croatian trade was with the EU member states, which also purchased most of the Croatian banks. If we look at the savings most of them are kept in foreign currencies, mostly Euros. The same goes for the banks giving out credits and loans. Policy of the

Croatian National Bank aimed at keeping monetary stability by pegging the Kuna to the Euro. Wisdom of such policy can be argued about. Critics say it has kept the Kuna unrealistically strong, amounting to increased foreign debt and trade deficit. On the other hand it has kept Croatian banks stable. The effects weakening of the Kuna would have are unclear. It would probably have grave consequences for foreign debt and citizens which have credits in foreign currencies. Turning these credits into Kuna's on old currency relations would bring Croatia into war with foreign banks. Similar attempt was tried by Hungary by weakening of the Forint and it backfired. Croatia doesn't have the size or the international influence to pursue such policy. Croatian banks, which are mostly not Croatian, were doing excessively well during the crisis. Thus, Croatia does not belong to group of countries where failure of the banking sector triggered the crisis. It can however be said that success of the banking sector contributes to the crisis. Thriving banks show little or no solidarity with general situation in Croatia and do little to get Croatia out of the crisis. The question how the banks can generate record profits while the state and the society are in depression must be answered. The interest rates applied by the banks in Croatia are much higher than in their states of origin, and their profit isn't taxed as it is in several other EU member states. The fact that Croatia won't join the Eurozone for a while enables it to observe the outcomes of the Euro crisis. By keeping the Kuna, despite its peg to the Euro and high degree of eurization in the country, Croatia has, at least in theory, some extra monetary options left. Along these lines was Paul Krugman during his visit to Croatia in 2012 saying that entrance to the Eurozone shouldn't be rushed and signifying export as the way out of the crisis while stressing the limited options peripheral European economies have in dealing with the crisis.<sup>21</sup>

---

<sup>21</sup> Ljubica Gatarić, "Krugman: Hrvatska Ne Treba Žuriti S Uvođenjem Eura," *Večernji List*, 06.10.2012.

Saying that some country fits into general economic situation in the EU was, not so long ago, a statement of appraisal for its economy. Today, when the statistic shows us that Croatia perfectly fits in the contemporary economic situation of the EU, it is not so. The Croatian crisis is wholly European: it has elements of the Greek, Spanish, Irish and Portuguese crises. Growth was bought by amassing foreign debt as in Greece, housing industry was one of the leading industries during the economic boom although not to the extent it was in Spain while the low growth trends associate to Portugal. The answer to the crisis is European as well: cuts in the public sector, taxes and more taxes. Some constructive economy that could actually result in growth is nowhere to be seen.

### Society

We identified the negative demographic change as the one of the main issues threatening Europe's long term economic future. This poses trouble for Croatia as well. In this area Croatia, like most other post-communist states is worse off than the EU average. Negative change of population in Croatia has been a constant feature since the independence. The war was certainly a negative demographic factor but the fertility rate is low since the socialist times. Croatia today is with the fertility rate of 1.46 well below the reproduction rate of 2.1 and even below the EU average of 1.59<sup>22</sup>. What highlights the seriousness of the problem for the whole of the EU is the fact that 11 member states have fertility rates lower than Croatia. The proportion of the population older than 65 is 17.2 percent, slightly below the EU average, but with lower life expectancy as well.<sup>23</sup>

---

<sup>22</sup> Eurostat, "Total Fertility Rate "

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdde220&plugin=1>.

<sup>23</sup> "Proportion of Population Aged 65 and Over,"

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tps00028&plugin=1>.

Negative population change is especially pressing issue for the former communist states. Examples of France, United Kingdom and Scandinavian Countries which have succeeded in raising the fertility rates can be followed. However in the time of the crisis prenatal policy like that of France is impossible to conduct. Czech Republic, Slovakia and Slovenia have recorded positive population change in last few years, but mostly due to the immigration; as their birth rate with the exception of Slovenia, who managed to raise it, continues to be under Croatian birth rate. For Croatia continuance of this trend would mean the drop to fewer than 4 million people as early as 2051, with more than the quarter of population over 65 years.<sup>24</sup>

In social and cultural term the EU membership should benefit Croatia. The EU is, despite its social troubles, still area of opportunity and it offers multiple chances for all segments of Croatian society. That especially relates to the young population, which is hit hardest by the current crisis. There is more than enough highly educated and qualified youth the EU can use. Goal for both the EU and Croatia is to secure their future in Croatia. If the only benefit of the Croatian membership in the EU is free movement across borders which would cause the outflow of the brains, it makes no sense to enter the EU. However, cooperation with other member states will be much easier inside the EU and it can open many opportunities for Croatian youth.

One of those opportunities concerns the education although one can discuss if the EU accession process really helped Croatia in this compartment. Croatia has joined the so-called Bologna process in 2001, introducing most of the reforms in 2004. However, transition from the old education system to the Bologna type can be described as anything

---

<sup>24</sup> Marinko Grizelj and Anđelko Akrap, *Projekcije Stanovništva Republike Hrvatske Od 2010. Do 2061, Population Projections of the Republic of Croatia 2010-2061*, (Zagreb: Državni Zavod za Statistiku, 2011), [www.dzs.hr](http://www.dzs.hr). 32.

but successful. Good overview of the Bologna implementation in Croatia is given by Kurelić. He argues that the main objectives of the Bologna process in Europe as increased employability and mobility of students and enhanced international competitiveness of the universities weren't achieved in Croatia<sup>25</sup>. Main characteristic of Bologna which is shortening of continental four-year program to three year bachelor program with some elements of British and American educational systems was done wrongly in Croatia. Key problem of a bad reform is concerned with lack of jobs for bachelors, or in Kurelić's words: 'The first degree, bachelor, which is conclusive and should guarantee employability, is in Croatian law translated as prvostupnik (first-leveiler), which instantly suggests that there is a second level which needs to be completed. The second cycle is translated as diplomski, which suggests that it is equal to a pre-Bologna 4-year diploma. So, undergraduate and graduate cycles are recognized as two levels of a pre-Bologna.<sup>26</sup>' Consequence of this intentional confusion is the fact that the bachelor's degree doesn't guarantee employment and most of the students opt to proceed towards the masters degree, which by becoming earliest degree to offer a chance of adequate employment in fact replaces the old 4-year diploma. The old two year magister program aimed to be replaced by the masters program is here simply lost, making the knowledge gap between the PHD and Masters degrees huge and thus reducing the quality of the PhD program and the education as a whole. Kurelić notices how the system confusion affected mobility, also one of the Bologna aims: 'The decision to make a pre-Bologna diploma equal to the new master's degree opened a can of worms in the recognition of international degrees. A 4-year diploma fromformer

---

<sup>25</sup> Zoran Kurelić, "How Not to Defend Your Tradition of Higher Education," *Politička Misao* 46, no. 5 (2009): 14.

<sup>26</sup> Ibid., 15.

Yugoslav universities is recognized as equal to a Croatian 4-year diploma. This means that someone from Skopje, Mostar or Priština can come to Croatia, become ex lege master and continue his/her education at the doctoral level, but if a person is a four-year high-honours bachelor from Harvard or Yale, he or she will be recognized as prvostupnik (first-leveiler) and asked to continue education at the master's level."<sup>27</sup>

Bologna had some positive impacts on the educational system in Croatia, such as reducing the opportunity for widespread corruption on Universities; but in general it was complete and utter disaster. There is no sign of positive reform in higher education either. Current government is more concerned with cosmetic changes in elementary education and promises of "free higher education" which are nonsense. Introduction of some subjects as health and social education into elementary schools represents a pervasion of state into areas of education traditionally carried out by family. Recently this became one of the main conflict areas between state and the Church. One can conclude that the educational system in Croatia suffers due to incomplete and missed reforms, with this trend continuing. The EU membership should, however, bring some advantages to Croatian education, at least by improving the international mobility of Croatian students and the faltering Croatian implementation of Bologna.

In the area of social rights Croats can expect changes which will be consistent with the changes other member states are experiencing. That is, currently, to the worse. European answer to the crisis is affecting its citizens. Croatia has done reforms to its health and pension systems already during the accession talks. Economic situation will most likely determine the future of those two sectors. European Union could contribute to

---

<sup>27</sup> Ibid., 17.

modernization of Croatian hospitals and reduction of waiting lists for procedures in state hospitals which is the pressing issue. Some European or EU influenced reforms such as the ban of smoking in bars and restaurants has proved unsuccessful and led to compromise solution. Increasing privatization in the health sector is the likely trend for both the EU and Croatia.

Pension reform was in time it was conducted hailed as one of the most advanced in the European Union. Today its efficiency remains to be seen. Croatia still spends less GDP percentage on social protection and pensions than the EU average, which is, considering long term population trends, not that bad. Retirement age in Croatia is 65 years, with early retirement at 60. In the future this number is likely to rise, as in other EU member states. Only member states who have retirement limit over 65 currently are Denmark, Germany and United Kingdom.

Social rights, however, remain highly contested area which is often a subject of political manipulation. There is no better example than the issue of war veterans pensions which due to the overinflated number of war veterans (around 500 000) has been a debated question since the register has been created. Although this situation is unique for Croatia among the EU countries, only around 70 000 of those 500 000 are entitled to the veteran retirements which altogether amount to some 2.5 percent of GDP<sup>28</sup>. New government tackled the problem with the long contested publication of the war veterans register in order to separate the real and fake veterans with the help of the public. It basically promoted “snitch on your neighbor” policy well known from some previous times. This public lynch use, aside from being morally reprehensive, is likely to result in creating more social divisions than economic gains.

---

<sup>28</sup> Tanner, *Croatia, a Nation Forged in War*, 321.

The EU membership should be an opportunity for Croatian culture, bringing Europe as the cultural center of the world, closer to Croatia; but also bringing the Croatian cultural diversity closer to Europe. Culture will be one of key components in tourist growth. Exploiting culture and history and making use out of them is area where Croatia could learn from Europe.

Another important factor in Croatian society and culture is religion. Croatia, with 88 percent of declared Catholics, enters the European Union as the last European Catholic or Protestant country left to join. It is the final puzzle of the key cultural component of the EU- Western Christianity. Ironically, it is also in the time in which Christianity plays increasingly smaller role in emerging European identity. The EU membership was strongly supported by the top of the Croatian Church. Pope John Paul II played a great part in the fall of communism in Eastern Europe and was great supporter of Croatian independence. Vatican remains a strong supporter of the European unity, despite relative decline of Church influence across Europe. Christianity in Europe faces a crisis, influencing the European Union identity crisis. It needs another positive shock in the spirit of Second Vatican Council which repaired the image of the Catholic Church and made it prominent political factor in the coming decades. Croatia, although still highly religious, seems to be joining the European trend, with church losing some of its reputation it had during the communist rule and in the first years of independence. Croatian entrance might provide a positive push for Europe towards its rediscovering cultural identity. In some ways this crisis was produced by lack of cultural and moral identity in contemporary Europe.



Worrying trend in Croatian society is the revival of old pre-1990 social splits dating from the World War II, which is strengthening since the early 2000s. At the end of the World War II the Croatian axis (Ustashe, and Domobrani – regular Croatian army) were roughly the same number as the Partisans who sided with the allies. Ideologically only few at the very top were big time Nazis or big time communists. Common soldiers joined the either movement for more worldly reasons as were geography (place of residence), education or the lack of real choice. This de facto resulted in the civil war inside the Croatian nation causing deep divides in the Croatian society which were aggravated by the way in which communist Yugoslavia dealt with the subject. Most infamous is the Bleiburg massacre when the Croatian axis soldiers surrendered to the British near the Austrian town of Bleiburg on 15 May 1945 only to be passed over to the Yugoslav National Army. What ensued was the death march into Yugoslavia called “Way of the Cross” of Croatian people which cost some 30 – 50 thousand people their lives (according to the independent sources)<sup>29</sup>. The Communist regime also threw collective blame for the Independent State of Croatia’s crimes onto all of the non-communist Croats and persecuted any idea of Croatian identity. It led to high political emigration from Croatia. One of the main accomplishments of the Tudjman government was implementation of the so called “national reconciliation” politics which brought together some of the Croatian communist elites with some political prisoners and immigrants. There were no trials for communist crimes and the defensive Homeland War played a further positive role in unifying the nation. Sadly, after 2000 those divisions reappeared, mainly courtesy of the second president Stjepan Mesic and his rehabilitation

---

<sup>29</sup> Vladimir Žerjavić, *Opsesije I Megalomanije Oko Jasenovca I Bleiburga ; Gubici Stanovništva Jugoslavije U Drugom Svjetskom Ratu* (Zagreb: Globus, 1992), 74-77.

of the communism under the cape of antifascism and became much used tool in Croatian political struggle. It is one of the key mistakes of so called “detudjmanization” which had the goal of destroying all features of the 1990s, good or bad. It has also translated to the bipolarization of the Croatian political scene. Such divisions are something Croatia does not need, especially in times of economic crisis. The Homeland War, in which descendants of both Ustasha and Partisans stood side by side in defense of their country, can serve as only necessary legitimization of Croatian state and concluding chapter of WWII tragedy. It is up to political prudence to patch up these wounds by paying homage to all victims of the WWII and its aftermath once and for all. There is no sense in Croatian youth adhering to the failed ideologies which took too many human lives.

In terms of its stratification society faces roughly the same problems as the rest of the Europe. Mass-elite gap is growing and spilling over to the loss of confidence in the political parties. Lampe and Cohen correctly notice high proportion of former communist elite members in new post-socialist elites. This lack of real social mobility characterized all “Western Balkan” countries, eventually leading to former communists quickly adapting themselves to the new circumstances and occupying key political and economic positions. Interestingly enough, in Croatia former communists held even more key positions in economy than in politics after the fall of socialism.<sup>30</sup> Poland and Baltic states presented different case of societal transformation. However, due to the abovementioned divisions inside Croatian society, “lustration” could have had negative side effects. The fact that 20 years after fall of communism, elite again looks increasingly closed is a worrying fact.

---

<sup>30</sup> Cohen and Lampe, *Embracing Democracy in the Western Balkans, from Postconflict Struggles toward European Integration*, 300.

Croatian society should profit from the EU membership, although not as expected few years before. Despite current crisis the EU is going through, Croatian entrance presents the anticipated return to the west. It can help Croatia to combat its ghosts and buttress its European identity. Mobility inside the EU offers Croatia chances to better its education and knowledge system which is much needed for a small country in contemporary world. The EU should still be seen as an opportunity although current European problems blur this worldview.

## Politics

As in economic and sociologic characteristics Croatia already follows most of the European trends, positive or negative, in the political sphere. The European Union Croatia enters firmly aims to be a political union. In that respect, changes to the Croatian political system might differ from changes the new member states previously experienced.

Croatian political system is similar to the most European states and was shaped during the accession process. Croatia started with the semipresidential system made according to French example and changed in 2000 after the death of first president Tudman. President is still chosen on the popular elections in two terms of five years. There have been some suggestions to choose the president in parliament due to his reduced authority. The president still has some authority in foreign policy, remains the supreme commander of army and together with the government controls the secret services. Experience of reducing the authorities of the president has had mixed results. While strong presidency was needed during the war years, later international animosity

towards Tudjman inspired the change in the presidential system. Status of the president has in large depended on the person in office. Second president Mesić formed his policy on his personal hatred towards late Tudjman and his legacy. His time in office is well described by British journalist Markus Tanner: “His diplomatic impact outside of old Yugoslav zone was almost nil. If he had anything to say on the great international issues of the day, no one cared to find out what his opinions were.”<sup>31</sup> He also failed to act to the political corruption present in the government during his time in the office. Current president Josipović also focused his presidency on improving relations within the ‘region’, especially with Serbia. This foreign policy was very much unilateral as it wasn’t adopted by the Croatian parliament and it received a blow with latest events in the Balkans. Generally, changes made to the institution of president have borne little fruit. From perhaps too powerful president Croatia got a little more than figurehead with a lot of influence but with little real responsibilities, still elected by the people.

The general elections are held every four years. The Croatian Parliament, called Sabor, is currently made of 151 deputies and has a long tradition as the key symbol of Croatian sovereignty. Eight deputies are representatives of national minorities, while three deputies represent Croatian diaspora (their number was reduced from eight in 2010 by constitutional changes). Country is divided into 22 historical regions called *Županije* which consist of cities and councils. Regional division of Croatia is likely to be changed due to the high number of local administrations in such a small country. It will also influence the regional policy of the European Union towards Croatia.

The highest court in Croatia is the Supreme Court, followed by county and municipal courts. There are also many issue based specialized courts. Croatia also has the

---

<sup>31</sup> Tanner, *Croatia, a Nation Forged in War*, 316.

Constitutional Court as the guardian of the Croatian legal system. Legal institutions which gained power in recent times are the state-attorney's office and its body for fighting corruption USKOK. The judicial system currently presents the biggest problem between Croatia and the European Union, as mentioned by the last Commission report on Croatia.<sup>32</sup> This fact makes the judicial system likely candidate for multiple reforms upon the European Union entrance.

First political parties in Croatia were founded in 1989 prior to the independence. First ten years of Croatian independence was dominated by HDZ – Croatian Democratic Union. Pattern in which the party which took the lead in forming of the state dominated the political scene for some time is not uncommon in Europe. In 2000 HDZ lost the election, due to the difficult economic situation, international pressures and gap in leadership left by Tudjman's death. The opposition then counted six parties, which united to get the HDZ off the power. Coalition, due to internal differences, didn't hold for long, dissipating to four parties. After it lost elections of 2003 to reformed pro-European HDZ, Croatia started to experience political trends which still hold.

One of them is the bipolarization of domestic political scene. Main two actors were HDZ and SDP which monopolized right and left political scene. Real difference between the two big parties shrunk, trend which characterized EU era of national politics. Secondly, also a rule in the European Union, no party could win absolute majority of deputy places and needed coalition to rule. This gives significance to smaller parties and national minority deputies who decide on forming of the government. Currently SDP is the strongest Croatian party and the leading party of the left wing ruling coalition, while

---

<sup>32</sup> European Commission, "Communication from the Commission to the European Parliament and the Council on the Main Findings of the Comprehensive Monitoring Report on Croatia's State of Preparedness for Eu Membership," (Brussels2012), 7-12.

the HDZ, due to the last eight years of its government enjoys the lowest rating in its history, which still remains around 20 percent. There are however some trends which could break up the dominance of these two parties.

Part of the HDZ separated in 2005 and formed the HDSSB, regional party of Slavonia region, led by Branimir Glavaš. Glavaš was charged and convicted of war crimes and currently serves jail in Bosnia-Herzegovina in what was seen as a politically motivated trial. HDSSB enjoys higher popularity than the HDZ in Slavonia, and has recorded a growth in number of deputies in the Croatian parliament. Other right parties which are not restricted by purely regional character are too small and divided to trouble HDZ on the right scene.

Last elections witnessed the emergence of the new left party HL (Croatian Labourists). They presented a surprise of the elections and enjoy a rising popularity at the moment. The Labourists present a limited danger for SDP on the left, mainly due to the inability of current left government to deal with economic problems and antisocialist measures used in fixing the economy.

European orientation of almost whole parliamentary political scene for the last ten years was also one of the key characteristics of the Croatian political scene. It was also not uncommon in other post-Communist countries prior to their accession. Antieuropean stance was occupied by extreme left and extreme right parties which failed to capitalize on it on elections. However, number of voters which declared themselves against European Union leaves significant space for anti-European political option. So far, Croatia has escaped the wave of populism which is present in European Union. HDZ monopolized the right political scene during 90s and made any form of further right

extremism unpopular. The fact that HDZ moved towards center, opens a place for right option which remains unutilized. However, even the HDZ position during 90's can hardly be labeled as extremism in term of European right.

The same goes for the extreme left, which ideologically is un-Croatian and has no potential on current political scene. This fact is drawn directly from the communist legacy. SDP, as a direct successor of communist party has been moving to the center, both economically and ideologically. Croatian Labourists present an attempt of organizing Croatian economically left political option.

Political system in Croatia at the moment seems occupied by two main parties. However, just as in the European Union, disappointment of the Croatian citizens with entire political scene is very much present. Both the European Union and Croatia are in anticipation of new leadership which could revitalize political scene. In both, new generation of great leaders, which Europe has a habit of producing, is yet out of sight.

Croatia, due to its size will be a minor force in European politics. Currently it has twelve observers in European Parliament which will, upon membership, be replaced with permanent members.<sup>33</sup> This number reflects Croatian population in Europe. It will have the same number of MEPs as Lithuania and Ireland, and will be one deputy short of Sweden, Denmark and Slovakia. It will have seven votes in European Council, out of 352.<sup>34</sup> Qualified majority voting becomes more and more important with every treaty. It makes the decisionmaking process in European Union more feasible but it also benefits the big states. De facto, it means Croatia will have less say in European politics and consequently less say in its own politics. Same goes for process of addressing the

---

<sup>33</sup> Tišma, Samardžija, and Jurlin, *Hrvatska I Europska Unija, Prednosti I Izazovi Članstva* 24-25.

<sup>34</sup> Ibid., 25.

democratic deficit by strengthening the European Parliament. It should benefit the federalist view and big states in the European Union. Treaty of Lisbon has moved in that direction, while also bringing national parliaments further into European Union decisionmaking process. Enhanced role of national parliaments, instead of European Parliament, would benefit Croatia more. It will be interesting seeing the turnout of Croatian voters to first elections for European Parliament.

Croatian domestic politics will since 1.7.2013 be subject to process of to the Europeaization process which affects the political scene of new members. Usually it is the case of strengthening executive over parliaments, because the executive is more involved in the EU processes. This indeed takes domestic policies a level further from citizens. The level of impact the European Union has on domestic politics of course differs according to area. European Union, often described as "a polity sui generis", is a mix of centralist, federalist and confederal governance with tendency of moving towards the federalist image. In this confusion between levels there is still much room left for national governments maneuvering. The EU which Croatia enters will, however, be a notch more federal than before. Not only because of the changes brought by Treaty of Lisbon, much of which are for now cosmetic, but because of the changes intended at solving the EU financial crisis. President of the European Commission Barosso and the German Chancellor Merkel have already announced United States of Europe, European ministry of finances and European Army as the likely future.<sup>35</sup>

Small influence Croatia will have in the European affairs beats no influence Croatia had until now. Overwhelming influence the EU had so far on the Croatian affairs

---

<sup>35</sup> Euractiv, "Barroso: 'We Will Need to Move Towards a Federation of Nation States'," <http://www.euractiv.com/priorities/barroso-seeks-public-space-launc-news-514761>.



will strengthen in theory but not in reality. Croatian domestic politics can hardly be more influenced by the EU than it was during the accession period. The main differences will be that Croatia won't be able to refuse the Brussels policies. However it wasn't able to refuse them in the accession period either if it wanted to become member. The right to refuse even the smallest of conditions that Brussels set for Croatia wasn't used at all during the last twelve years. Considering that, it is hard to imagine the Croatian politics under the EU being less sovereign than during the accession period. Sacrifices which the EU demanded from Croatia and reforms which were already done were bigger than those needed at the moment or in the near future. The EU presents an accomplishment for Croatian politics, it signalizes that most things requested by Europe were done and renders Europe of one important extortion mechanism – accession date. Once Croatia is inside, at least the Croatian voice can be heard in Brussels, at least in small amount. The Brussels voice already echoes around Croatia for some time.

In foreign policy and international relations, the Croatian reputation increases by it becoming part of the EU. Pushed into unwanted the "Western Balkans" region, Croatia enters the EU as the first state from that group and presents a border of the European Union towards three Western Balkans states : Bosnia and Herzegovina, Serbia and Montenegro. Its political influence and contribution in dealing with these states can be as big as the influence of the small Baltic States when dealing with Russia. Slovenia was very important in the EU's dealing with Croatia as well. Most important of relations with former countries is the one with Bosnia and Herzegovina, which is home to around 500 000 Croats whose position and political representation is far from perfect. Croatia as an EU member state directly concerned with the issue should push for a part in the

political reorganization of Bosnia and Herzegovina, which is bound to happen to ensure the survival of that community. Croatia should also occupy a key security position as a frontier of Europe towards a region still thriving in crime and instability. This presents a big responsibility for Croatia but also an opportunity to improve police and security sectors from European funds.

Armed and police sector, primarily its international cooperation is one of few areas Croatia can be proud with. Croatia has moved in short term from the peace missions recipient state to armed assistance provider. Most of the Croatian peacekeeping participation evolved through the UN. Croatian Armed Forces currently deploy 472 members to 10 international missions and operations, seven of them under the UN, the EU operation ATALANTA and the NATO operations on Kosovo and in Afghanistan. Although main military and security accomplishment was the NATO accession in 2009, the EU membership should also reaffirm Croatian security position. Croatian army experience can help European Union in its security and military buildup, if there is to be one, which still remains unclear.

### Why Enter?

Today's world presents a challenge. Global political order is in the process of reshuffling, with Europe seemingly falling down the power rankings. While Europe is declining in power and influence, others are ascending, which makes its position even harder. Era of globalization which promised so much for European Union has been poorly managed by old continent.<sup>36</sup> Recession, as the prime example of globalization (in its scope and speed), caught European Union off guard. European Union, only a few

---

<sup>36</sup> Bongiovanni, *The Decline & Fall of Europe*, 192.

years ago safe bet for prominence in the new world order, seems stuck in a fight for its survival.

The attractiveness of the EU towards potential member states seems to be declining as the crisis lingers on. EU influence on Ukraine and the Caucasus region has been dwindling in the last few years. Western Balkans seems to be also looking away from the EU, with Serbia in particular looking for older and more traditional allies like Russia. Turkey also seems to be heading towards independent superpower ranking by increasing its own political influence and importance. Turkey, after being stalled by Europe for long time, is becoming an essential Middle-Eastern and global actor, acquiring the advantages of EU membership on its own. These examples seem to question the wisdom of Croatia's EU entrance at this very moment.

The question of salience of Croatian choice to join the EU in 2013 is influenced by the situation Croatia finds itself in as well as with the crisis in the EU. All of the abovementioned countries are far behind Croatia regarding the EU conditionality criteria. Their political systems cannot be labeled as fully democratic and they face serious security or political issues. Crisis in the European Union is the perfect example for Turkey not to fix its human rights issue or for Serbia not to acknowledge the reality of Kosovo. Cooling of the interest in EU is a low risk option for countries far from EU membership. However, Croatia has already made all sacrifices EU requires. Decisions made on the way to the EU can hardly be reversed now. Croatia has traveled a long way to make its "return to Europe". It managed its return perhaps too well considering its current economic situation. In that it perfectly fits into European Union. Therefore it makes more sense for Croatia to search for the way out of the crisis as part of European

Union because it is very much economically dependent on it. Going back is simply not an option in this moment. Even if it was to happen, the options other to membership are very limited.

Success of European Union in the world is detrimental for the success of Croatia. The alternative to a successful Europe is a divided and instable Europe, ridden with insecurity. Croatia has existed in such surroundings for much of its history and it isn't keen on repeating it. Alternatives for membership are few. Helen Wallace touches upon these while describing the 2004 enlargement. A looser integration like EFTA and CEFTA didn't replicate the EU's success while the option of "free riding" as in the cases of Norway and Switzerland seems to be the exception that confirms the rule. In Wallace's words "alternative to EU membership is often portrayed as a kind of wilderness of exclusion, a scenario of weak voice and asymmetrical dependency."<sup>37</sup> Other than that, among the countries left out of the EU on the continent, with the exception of Switzerland, Norway and Iceland, Croatia is in the company of former Yugoslav and Soviet states (minus three Baltic republics). Almost all of Croatian independent life presented the struggle to leave that company. Although the road has been hard, quitting so close to the goal makes no sense.

Croatia's ticket into the Europe is also a ticket out of that company. As Florian Bieber put it for Croatia to be "part of the EU appears to exclude being part of the Western Balkans."<sup>38</sup> More so, it becomes the gateway towards Western Balkans with opportunity to strengthen its political influence but with great responsibility towards the

---

<sup>37</sup> Helen Wallace, "Enlarging the European Union, Reflection on the Challenge of Analysis," in *The Politics of European Union Enlargement, Theoretical Approaches*, ed. Frank Schimmelfennig and Ulrich Sedelmeier (Oxon: Routledge, 2005), 201.

<sup>38</sup> Bieber, "The West Balkans Are Dead - Long Live the Balkans," 3.

region, mainly towards Bosnia and Herzegovina. Croatia simply hasn't got Norway's petroleum, Iceland's fish stock or Swiss banks. Its future requires a successful Europe in the world and a successful Croatia inside the EU.

The European Union isn't all that bad either. It remains very much a prestige society. It remains the largest trading bloc in the world with more people than the United States and Russia together and with an admirable lifestyle.<sup>39</sup> The history of Europe teaches us it has always been at the core of the world, either as a principal subject (till 1945) or as a main object (Cold War era). It also acquired a symbolic status among former Communist countries. Joining the EU is a final benchmark of success for a country in transition to democracy and free market. It is hard to imagine the EU playing an insignificant role in the world, despite the momentum of global politics shifting seemingly to the east. Challenge ahead of the EU remains the same as in the post-cold war era: restoring Europe as a subject on global scene. The European Union has to reassert its historic mission of bringing peace and prosperity to Europeans. Its accomplishments, by no means small are quickly forgotten as the crisis lingers on.

Both the EU and Croatia are brimming with potential. To succeed, Europe and Croatia must turn to their most precious asset, the people. What kept a small continent like Europe ahead of others for centuries was its human capital. Today, Europe is in need of a fresh spark, new ideas, and new people. It needs a little bit of magic, a driving force it had when it was on the brink of extinction in 1945. History has taught us that Europe always found this spark when it needed it. For Croatia, it might have just arrived on a cold November morning of 2012.

---

<sup>39</sup> Marjan, *Europe's Destiny: The Old Lady and the Bull*, 4.

## CHAPTER EIGHT

## CONCLUSION: ALL IN THE FAMILY

On 16 November 2012 about 6, 000 people gathered in the early morning on the Ban Jelačić Square in the Croatian capital, Zagreb. The reason for it was the final verdict of the ICTY in the Gotovina, Markač case. Despite the fact that many of those people spent the whole night in the Cathedral and on the main square, expectations from the ICTY were fell short from what was to be the final verdict- a reversal of “the Trial Chamber’s finding that a JCE existed to permanently remove the Serb civilian population from the Krajina by force or threat of force.”<sup>1</sup> These words marked the most significant act of the international community towards Croatia since its international recognition. It cleared the creation of the state and removed the biggest shadow looming over the Croatian - EU relationship for years. It not only cleared Mr. Gotovina and Markač, but it cleared Franjo Tuđman, Gojko Šušak and the rest of the military and political leadership at the time. It also presented a blow for European Union’s treatment of the Croatia.

Closing words of justice Meron in which he ordered “an immediate release of generals Gotovina and Markač”<sup>2</sup> brought joy to the country plagued by crisis, unemployment and general depression. In a matter of hours schools and offices around Croatia closed and people headed to the streets, celebrating. The words spoken by general Gotovina when he arrived at Ban Jelačić Square, now numbering at least 100 000 people, were simple: “War belongs to the past. Let’s turn to the future.” Whistles from the mass

---

<sup>1</sup> International Criminal Tribunal for the Former Yugoslavia, "Appeals Judgement Summary for Ante Gotovina and Mladen Markac," (The Hague2012), 4.

<sup>2</sup> Ibid., 9.

aimed at the state institutions whom Gotovina thanked for their support revealed something about the direction of the future.

The generation of politicians which brought Croatia independence is gone. The generation of politicians which led Croatia towards the European Union lost the trust of its people. The acquittal of Gotovina and Markac in The Hague delivered a blow to Croatian and EU politicians which constructed the accession process. European politics towards Croatia was led by Hague prosecution, while Croatian politicians too easily accepted that lead. The appeals chamber consisted of five judges, including two from the European Union. Both of them came from catholic, Mediterranean countries like Croatia, and both of them voted against the acquittal. Official reactions from Croatian political leaders aimed at self-justification, while official Europe stayed silent. By removing the biggest shadow from Croatia – EU relationship, and proving that postponement of Croatian accession was not justified, Croatia and EU entered a new chapter in their relationship. The European Union can welcome more optimistic Croatia. Whether or not this moment can be used to the good, it gives Croatia a clean face on the eve of its EU entrance. It also carries hope towards finally ending well The Hague chapter of Croatian history.

Shortly after the Gotovina verdict, came another evaluation of Croatian EU accession politics. Former Prime Minister Ivo Sanader was found guilty of war profiteering and betrayal of the national interest in giving the Hungarian company MOL managerial rights over the national energy company INA. Though the importance of The Hague verdict overshadowed this event, it also places the evaluation on Croatian politics during the previous 12 years. EU accession brought benefits which were used for selling

state firms arbitrary for short term financial benefits on behalf of private interest. It is what happened in some countries at the European periphery, like Ireland and Greece. The man who was the ruler of Croatian politics for six years, respected and endorsed by Europe, ended up as a common thief and traitor. Sanader's fate, contrary to the fates of Gotovina and Markac, says something about the principles Croatian and EU policies were based on during the accession period. There will be time in the future to reexamine those principles and mistakes which made the current crisis not only economic, but also social and political as well.

The European Union and Croatia are both paying their debt to history, to the mistakes they committed, the former while building the community and the latter a state. The European Union, rather than learning from its pre-1945 history, was running away from it. Croatia after regaining its independence quickly forgot the values achieved in the 90s to catch up with the west as quickly as possible. Generally it has been the era of taking the politics away from the masses. It stopped working when the crisis caused by political and financial elites started breaking on the citizen's backs. The crisis offers an opportunity to solve all problems at once, rather than put them on the margins once the economy finally recovers. It is becoming increasingly clear that long term fix of the economy won't be possible without sound political and social basis.

Europe has the capacity to get out of the crisis and reassert itself on the global political scene. A strong Europe of world prominence should be of interest to all European people and all European nations, including Croatia. Being in the EU, which is a decisive actor in world politics, means a lot for Croatia. Membership gives the opportunity for a small country to have some influence in the world. Due to the character



of globalization, participation in European Union might paradoxically provide Croatia with more sovereignty, not less. Leading a successful autarkic politics is near to impossible in the contemporary world. The EU membership provides better framework for realization of Croatian interests than being left alone. Success of this realization may be up to Croatia even more than it was the case before. The European Union isn't an automatic solution for all Croatian problems.

The integration process does not end on with accession to the European Union. Croatian responsibilities as a member state might be even larger as its responsibilities as an applicant state. This is illustrated by different performances of member states which entered the EU earlier. If we observe Croatia as a latecomer of the 2004 and 2007 enlargements, this delay can be useful because it gave Croatia more time to prepare for the membership. Good and bad lessons from the first decade of CEEC's EU membership can be used to successfully meet Croatian obligations as future member state of the European Union.

If we look to the Southeast of Croatia and observe Croatia as an early goer of the future "Western Balkans" enlargement, it can serve as an example. Although economic and social gaps between Croatia and these countries are pretty big, they form Croatia's neighborhood and it is in Croatian interest that they abide to the same rules. The European Union doesn't want a "black hole" inside its area no more than Croatia wants an insecure neighborhood thriving in organized crime and ethnic tensions. The fact that Croatia by entering the EU leaves the "Western Balkans", of it never wanted to be a part in the first place, doesn't mean that the "Western Balkans" doesn't exist anymore. Croatia today doesn't have significant national minorities or huge economic gap to the

EU average as the remaining “Western Balkans” countries, but it can’t isolate itself from the “Western Balkans” in the same way it couldn’t isolate itself from the European Union. Can there be better example than Bosnia and Herzegovina, home to around 500,000 Croats (who played a crucial role in the fight for Croatian independence), which is ruled by EU-appointed High Representative but has no membership perspective and represents one of the continuous failures of the EU foreign policy.

Croatian accession and its success as a member can be an example to these countries that reforms are worth making and that the EU will respect their individual achievements on their way to the membership. The European Union membership gives Croatia both leverage and responsibility towards these countries. As the European Union member Croatia can be more active in its neighborhood and influence the EU policy to bring the “Western Balkans” closer to Europe. It will probably take longer than between last enlargement wave and Croatian membership until one of those countries enters the EU, but it should be in the interests of all countries concerned. Politically stable and successful Croatia, free of its ghosts, can help in accelerating this process. The future of the European Union will play a big role in this story as well.

The Nobel committee decided to award European Union Nobel peace prize in 2012. Decision, although not entirely popular in the moment when member states policemen are using their batons on their populations in the name of EU polices, was brought to remind the Europeans about the EU accomplishments. Europeans didn’t celebrate at streets as Croatian, of course. In part, because of the distance of European Union to their citizens, partly because of current crisis and partly because the absence of conflict in Europe is already taken for granted. However providing an area of peace is an

achievement which cannot be underestimated. Nobel Prize should remind Europe of its beginnings, and should remind Europe what it is about.

Croatia has still recent memories of war and knows the preciousness of peace perhaps better than its Western neighbors. In 20th century, Croatian soldiers were dying in European wars from Kobarido to Stalingrad, and again after forty years of peace in Europe in defense of their homeland. Entering the area of guaranteed peace after a century like that means a lot. Tim Judah went a step further in his evaluation of a peace prize: "It is a testament to the EU's conciliating power, one of the qualities that last week's prize sought to highlight, that nationalist Serb, Croat and Bosnian politicians who brayed for blood 20 years ago would not dream of attacking the EU in the way their counterparts in "old" Europe so casually do. In these countries, you have to be pro-European to get elected because people understand the alternative and are afraid of it." Speaking of the former Yugoslavia in context of EU reconciliatory power isn't the smartest statement considering the EU's efforts while war was raging on. Presenting of European Union as an issue which cannot be questioned, especially by bringing back memories of Yugoslavia is dangerous. The European Union, unlike the former Yugoslavia, is and should be about the freedom of integration. When Moravscik optimistically asserts that the EU "will remain without rival the most ambitious and successful example of voluntary international cooperation in world history" the key of success is in the word voluntary. This word becomes the "differentia specifica" of the EU to the European empires of the past, and according to Roy Ginsberg gives the EU its legitimacy and staying power.

In his famous work, Paul Kennedy blamed over expansionism for fall of empires.<sup>3</sup> Despite the fact that the EU has anything but imperial character, its enlargement can be regarded as a form of expansionism although through more modern methods. Currently, limited success for Bulgaria and Romania has brought enlargement into question. In describing the Union between Hungary and Croatia, Antun Dabinović concludes that it lost its purpose after it became over intrusive.<sup>4</sup> The same pattern can be observed in the Habsburg Monarchy with the era of so called Bach absolutism preceding the decline in the power of the monarchy. Ivo Banac, when examining the state in Yugoslavia, comes to the similar conclusion: “Of the various remedies against instability that multinational states have tried, the least successful seem to be those that depart most radically from principle of self-determination.”<sup>5</sup> Intrusiveness can be the negative ideal type of deepening, another dimension of European integration. Additionally, the European Union has to fight a common malaise of all multinational states, which is a tendency to shift the blame for unsuccessful national policies to the center of the Union. A general feeling of EU’s intrusiveness is present all around the continent at the moment. This feeling is somewhat provoked by misunderstanding, but in some cases it is warranted. The deepening of the integration has evolved spontaneously leading to the result where we have too much integration in some areas and too little in another. Generally, this means too little integration in important areas, but too much integration in areas of lesser importance. So, while the European Union has a common currency without common

---

<sup>3</sup> Paul Kennedy, *The Rise and Fall of Great Powers* (New York: Random House, 1987), 540.

<sup>4</sup> Dabinović, *Hrvatska Državna I Pravna Povijest*, 345-50.

<sup>5</sup> Ivo Banac, *The National Question in Yugoslavia: Origins, History, Politics* (New York: Cornell University Press, 1984), 31.

fiscal policy unified foreign policy, it can determine the shapes and sized of vegetables offered on the European markets.

Two words can account for the EU's accomplishment: diversity and freedom. They are summarized by its motto, "united in diversity" and by the four freedoms it reportedly offers. Freedom and diversity make the EU fundamentally different from all multinational states that ever existed. The EU can truly claim it has respected the differences between its members since its inception. It must continue to do so now, while at the same time it must rediscover the political will which made it the world's most prosperous continent. It ultimately becomes a question of political leadership and design. In its capacity of producing leaders, Europe has been second to none. European states also had a history of cooperating before the EU, although interrupted by eras of conflict. The European Union finally put an end to the conflict in Western Europe and has been spreading the area of peace eastwards. Common sense and the character of coming world order also make any intra-European conflict self-defeating, and make cooperation between member states necessary. If the sufficient level of cooperation is achieved with the great generation of leaders in several member states, no federation is needed. In the words of the late Croatian president Tudman: "All historical experience confirms the thesis that the future of the European Union cannot be built on the replacement or negation of national states but rather only on the co-operation of voluntary unified nations transferring only part of their sovereignty to the Union, both in the European interest and their own, precisely so that they should be able to develop in a free and sovereign manner."<sup>6</sup> Although the notion that nation states by joining into the European Union preserve their sovereignty sound awfully Hegelian, it is correct. Leo Tolstoy in his

---

<sup>6</sup> Tudman, *Nationalism in Contemporary Europe*, 271.

assessment of the free will concluded: ‘‘in the present case it is similarly necessary to renounce a freedom that does not exist, and to recognize the dependence of which we are not conscious.’’<sup>7</sup> Yet this freedom can be attained exactly through dependence. Hegel saw the freedom of the states in their relations to each other.<sup>8</sup> In the contemporary world the European states can preserve much more of their sovereignty through the EU than on their own, since having a voice in world affairs is what constitutes sovereignty today. It is time for both the European states and the European Union to realize that they hold the keys to each other survival.

The history of empires also teaches us about the importance of the periphery to empires. As we can recall most of the empires began their disintegration on peripheries. This, in the eve of current budget debate, illustrates the importance of cohesion funds and cohesion policy for the future of the EU. The European Union became so attractive because of its success stories of countries which benefited after joining the club. Renouncing that by dividing the EU into two camps (us and them), presents a significant blow for the idea of European Union. This design of twofold EU has of course its advantages. It allows every country to adjust its speed of integration but it also contributes to more divisions inside Europe. Difference in preparedness and willingness to proceed with the integration is today a political reality of the EU. Eurozone is an example of higher speed of integration in which some countries don't participate. However, strict differences between more and less integrated questions historical achievements of EU enlargement. Going back to being an exclusive West European club is hardly a step forward. Finding the balance between periphery and center in economic

---

<sup>7</sup> Leo Tolstoy, *War and Peace*, trans. Ann Dunnigan (New York: Signet Classics, 2012), 1417.

<sup>8</sup> Georg F.W. Hegel, *Philosophy of Right*, trans. S.W. Dyde (New York: Dover Philosophical Classics, 2005), 192.

and political sphere is one of key questions for Europe today. How much money Croatia gets will of course depend on budget option EU chooses. First attempt of negotiating a budget failed, with most of the core states, headed by Britain advocating budget reduction, while newer states opt for continuance of budget growth.

The common future for Croatia and the European Union therefore should learn from the past not just run away from it. As Europe has due to the debacle of world wars ran away from all of its past, Croatia has due to the international isolation it found itself in at the end of 1990s ran away from the values adopted during the creation of the state. Joining the EU was attempt to be more Europe than Europe, attempt of replicating all that the EU did, no matter good or bad. It is one of the reasons Croatia shares all of Europe's problems in the eve of its belated return to Europe.

On 1.7.2013 the EU and Croatia enter new phase of their relationship. This phase should start by looking at the inception of both, taking forward the values adopted in the 1951 and the 1990 and using them to build a common future. From this look it will become clear which flaws in design have been done and how can they be fixed. Medicine for both starts at the bottom, on streets of Zagreb, Athens, Madrid, Paris, Berlin, it starts with the unemployed and disillusioned masses left out of the 'Project Europe'. New generation of Europeans will work harder and longer, they will have to plunge holes in Europe in the same way they built it after the Second World War. Both national and European leadership here becomes important as the repair of Europe must flow from bottom. It must flow from the people through their nations to European Union with all three levels being important.

Future design of Europe should include more Europe in some areas and less Europe in some. It is neither the "United States of Europe", nor complete disintegration. The needed trajectory is somewhere between those two ideal types but with bridges built from citizens via their states towards the EU. James Anderson when talking about European finality singled out five different visions of Europe: Europe of Nations, Europe of Regions, Federal Europe, New Medieval Europe (similar to Zielonka's), Europe as a modern Empire in term of its global competitiveness.<sup>9</sup> Last Europe should talk with one voice when asked and should be present in the world instead of hiding from it. Anderson sees the Europe of Nations as the only real alternative to the Empire scenario (which unlike other models is more defined by its global reach rather than internal structure).<sup>10</sup> Europe should find its golden mean here, using Empire vision as the goal and nations as the mean to reach it. Political leadership should design the road and build bridges. It is useful to recall famous words of Max Weber: "certainly all historical experience confirms the truth-that man would not have attained the possible unless time and again he had reached out for the impossible. But to do that a man must be a leader, and not only a leader but a hero as well, in a very sober sense of the word. And even those who are neither leaders nor heroes must arm themselves with that steadfastness of heart which can bear crumbling of all hopes. This is necessary right now, or else men will not be able to attain even that which is possible today."<sup>11</sup>

Europe's leaders have a long history of reaching for the impossible. This is the continent which once, despite being the second smallest ruled the world thanks to its

---

<sup>9</sup> James Anderson, "Singular Europe: An Empire Once Again?," in *Geopolitics of European Union Enlargements*, ed. Warwick Armstrong and James Anderson (Basingstoke: Palgrave MacMillan, 2007), 21.

<sup>10</sup> Ibid., 26.

<sup>11</sup> Max Weber, *Politics as a Vocation*, trans. H.H Gerth and C. Wright Mills (Philadelphia: Fortress Press, 1972), 55.



human capital. Its traditions are second to none and present an inexhaustible source of knowledge and experience. European Union has the potential to defy Paul Kennedy. It can be an empire which won't fail; an empire of freedom, peace and prosperity. Future of the European Union is future of European states which represent European people at global stage. It should represent a move towards democracy rather than aristocracy through the channels known and recognized by its public. Europe must do away with bad politics and bad economy and take positives from integration into the new world era. It has done so in every turning moment in its history, and it wasn't done by new technologies or invisible hand, it was done by its people.

Croatia is given the opportunity to play its part in the story as well. It is a small country in important geostrategic position with remarkable geographical differences. It is finally free, democratic, and it joins the company of still some prestige. It joins the company in which no one will ban its parliament, its national symbols or the use of its language. It also faces a challenge to show the Europe and the world what it's capable of. By making Croatia a paradise inside the prosperous community of European states, many dreams will be fulfilled. It will make millions of Croats and people of Croatian ancestry worldwide happy and proud, as great number of them helped immensely in creation of the state. Most of all it will be the final homage to all those who gave their lives for the freedom of their beloved homeland.

## BIBLIOGRAPHY

- Allen, David. "Cohesion Policy Pre- and Post- Enlargement." In *Eu Cohesion Policy after Enlargement*, edited by Michael Baun and Dan Marek, 15-33. Basingstoke: Palgrave MacMillan, 2008.
- Anderson, James. "Singular Europe: An Empire Once Again?". In *Geopolitics of European Union Enlargements*, edited by Warwick Armstrong and James Anderson, 9-29. Basingstoke: Palgrave MacMillan, 2007.
- Arato, Krisztina. "Sobering after a Grim Wedding - a Realistic Evaluation of Hungary's Accession to the European Union." In *Euroscepticism and European Integration*, edited by Krisztina Arato and Petr Kaniok, 97-117. Zagreb: CPI, 2009.
- Ash, Timothy Garton. "The Crisis of Europe, How the Europe Came Together and Why It's Falling Apart." *Foreign Affairs* 91, no. 5 (2012): 2-15.
- Bache, Ian, Stephen George, and Simon Bulmer. *Politics in the European Union*. New York: Oxford University Press, 2011.
- Banac, Ivo. *The National Question in Yugoslavia: Origins, History, Politics*. New York: Cornell University Press, 1984.
- Bieber, Florian. "The West Balkans Are Dead - Long Live the Balkans." In *Unfinished Business, the Western Balkans and the International Community*, edited by Vedran Dzihic and Daniel Hamilton, 3-9. Washington D.C.: Center for Transatlantic Relations, 2012.
- Bieler, Andreas. "The Struggle over Eu Integration, a Historical Materialist Analysis of European Integration." In *The Politics of European Union Enlargement*,

- Theoretical Approaches*, edited by Frank Schimmelfennig and Ulrich Sedelmeier, 75-95. Oxon: Routledge, 2005.
- Bongiovanni, Francesco. *The Decline & Fall of Europe*. Basingstoke: Palgrave MacMillan, 2012.
- Caplan, Richard. *Europe and the Recognition of New States in Yugoslavia*. Cambridge: Cambridge University Press, 2005.
- Central Intelligence Agency. "Cia World Factbook."  
<https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html>.
- Cohen, Lenard J., and John Lampe. *Embracing Democracy in the Western Balkans, from Postconflict Struggles toward European Integration*. Baltimore: John Hopkins University Press, 2011.
- Conley, Heather J., and T.J. Cipoletti. "The European Union's Policy Towards the Western Balkans." In *Western Balkans Policy Review 2010*, edited by Janosz Bugajski, 11-18. Washington D.C., 2010.
- Cvrlje, Vjekoslav. "Kulturno-Civilizacijska Pripadnost Hrvatske Europi I Uloga Svete Stolice I Katoličke Crkve U Ujedinjavanju Europe." In *Hrvatska I Europa*, edited by Ljubomir Čučić, 59-74. Zagreb: Europski Pokret Hrvatske, Europski Dom, 1999.
- Dabinović, Antun. *Hrvatska Državna I Pravna Povijest*. Zagreb: Matica Hrvatska, 1940.
- Družić, Gordan. *Croatian Economic Development and the Eu, Potential and Perspectives*. Zagreb: Školska Knjiga, 2009.

Euractiv. "Barroso: 'We Will Need to Move Towards a Federation of Nation States'."

<http://www.euractiv.com/priorities/barroso-seeks-public-space-launch-news-514761>.

European Commission. "Communication from the Commission to the European Parliament and the Council on the Main Findings of the Comprehensive Monitoring Report on Croatia's State of Preparedness for EU Membership." Brussels, 2012.

———. "Croatia 2009 Progress Report Accompanying the Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2009-2010." Brussels, 2009.

———. "Croatia 2011 Progress Report Accompanying the Document Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2011-2012." Brussels, 2011.

———. *Five Years of Enlarged EU, Economic Achievements and Challenges*. Luxembourg: Office for Official Publications of the European Communities, 2009. doi:10.2765/11656.

[http://ec.europa.eu/economy\\_finance/publications/publication14078\\_en.pdf](http://ec.europa.eu/economy_finance/publications/publication14078_en.pdf).

———. "Interim Report from the Commission to the Council and the European Parliament on Reforms in Croatia in the Field of Judiciary and Fundamental Rights (Negotiation Chapter 23)." Brussels, 2011.

———. "Stabilisation and Association Agreement between the European Communities and Their Member States and the Republic of Croatia." 2001.

Eurostat. "Comparative Price Levels."

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00120>.

———. "Gdp Per Capita in Pps."

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tec00114&plugin=1>.

———. "Harmonized Unemployment Rate by Sex."

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&language=en&pcode=teilm020&tableSelection=1&plugin=1>.

———. "Pocketbook on the Enlargement Countries, 2012 Edition." Luxembourg: Publishing Office of the European Union, 2012.

———. "Primary Production of Natural Gas."

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=ten00079&plugin=1>.

———. "Proportion of Population Aged 65 and Over."

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tps00028&plugin=1>.

———. "Real Gdp Growth Rate - Volume."

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tec00115&plugin=1>.

———. "Share of Renewable Energy in Gross Final Energy Consumption."

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdcc110&plugin=1>.

———. "Total Fertility Rate "

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdde220&plugin=1>.

———. "Unemployment by Age Group."

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdec460&plugin=1>.

Farrell, Henry, and John Quiggin. "How to Save the Euro - an the Eu, Reading Keynes in Brussels." *Foreign Affairs* 90, no. 3 (2011): 96-103.

Fedorova, Lenka. *The Effectivness and Limits of Eu Conditionality: Changing Domestic Policies in Slovakia*. Berlin: LiT Verlag, 2011.

Feyerabend, Paul. *Against Method*. New York: Verso, 1993.

Finkelkraut, Alain. *Dispatches from the Balkan Wars and Other Writings*. Translated by Peter S. Rodgers and Richard Golson. Lincoln: University of Nebraska Press, 1999.

"Galbraith: Nismo Dali Nikakav Znak Za Oluju, Tudman Je Riskirao." *Večernji List*, 24.04.2011.

Gatarić, Ljubica. "Krugman: Hrvatska Ne Treba Žuriti S Uvođenjem Eura." *Večernji List*, 06.10.2012.

Genscher, Hans Dietrich. *Sjećanja*. Translated by Boris Hudoletnjak. Zagreb: Hrvatska Sveučilišna Naklada, 1999.

Ginsberg, Roy H. *Demystifying the European Union, the Enduring Logic of Regional Integration* Lanham: Rowman and Littlefeld, 2010.

Grizelj, Marinko, and Anđelko Akrap. *Projekcije Stanovništva Republike Hrvatske Od 2010. Do 2061, Population Projections of the Republic of Croatia 2010-2061*.

Zagreb: Državni Zavod za Statistiku, 2011. [www.dzs.hr](http://www.dzs.hr).

Grubiša, Damir. "Hrvatski Referendum Za Europsku Uniju: Anatomija Zakašnjelog (Ne)Uspjeha." *Politička Misao* 49, no. 2 (2012): 45-72.

Gstohl, Sieglinde. "Scandinavia and Switzerland, Small, Successful and Stubborn toward the Eu." In *The Politics of European Union Enlargement*, edited by Frank Schimmelfennig and Ulrich Sedelmeier, 33-51. Oxon Routledge, 2005.

Habermas, Jurgen. *The Crisis in the European Union, a Response*. Cambridge: Polity Press, 2012.

Hamilton, Daniel S. *Europe 2020, Competitive or Complacent?* Washington D.C.: Center for Transatlantic Relations, 2011.

Heath, Michael, and Jasmina Kuzmanovic. "Croatia Cut to Junk by Moody's on Fiscal, External Risks." <http://www.bloomberg.com/news/2013-02-01/croatia-cut-to-junk-by-moody-s-on-fiscal-weakness-external-risk.html>.

Hegel, Georg F.W. *Philosophy of Right*. Translated by S.W. Dyde. New York: Dover Philosophical Classics, 2005.

Hemerijck, Anton. "The Political Economy of Social Investment." In *Economy and Society in Europe, a Relationship in Crisis*, edited by Luigi Burrone, 40-60. Cheltenham: Edward Elgar Publishing, 2012.

Hodge, Carole. *Britain and the Balkans, 1991 - Present*. New York: Routledge, 2006.

Holbrooke, Richard. *To End a War*. New York: The Modern Library, 1999.

Horvat, Josip. *Politička Povijest Hrvatske*. Zagreb: August Cesarec, 1990.

- Hrvatska U Brojkama 2012 , Croatia in Numbers.* Zagreb: Drzavni Zavod za Statistiku, 2012. <http://www.dzs.hr/>.
- Hrvatski Sabor. Constituional Act on the Cooperation of the Republic of Croatia with the International Criminal Tribunal.
- Hrvatski Sabor. Ustav Republike Hrvatske.
- Huntington, Samuel. *The Clash of Civilizations and Remaking of World Order.* New York: Simon and Schuster, 1996.
- . *The Third Wave.* Norman: Oklahoma University Press, 1993.
- International Criminal Tribunal for the Former Yugoslavia. "Appeals Judgement Summary for Ante Gotovina and Mladen Markac." The Hague, 2012.
- Ivankovic, Davor. "General Gotovina: Ja Ću Glasati Za Eu, Tamo Civilizacijski Pripadamo." *Večernji list*, 21.01.2012.
- Judah, Tim. "Ex-Yugoslavs Know Why Eu Deserves a Nobel Prize." <http://www.bloomberg.com/news/2012-10-14/ex-yugoslavs-know-why-eu-deserves-a-nobel-prize.html>.
- Kasapović, Mirjana. "Coalition Governments in Croatia: First Experience 2000.-2003." *Politička Misao* 40, no. 5 (2003): 52-67.
- Keereman, Filip, and Isztvan Szekely. *Five Years of an Enlarged Eu, a Positive Sum Game.* Heidelberg: Springer Verlag, 2010.
- Kennedy, Paul. *The Rise and Fall of Great Powers* New York: Random House, 1987.
- Klaić, Vjekoslav. *Povijest Hrvata.* 4 vols. Vol. 1, Zagreb: Matica Hrvatska, 1988.



- Kovač, Bogomir. "Politička Ekonomija Reformiranja Samoupravnog Socijalizma -Od Europeizacije Jugoslavije Do Balkanizacije Danasnjeg Eu-A." *Politička Misao* 49, no. 3 (2012): 74-91.
- Kuhn, Thomas S. *Structure of Scientific Revolutions*. Chicago: Chicago University Press, 1970.
- Kurelić, Zoran. "How Not to Defend Your Tradition of Higher Education." *Politička Misao* 46, no. 5 (2009): 9-20.
- Kvaternik, Eugen. *Istočno Pitanje I Hrvati*. Zagreb: Dom i Svijet, 1997.
- Ladrech, Robert. *Europeanization and National Politics*. Basingstoke: Palgrave MacMillan, 2010.
- Lajh, Damjan, and Alenka Krašovec. "Referendum O Ulasku Slovenije U Europsku Uniju, Međunarodni Komparativni Pogled." *Politička Misao* 44, no. 3 (2007): 45-65.
- Leonard, Mark. *Why Europe Will Run 21st Century*. New York: Public Affairs, 2005.
- Longman, Phillip. "The Geopolitical Implications of Global Aging." In *Population Decline and Remaking of Great Power Politics*, edited by Susan Yoshihara and Douglas A.Silva, 23-36. Washington D.C.: Potomac Books, 2012.
- Mallaby, Sebastian. "Europe's Optional Catastrophe, the Fate of the Monetary Union Lies in Germany's Hands." *Foreign Affairs* 91, no. 4 (2012): 6-10.
- Manolopoulos, Jason. *Greece's "Odious" Debt, the Looting of Hellenic Republic by the Euro, the Political Elite and the Investment Community*. London: Anthem Press, 2011.

- Marjan, Attila. *Europe's Destiny: The Old Lady and the Bull*. Washington D.C.: Woodrow Wilson Center Press, 2010.
- Martin, Claude. "A Baby Friendly State: Lessons from the French Case." In *2050: A Changing Europe, Demographic Crisis and Baby Friend Policies*, edited by Jose Luis Valverde. Amsterdam: IOS Press, 2007.
- McCormick, John. *Europeanism*. New York: Oxford University Press, 2010.
- Medrano, Juan Diaz. "Social Class and Identity." In *Sociology of the European Union*, edited by Adrian Favell and Virginie Guiraudon, 28-49. New York: Palgrave MacMillan, 2011.
- Mock, Alois, and Herbert Vytiska. *Das Balkan Dossier: Der Aggressionskrieg in Ex-Jugoslawien Perspektiven Für Die Zukunft*. Vienna: Signum Verlag, 1997.
- Moravscik, Andrew. "Europe after the Crisis, How to Sustain a Common Currency." *Foreign Affairs* 91, no. 3 (2012).
- Moravscik, Andrew, and Milada Ana Vachudova. "Preferences, Power and Equilibrium." In *The Politics of European Union Enlargement, Theoretical Approaches*, edited by Frank Schimmelfennig and Ulrich Sedelmeier, 198-212. Oxon: Routledge, 2005.
- Mundell, Robert A. "A Theory of Optimum Currency Areas." *The American Economic Review* 51, no. 4 (1961): 657-65.  
<http://www.jstor.org/stable/1812792?origin=JSTOR-pdf>.
- Mundell, Robert, and Armand Cleese. *The Euro as a Stabilizer in the International Economic System*. Norwell: Kluwer Academic Publishers, 2000.

Novota, Slađana, Ivana Vlašić, Rumiana Velinova, Kiril Geratliev, and Olga Borissova.

*Europski Fondovi Za Hrvatske Projekte, Priručnik O Financijskoj Suradnji I Programima Koje U Hrvatskoj Podupire Europska Unija.* Zagreb: Središnji državni ured za razvojnu strategiju I koordinaciju fondova Europske Unije, 2009.

Nye, Joseph. *Soft Power: The Means to Success in World Politics.* New York: Public Affairs, 2004.

Oudenaren, John van. "The European Union as a Foreign Policy Actor, toward a New Realism." In *European Foreign Policies: Does Europe Still Matter*, edited by Ronald Tiersky and John van Oudenaren, 15-41. Plymouth: Rowman and Littlefield Publishers, 2008.

Pilar, Ivo. *Die Südslawische Frage Und Der Weltkrieg, Übersichtliche Darstellung Des Gesamt Problems.* Zagreb: Matica Hrvatska 1944.

Poole, Peter. *Europe Unites: The Eu's Eastern Enlargement.* Westport: Praeger Publishers, 2003.

Prosecutor Vs Ante Gotovina, Ivan Cermak, Mladen Markac, Judgement Vol 2 of 2, (2011).

Putnam, Robert. "Diplomacy and Domestic Politics: The Logic of Two Level Games." *International Organization* 42 no. 3 (1988): 427-60.

Sato, Tsuneaki. "Rethinking Remaining Problems from the Decade of Transition." In *Globalization, Democratization and Development, European and Japanese Views of Change in South East Europe*, edited by Vojimir Franičević and Hiroshi Kimura, 37-57. Zagreb: Masmedia, 2003.

- Schimmelfennig, Frank. "The Community Trap: Liberal Norms, Rhetorical Action and the Eastern Enlargement of the European Union." In *The Politics of European Union Enlargement, Theoretical Approaches*, edited by Frank Schimmelfennig and Ulrich Sedelmeier, 142-71. Oxon: Routledge, 2005.
- Schimmelfennig, Frank, and Ulrich Sedelmeier. "The Politics of European Union Enlargement, Theoretical and Comparative Perspectives." In *The Politics of European Union Enlargement, Theoretical Approaches* edited by Frank Schimmelfennig and Ulrich Sedelmeier, 3-29. Oxon: Routledge, 2005.
- Schmitt, Carl. *The Concept of the Political*. Translated by George Schwab. Chicago: The University of Chicago Press, 2007.
- Schnabel, Rockwell, and Francis X. Rocca. *The Next Superpower? The Rise of Europe and Its Challenge to United States*. Lanham: Rowman and Littlefield Publishers, 2005.
- Scovazzi, Tulio. "Recent Development as Regards Maritime Delimitation in the Adriatic Sea." In *Maritime Delimitation*, edited by Rainer Lagoni and Daniel Vignes, 189-203. Leiden: Martinus Nijhoff Publishers, 2006.
- Serfaty, Simon. "The United States and Europe in a Multipolar World." In *A Recast Partnership? Institutional Dimensions of Transatlantic Relations*, edited by Simon Serfaty, 3-19. Washington D.C.: CSIS, 2008.
- Simms, Brendan. *Unfinest Hour: Britain and the Destruction of Bosnia*. London: Penguin Books, 2002.
- Staab, Andreas. *The European Union Explained: Institutions, Actors, Global Impact*. Bloomington: Indiana University Press, 2005.

Sundhaussen, Holm. "Die Königsdiktaturen in Südosteuropa: Umrisse Einer Synthese."

In *Autoritäre Regime in Ostmittel- Und Südosteuropa 1919-1944*, edited by  
Erwin Oberländer, 337-48. Paderborn: Ferdinand Schöningh, 2001.

Szczerbiak, Aleks. *Poland within the European Union: New Awkward Partner or New Heart of Europe*. New York: Routledge, 2012.

Szczerbiak, Aleks, and Paul Taggart. *Choosing Union: Eu Enlargement and Referendums, the Politics of European Referendum Outcomes and Turnout: Two Models*. New York Routledge, 2005.

Tanner, Marcus. *Croatia, a Nation Forged in War*. New Haven: Yale University Press, 2010.

Tatham, Allan. *Enlargement of the European Union*. Alpen an den Rijn: Kluwer Law International, 2009.

Thatcher, Margaret. *Statecraft*. London: Harper and Collins, 2002.

Tišma, Sanja, Višnja Samardžija, and Krešimir Jurlin, eds. *Hrvatska I Europska Unija, Prednosti I Izazovi Članstva* Zagreb: Institut za Međunarodne Odnose 2012.

Tolstoy, Leo. *War and Peace*. Translated by Ann Dunnigan. New York: Signet Classics, 2012.

Tuđman, Franjo. *Nationalism in Contemporary Europe*. New York: Columbia University Press, 1981.

"Vesna Pusić: Ne Želim Biti Preokrutna, Ali Ako Ne Udemo U Eu Nećete Dobiti Mirovinu!". *Jutarnji List*, 18.01.2012.

Vidas, Davor. *Hrvatsko - Slovensko Razgranicenje; Medjunarodno Pravo Je Crta Ispod Koje Se Ne Ide*. Zagreb: Skolska Knjiga, 2009.

- Vukadinović, Radovan. "Perspektive Europske Integracije U Dejtonskom Kontekstu." In *Hrvatska I Europa*, edited by Ljubomir Čučić, 107-24. Zagreb: Europski Pokret Hrvatske, Europski Dom, 1999.
- Vukadinović, Radovan, and Vlatko Mileta. *Evropa Iza Ugla*. Zagreb: Biblioteka Suvremene Teme, 1990.
- Vukadinović, Radovan, and Lidija Čehulić Vukadinović. *Politika Europskih Integracija*. Zagreb: Naklada Lijevak, 2011.
- Vukas, Budislav. "Maritime Delimitation in a Semi- Enclosed Sea: The Case of the Adriatic Sea." In *Maritime Delimitation*, edited by Rainer Lagoni and Daniel Vignes, 189-203. Leiden Marius Nijhoff Publishers, 2006.
- Wallace, Helen. "Enlarging the European Union, Reflection on the Challenge of Analysis." In *The Politics of European Union Enlargement, Theoretical Approaches*, edited by Frank Schimmelfennig and Ulrich Sedelmeier, 287-94. Oxon: Routledge, 2005.
- Weber, Max. *Politics as a Vocation*. Translated by H.H Gerth and C. Wright Mills. Philadelphia: Fortress Press, 1972.
- West, Rebecca. *Black Lamb and Grey Falcon: A Journey through Yugoslavia*. Edinburgh: Canongate Books, 2006.
- Woodward, Susan. *Balkan Tragedy: Chaos and Dissolution after the Cold War*. Washington D.C.: The Brookings Institution, 1995.
- Žerjavić, Vladimir. *Opsesije I Megalomanije Oko Jasenovca I Bleiburga ; Gubici Stanovništva Jugoslavije U Drugom Svjetskom Ratu*. Zagreb: Globus, 1992.

Zielonka, Jan. *Europe as Empire: The Nature of Enlarged European Union*. New York:  
Oxford University Press, 2006

## VITA

Nikola Kovac

He attended the

Faculty of Political Science at the University of Zagreb from 2004 to 2010, and received a Master of Arts Degree in Political Science in 2010 with concentrations in National Security, and Foreign Policy and Diplomacy. He enrolled in Graduate Program in International Studies as a Master of Arts student in fall of 2011, choosing US Foreign Policy and International Relations as his concentration. Currently he interns as an Assistant Desk Officer at Civil Military Fusion Centre in Norfolk, Virginia.