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**MASTER'S THESIS**

**CROATIA'S ACCESSION TO THE EU: AN  
ASSESSMENT OF THE EU CONDITIONALITY AND  
THE MEMBERSHIP PROCESS**

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## DECLARATION

I hereby declare that this Master's thesis titled "Croatia's Accession to the EU: An Assessment of the EU Conditionality and the Membership Process" has been written by myself in accordance with the academic rules and ethical conduct. I also declare that all materials benefited in this thesis consist of the mentioned recourses in the reference list. I verify all these with my honour.



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Signature

## **ABSTRACT**

**Master's Thesis**

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**Graduate School of Social Science**

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Croatia is country with the very complex history. For a long period of time it was not independent, but included into some other state entities. When it finally became independent, Croatia faced with the politics of isolationism of president Tudman. After his death, Croatia started to build relationship with Europe and the European Union.

In this thesis, Croatia's accession to the European Union will be assessed. Croatia's path was a little bit harder than other accession state's path because in a short period of time it had to pass through the process of democratization, Europeanization and to fulfil all requirements in order to become an EU member.

In this thesis, European Union's conditionality, and process of negotiating and implementing the *acquis communautaire* is analysed. In addition, the thesis analyses Croatia's progress after becoming a member and current political events. Also, the theory of Euroscepticism is analysed and applied on Croatia's case. Some of the main reforms which have been done are discussed – public administration, pension, healthcare and education reforms.

As conclusion, current European Union-Croatia relations and how Croatia benefited from the accession are analysed.

**Keywords: Croatia, European Union, Accession Process, Europeanization, Euroscepticism, Reforms, Negotiations, Democratization.**

## ÖZET

Yüksek Lisans Tezi

Hırvatistan'ın Avrupa Birliği'ne Giriş Süreci: Avrupa Birliği'nin  
Koşulsallığının ve Üyelik Sürecinin Değerlendirilmesi  
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Hırvatistan'ın tarihi oldukça karışıktır. Yüzyıllarca özgürlüğe kavuşamamıştır, fakat diğer devlet oluşturmalarına dahildi. Sonunda özgürlüğe kavuşunca, Hırvatistan Cumhurbaşkanı Tudman'ın tecrit politikasıyla karşılaşmıştır. Tudman öldükten sonra Hırvatistan Avrupa ve Avrupa Birliği ile bağ kurmaya başlamıştır.

Bu tezde Hırvatistan'ın Avrupa Birliği'ne giriş süreci değerlendirilmiştir. Hırvatistan'ın giriş süreci, diğer Avrupa Birliği'nin üyelerine kıyaslanınca, daha zordu çünkü kısa bir süre içinde Avrupalılaştırılma ve demokratikleşme sürecini tamamlayıp Avrupa Birliği'nin koşullarını yerine getirmek gerekiyordu.

Bu tezde Avrupa Birliği'nin koşulsallığı ve müzakere süreci incelenmiştir. Ayrıca, Hırvatistan'ın üye olduktan sonrasındaki ilerleme ve şu anki siyasi olayları gösterilmiştir. Avrupa Birliği'ne karşı olan teoriler analiz edilip Hırvatistan örneğine uygulanmıştır. Yapılan en önemli reformlar da söz edilmiştir – kamu yönetimi, emeklik, sağlık ve eğitim reformları.

Sonuç olarak, şu anki Hırvatistan'ın Avrupa Birliği ile ilişkileri ve üyelikten gördüğü faydalar söz edilmiştir.

**Anahtar Kelimeler:** Hırvatistan, Avrupa Birliği, Giriş Süreci, Avrupalılaştırma, Avrupa Birliğine karşı olma, Reformlar, Müzakere, Demokratikleşme

**CROATIA'S ACCESSION TO THE EU: AN ASSESSMENT OF THE EU  
CONDITIONALITY AND THE MEMBERSHIP PROCESS**

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## **ABBREVIATIONS**

<b>AVNOJ</b>	Antifašističko vijeće narodnog oslobođenja Jugoslavije
<b>CARDS</b>	Community Assistance for Reconstruction, Development and Stabilisation
<b>CERP</b>	Croatian Privatization Agency
<b>CPC</b>	Communist Party of Croatia
<b>CPY</b>	Communist Party of Yugoslavia
<b>EU</b>	European Union
<b>GRECO</b>	Group of States against Corruption
<b>HDZ</b>	Hrvatska demokratska zajednica
<b>HNS</b>	Hrvatska narodna stranka
<b>HSLs</b>	Hrvatska socio-liberalna stranka
<b>HSS</b>	Hrvatska Seljačka Stranka
<b>ICTY</b>	International Criminal Tribunal for the former Yugoslavia
<b>IPA</b>	Pre-Accession Assistance
<b>ISC</b>	Independent State of Croatia
<b>ISPA</b>	Instrument for Structural Policies for Pre-Accession
<b>OE</b>	Ottoman Empire
<b>PHARE</b>	Pologne et Hongrie-Aide á Restructuration Economique
<b>SAA</b>	Stabilization and Association Agreement
<b>SAP</b>	Stabilization and Association Process
<b>SAPARD</b>	Special Accession Programme for Agricultural and Rural Development
<b>SCS</b>	Slovenes, Croats and Serbs
<b>SDP</b>	Socijaldemokratska partija Hrvatske
<b>USKOK</b>	Ured za suzbijanje korupcije i organiziranog kriminaliteta
<b>WWII</b>	World War II
<b>ZAVNOH</b>	Zemaljsko antifašističko oslobođenje narodnog vijeća Hrvatske



## **INTRODUCTION**

In order to become a member of the European Union (EU), every country has to pass through the adjustment process. Croatia's accession to the EU was very hard, since in the moment of signing the Stabilization and Association Agreement (SAA) in 2001, as a first step towards the membership, it was suffering the consequences of war and isolationism politics left by president Tuđman. In a short period of time it had to pass through the process of democratization, Europeanization and to fulfil all requirements in order to become an EU member.

This thesis focuses on Croatia's accession process to the EU and on assessment of the EU conditionality. The aim is to analyse the negotiation process, reform done in Croatia, adaptation of law and legacy and to analyse Croatia's success in that process. In addition, the thesis analyses Croatia's progress after becoming a member, since every country, after the accession, has some obligations towards the EU.

The thesis argues that the accession process was harder for Croatia than for the other countries, and that Croatia had to pass through many 'tests' in order to become a EU member. Further, Croatia was very successful in reaching its goals, because it had to pass through the democratic transition, recover from the effects of war and to fulfil the requirements for the EU conditionality in the same time. It signed the SAA in 2001, as the first step to the accession and negotiation, what was just 6 year after the Homeland War finished and 2 year after president Tuđman died. In addition, thesis argues that the EU helped a lot to Croatia in terms of democratization and Europeanization process. Without the EU Croatia would not be the most developed country in the region.

Croatia, as every other accession country, had to meet the Copenhagen Criteria, to accept all *acquis communautaire* (rules, constitutions, decisions, declarations and agreement set by the EU institutions). Croatia had to cooperate with the International Criminal Tribunal for the former Yugoslavia (ICTY) in order to prosecute war criminals, what was one of the conditions for the membership. All these steps were monitored by the European Commission (EC) as the executive body of the EU. In this thesis the progress that Croatia made, EC's decisions and reports

and obstacles will be analysed. In addition, the steps that has to be made after becoming the member will also be studied.

This thesis claims that Croatia still has a lot to do in order to comply with the standards of the EU, but it also made a significant progress, more than every other EU's member, in a very short period of time. In order to better understand the thesis, some terms will be defined, such as democratization or democratic transition, Europeanization, EU-ization, Euroscepticism etc.

The topic of Croatia's accession to the EU is fairly represented in the literature, since Croatia is the first and most developed country covered by the SAP (Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia left in the process) that became an EU member. Because of its secession from the communism and starting with the democratization process at the same time as Europeanization process, it attracted the attention of the academicians.

Some of the main important sources of the topic concerning Croatia's accession process, except journal articles, are also reports, reviews and many other official papers given by the EC, such as annual monitoring reports, progress reports etc. In my research, I used newspaper articles also, especially for the sections about the progress after becoming a member, because it happened not so far in the past, so the journal articles or books on this topic are not available yet. In addition, I used data from the official pages of various institutions, councils, parties etc. The literature analysed in my thesis were mostly published from year 2000 up to the recent happening, except the literature on the history of Croatia.

Because of the nature of the topic itself, I used a various articles which just review the whole process, without big difference in approach. However, in my thesis I was supposed to explain some terms, concepts and theories necessary for the better understanding, so, in order to explain Europeanization, I used Johan Peder Olsen, Tanja Borzel and Claudio Radaelli's articles on theory of Europeanization. J.P Olsen differentiates the 5 types of Europeanization, while Damir Grubiša added 6<sup>th</sup> type, so called 'retrospective Europeanization'. I applied this approach on Croatia's case. Tanja Borzel argues that Europeanization is not 'one way', but reciprocal action, and that it depends on national executives in which measure will the EU affect the member state. Trine Flockhart introduced the term EU-ization, claiming that this

term differs from the term Europeanization. I applied the concept of EU-ization on the case of Croatia, too.

In addition, I was supposed to analyse the term Euroscepticism and apply it on the Euroscepticism in Croatia. Analyse of the Euroscepticism in party politics is based on the Paul Taggart and Aleks Szczerbiak's, as well as Petr Kopecky and Cas Mudde's work. In order to analyse the Euroscepticism in public opinion, I used article written by Marcel Lubbers and Peer Sheepers, Vesna Lamza Posavec et al., as well as that written by Catharina Sorensen. Also, I used a couple of articles of Dejan Jović, in order to apply the theory of Euroscepticism on the Croatia's case.

The thesis involves a detailed literature review about EU membership process in general, Croatia's accession and negotiation process in particular, and literature on some terms, concepts and theories related to the topic. While writing the thesis primary and secondary sources were investigated.

For writing this thesis, books, academic and newspapers articles, as well as EC's reports, official documents, statistics of the research centres, official institutions' documents, reports, official web sites etc. have been utilized. For the up-to-day information online journals and newspapers were investigated.

The literature on Croatia's history, used in the first chapter, is older, when the literature used for the other two chapters are relatively new, not older than 2000. The last chapter is based mostly on the information from the newspaper, except the part concerning the Euroscepticism, which is based on the journal articles.

This thesis is divided into three chapters. In the first chapter, a look on Croatia's history of the 20<sup>th</sup> century is taken, where from one can understand why Croatia strive to be an independent nation state. Through the history, it was all the time united with some other countries and ethnics (one empire and two states) until it became independent in 1991. This chapter reviews its history of the 20<sup>th</sup>, which is known as the one of the most complex histories in the world, until the moment of concluding this thesis.

Chapter two deals with the analysing the theory of democratization, Europeanization and EU-ization applying it on the Croatia's case, general information about the EU membership's usual procedures as well as Croatia's process in particular. It analyses Croatia's progress in meeting the requirements and

implementing reforms as well as obstacles encountered on its way to the EU membership, such as cooperation with the ICTY, resolve the disputes with Slovenia, deal with some affairs and world economic crisis. In addition, in this section the funds given to Croatia by the EU are introduced. This section finishes with the analyses of the main reforms which were implemented and EU's assessment in the last report given before Croatia became the EU member.

The closing chapter introduces the concept of Euroscepticism, dividing it into the Euroscepticism in party politics and in public opinion, applying it on the case of Croatia. It discusses why the citizens in Croatia were Eurosceptic, as well as pros and cons Croatia get with the membership. It is concluded with the newest information about Croatia's progress and situation in country.

## **CHAPTER ONE**

### **CROATIA'S HISTORY OF THE 20<sup>th</sup> CENTURY**

Croatia's history of the 20<sup>th</sup> century is one of the most complex histories in the world. It involves one empire and three states. In two of the three states Croatia was integrated with other countries and ethnics and the third state refers to modern and independent Republic of Croatia. Complicated events that happened in the end of the 20<sup>th</sup> century will cause a tendency to create nation state. Croatia, as many other Balkan countries gained independence after a long battle at the end of the 20<sup>th</sup> century.

On the beginning of the 20<sup>th</sup> century Croatia<sup>1</sup> was a part of The Habsburg Monarchy<sup>2</sup>, which was formally unified as the Austro-Hungarian Empire from 1867 to 1918. Because it was just a part of the multi-ethnic empire, Croatia started to ask for its rights. In that time Croatia's border was a bit different. According to Austro-Hungarian Compromise of 1867 The Banovina of Croatia<sup>3</sup> was under Hungarian, and Dalmatia and Istria under Austrian authority.<sup>4</sup> These parts of Croatia were been separated after the Kingdom of Croatia. Belonging to the different cultural environment different mentality generated in these parts. Dalmatia and Istria were more turned towards Italian cities, while The Banovina was turned towards Austria and Hungary.

#### **1.1. INTRODUCTION TO CROATIA'S HISTORY OF THE 20<sup>th</sup> CENTURY**

In the first half of the 19<sup>th</sup> century cultural and territorial unification of Slavonia and Dalmatia started through the Illyrian (National) movement which was more striving to the idea of South Slavic unity than Croatian cultural unity. The reason was rising German and Hungarian nationalism. This idea included bigger territories and seemed superior in defence from these rising nationalisms. However,

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<sup>1</sup> Often in literature the term 'Croatia' will is used instead of 'Triune Kingdom of Croatia, Slavonia, and Dalmatia' what was the state's full name in that time.

<sup>2</sup> The Habsburg Monarchy or Empire, Austro-Hungarian Empire, Austro-Hungarian Monarchy or Austria-Hungary. All these terms are used in literature.

<sup>3</sup> The Banovina of Croatia, Banate of Croatia or Slavonia.

<sup>4</sup> Dušan Bilandžić, Hrvatska moderna povijest, Golden marketing, Zagreb, 1999, p.19.

after the revolutionary years (1848-1849), revivalist movement in Slavonia and Dalmatia moved from Illyrian (which was forerunner of the idea of the South Slavic unity) to a Croatian national movement. This event was preceded by many other events (caused by Catholic and Orthodox Church in the first place), started from the time when Croatian and Serbian ethnoses started to divide one from another.

As regards economic development, these two territories represented two different environments. Dalmatia and Istria were not as developed as it was Slavonia. This situation influenced migrations from Dalmatia and Istria to South American and some other countries and produced strong Croatian migration lobby which will have a strong impact on Croatia's policy decision-making. Reasons were, in the first place, neglect of Dalmatia by Venice, so this region, except couple of cities which were trade centres, was more backward than Slavonia. Besides, there was a big difference in cultural aspect, too, especially because of the long disunity of these two regions.

In this period Croatia's biggest problem was struggle with increasing Hungarian and German nationalism. Croats<sup>5</sup> did not want to be under any nation's authority and they tried to revive the national consciousness. It led to the many different national ideas and movements such as Illyrian and Croatian movement.<sup>6</sup> As the Austrian and Hungarian nationalisms rose, the desire for an independent country became more severe. These two rising nationalisms, through the cultural hegemony, were creating so much pressure on the other nations that caused rising of the other nations' nationalisms and ideologies, such as Pan-Slavism in Austro-Hungarian Monarchy. In order to create a nation state Croatian elite had idea to create state united with other South Slavs under Habsburg Monarchy. This idea came from the first half of the 19<sup>th</sup> century through the Illyrian movement and later manifested through the 'South-Slavic' movement. These aspirations were legitimated because of Austrian and Hungarian willingness.

Despite all this, the most followed idea on the beginning of the 20<sup>th</sup> century was 'Yugoslavism'. This idea was seen as a solution to the Croatian problem and the

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<sup>5</sup> In order to make it clearer for the reader, in this text the term 'Croats' will be used for the identification of people lived on the territory of Slavonia and Dalmatia. It is important to note that those people identified themselves also as a Serb, Illyrian, Slav etc.

<sup>6</sup> In Croatian historiography, the 19<sup>th</sup> century is called 'revival period'. It consists of Illyrian movement in the first half of the 19<sup>th</sup> century with the idea of South Slavic cultural unity and Croatian movement in the second half of the 19<sup>th</sup>, which's main idea was Croatian independent state and nation.

counteraction against Austrian and Hungarian nationalism. The followers of this idea were in the first place young and enthusiastic people. The idea about Serbs and Croats united into one state in historiography is also known by the term 'politics of new orientation'. It became the only possible option for Croatia's citizens, because there was a big number of Serbian population on the territories of Slavonia and Dalmatia. In the following years it entered into every part of the society – culture, art, literature etc. Official document of this politics is Rijeka and Zadar resolution.<sup>7</sup>

This situation has welcomed the World War I which began in 1914. The trigger for this war was murdering Ferdinand I, Holy Roman Emperor, and his wife Sophia, in Sarajevo by Bosnian Serb Gavrilo Princip. He was a member of the movement called Young Bosnia<sup>8</sup> which's aim was to struggle for the liberation of the South Slavs from the Habsburg's authority. This type of movements also existed in Croatia because youth has strived for the new ideas and they have not shrunken away from radical acts also.

On the very beginning of the war, a group consisted of Croats and Slovenes led by Frano Supilo, Ivan Meštrović and Ante Trumbić, formed into Yugoslav Committee, emigrated from the Habsburg Monarchy in order to unite whole South Slavs into one state in cooperation with the Kingdom of Serbia (and Montenegro). The only obstacle to this idea was the fact that Croatia was just a small factor in the big war. Except this, in 1915 Italy withdrew from the Axis Powers and joined the Central Powers. By the Treaty of London, in 1915, which was signed secretly, some parts of Croatia was promised to Italy. One of the main aims of the Yugoslav Committee, which was operating from London, and later from Paris, was to struggle against this treaty and preserve Croatia's territory.

Situation in Croatia was very complex. The ruling party was Croat-Serb Coalition led by Svetozar Pribičević who was a Serb from Croatia. In the same time, Croatia was at war with Serbia, as a part of Habsburg Monarchy. As war progressed, this coalition's activities rose. Lower class of society, peasant, did not have so much information about these activities. Croatian soldiers were battling on the side of

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<sup>7</sup> For further information about the Rijeka and Zadar resolution see Alan Taylor, **Habsburška Monarhija 1908-1918**, Znanje, Zagreb, 1990, p. 184.

<sup>8</sup> Some parts of this organization were present on the Croatian territory, too, but with the different name.

Habsburg Monarchy until the end of the war. This is one of the causes which create a gap between Croatian and Serbian population in the following years. These nations, despite that they were culturally close to each other, were just a plaything in the hands of the bigger powers and their interests.

In this period the battle lasted on the front and in the politics. Politicians in Croatia and Yugoslav Committee abroad were seeking to use this situation. Both of them had the same aim - to liberate from the Austro-Hungarian Empire's hands. In this situation, opinion of the big powers was very important and Yugoslav politicians had to convince them that this idea is correct. In historiography there is a lot of polemics about this unification. Some historians think if Serbia would accept this unification if Russian Empire did not collapse and get its support. Because Serbia also had idea about the 'Big Serbia' including some parts of Bosnia and Hercegovina and Croatia. Also, there is a question would Croatia want this if the Austrian and Hungarian nationalism did not rise.

Namely, there will always be polemics about these questions, because the 'Yugoslav' idea was created under the influence of external and internal forces. From the outside, it was rising Italian, German and Hungarian nationalisms, and from the inside, idea of a single nation unified within culture and language. In addition, one of the main internal factors was religion, because two Church's (Catholic and Orthodox), through Croatian and Serbian population wanted to manifest their interests in the area of the Western Balkans and effecting the culture they want to polarize the population on two different front (culture). However, idea of unification was developed in the first half of the 19<sup>th</sup> century through the idea of Illyrian movement and in the second half of the 19<sup>th</sup> century developed under the name 'South-Slavic movement'.<sup>9</sup>

On 24 November 1918, in Croatian parliament, Croat-Serb Coalition decided to break every relation with the Austro-Hungarian Empire, and, on the basis of national unity of Slovenes, Croats and Serbs entered into sovereign State of Slovenes, Croats and Serbs<sup>10</sup>. This is actually a result of the relations between big powers which won the war and had the main word in the Treaty of Versailles. On the other hand, the question is if the big powers would let this happen if it was not in

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<sup>9</sup> Taylor, p. 215.

<sup>10</sup> State of Slovenes, Croats and Serbs – in the following text – State of SCS.



their interest. In that time, they were striving to reduce the impact of the Austro-Hungarian Empire and Russia on the Balkans. This politic of balance started to be developed after the weakening of the Ottoman Empire<sup>11</sup>, because some powers were afraid that OE's territory will fall into the Russia or Austria's hands, so one of them would overtake world politics.

## **1.2. CROATIA IN THE STATE OF SLOVENES, CROATS AND SERBS**

Very soon after State of Slovenes, Croats and Serbs was created, Italian army started to enter into the Istria<sup>12</sup>. State's leadership, on 1 December 1918, decided to associate with Kingdom of Serbia and to create the Kingdom of Serbs, Croats and Slovenes<sup>13</sup>. This time, Croatia was afraid of Italian nationalism and they chose this as the best option. That is why the external impact was crucial in the policy of unification of Serbs, Croats and Slovenes within the one state.

After the Kingdom was created situation became more complicated. On the one side, there were territories which were under the thumb of western cultures. They were more developed in the economic and cultural sense. On the other side, there were territories of Serbia and Montenegro with Macedonia, which were under the thumb of eastern cultures and less developed. Of course, the cultural and religious diversity were present through the centuries. In that moment, those were, despite linguistic similarity, two different worlds. The aim of the Kingdom was to join these territories into one union. In the following years it showed as not such a good idea. On 28 June 1921 Vidovdan Constitution was signed. It was the Kingdom's first constitution and first official evidence of this country's existence.

Doubts if unification in one kingdom was a good idea or not started to bother Croatian elite. They were not so sure anymore and they started to think about Croats, Croatia and their nation state. This question also was current at the time of Austro-Hungarian Monarchy but in the World War I culminated because of fear from the future and new world order. That is why escape to the state like State of SCS was not

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<sup>11</sup> Ottoman Empire - OE

<sup>12</sup> Istria – region in Croatia, on the border with Italia.

<sup>13</sup> Kingdom of Serbs, Croats and Slovenes – in the following text – Kingdom of SCS or just the Kingdom; also, terms Slovenes and Slovenians in English are synonyms.

a good solution for this problem. This problem more or less led politics of the Kingdom in the following years.

Except these national dissensions between two biggest ethnic groups there were a lot of other problems which soothed and removed this problem from the agenda. Government led by King Alexander was for the unification and centralization of the state, and for this purpose he tightened the system and those politicians who saw themselves as important. In the very beginning of the Kingdom of SCS politics divided into two directions. One was centralistic-unitarist and the other was federalist. Except these two directions there was a group of young people who was between them.

According to this, political parties' ambitions were also divided. One part was supporting the system and the other part was not. Youth in Croatia did not think that new state is not functional because of unsustainability and division between nations, but they think that system is not functional by itself and has to be changed. This is supported by fact that there were no requests for the withdrawing from this state and regret for the Austro-Hungarian Monarchy. All requests were for the stronger centralization or federalization of the state.

After the unification with SCS parties which were active in Croatia were – Democratic Party (after division – Independent Democratic Party), Croatian Party of Rights, Croatian Unity, Croatian People's Peasant Party and Croatian Peasant Party. Except this, League of Communists of Yugoslavia has to be mentioned. The League was prohibited by the King Alexander so it was working illegally. The first mentioned party was supporting the system, centralization and unitarianism and others were in the opposition, seeking for federalization of the Kingdom.

Despite all this, Croatian People's Peasant Party led by Stjepan Radić gained the confidence of Croatian voters. He is the one of the first politicians who integrated with peasant and became the main politician in the following years. His party wanted Vidovdan Constitution to be revoked and demanded for the federalism. Except this, the party was turned towards the left fraction and their struggle for the rights, which was not so far from the communism's main idea.<sup>14</sup> Stjepan Radić deeply integrated with the peasant and they were not seen as an unlettered population any more. He

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<sup>14</sup> Bilandžić, Hrvatska moderna povijest, p. 69.

was very stubborn in his intentions and the government led by King Alexander disapproved it.

How Stjepan Radić was coquetting with the left fractions testifies the fact that on 1 August 1924 he joined this party to the international peasant party or Communist International.<sup>15</sup> Because of this, he was imprisoned and in the prison his politics changed largely. After the imprisonment, 1925, he accepted Vidovdan Constitution and entered to the government. It was the turning point in the politics of Croatian People's Peasant Party. In addition, he made coalition with Pribičević's Independent Democratic Party. He was not any more the one who wants to split unity and make a separation based on the ethnic.<sup>16</sup>

In the following years, this alliance was a framework of the politics of the SCSS until the end. Because of all this events Croats unified with Serbs from Croatia against Belgrade's hegemony, which led to the big quarrel in the parliament. All these events will result in the assassination in the parliament when Stjepan Radić, Pavle Radić and Đuro Basariček were murdered by their political enemy from the Radical Party, Puniša Račić. Namely, after this incidence there were no major shift in the politics of the HPSS. However, Stjepan Radić became iconic figure between Croatian politicians, who started to use this incidence for political purposes, regardless of which political part it was about, left or right-oriented. Stjepan Radić became a martyr and an icon of the struggle of the Croatian peasants and patriotism.

After the assassination, on 6 January 1929, King Alexander introduced monarchist dictatorship, revoked Vidovdan Constitution and forbade the parliament, all political parties, Kingdom of Serbs, Croats and Slovenes changed its name in Kingdom of Yugoslavia and divided state into nine duchies (banovina).<sup>17</sup> Political elite did not welcome this situation, especially not Croatian Party of Rights led by Ante Pavelić. They emigrated to the Italy and Hungary, where from they founded the Ustashas – Croatian Revolutionary movement in 1930. From this moment, they were acting toward breaking the unity of the two biggest nations in the Balkans – Croats and Serbs. Italian authorities helped them in this plan, because it was in their interest,

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<sup>15</sup> Bilandžić, *Hrvatska moderna povijest*, p. 74.

<sup>16</sup> Miša Gleni, **Balkan 1804-1999. (II deo) Nacionalizam, rat i velike sile**, B 92, Beograd, 2001, pp. 102-103.

<sup>17</sup> Hrvoje Matković, **Povijest Nezavisne Države Hrvatske**, Naklada P.I.P Pavičić, Zagreb, 2002, p. 7.

too. The main aim of this movement was to break Kingdom of Yugoslavia. They did not have any concept or vision, they just wanted ethnic Croatia. That is why the state did not last long. Actually, the only thing this party believed in was that the Serbian population is an enemy and their acting was directed to this assumption.

In the other hand, the assumptions about Serbs as an enemies and king and kingdom as a dungeon of the Croatian people were present. These assumptions were created by the small groups of people from the both side, but, somehow, they manage to create animosity between these two nations. Kingdom of Yugoslavia had been seen as expanded Serbia, because authority was in the Serbian king's hands. This Serbo-Croatian strife affected parliamentary democracy in the Kingdom.<sup>18</sup> In the following years king tried to stabilize the situation. Under the pressure he established the parliament again, but with the limited authority. This dictatorship resulted in the assassinating King Alexander in Marseilles on 9 September 1934 by the Ustasha organization. Pavle Karađorđević, the king's brother, inherited the authority, because the king's son Petar was underage.<sup>19</sup>

Vlatko Maček became a president of the most important Croatian party, Croatian People's Peasant Party. In the following years he became a very important and capable politician. In 1939 he achieved to found The Banovina of Croatia under the Kingdom of Yugoslavia's authority. Croatia's requests were fulfilled. This situation did not last long, because, after King Alexander was assassinated, Kingdom's politics turned toward neighbouring fascist countries. Under the Germany's pressure, in Vienna, on 25 March 1941, Yugoslavia signed agreement and entered into the Tripartite Pact. However, immediately after this a coup d'état was carried out in Belgrade and this document was invalidated and Germany decided to subjugate Yugoslavia with armed forces.<sup>20</sup>

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<sup>18</sup> Ričard Krempton, **Balkan posle drugog svetskog rata**, CLIO, Beograd, 2003, p. 26.

<sup>19</sup> Matković, *Povijest*, p. 8.

<sup>20</sup> Matković, *Povijest*, p. 20-21.

### 1.3. INDEPENDENT STATE OF CROATIA<sup>21</sup>

After the so-called April War (Invasion of Yugoslavia) in 1941, Axis Powers led by Germany decided to found Independent State of Croatia. The state's name is in the opposition to the reality because Croatia was everything but independent. ISC was founded in the period of April War, 10 April 1941 in Zagreb. According to the Treaties of Rome (1924, 1941 and 1957) this state was led by Ante Pavelić<sup>22</sup> and king Tomislav II who had a symbolic role in the state. The territory of ISC was covering today's Bosnia and Hercegovina, Croatia without Istria, some parts of Dalmatia, Gorski Kotar, Međimurje and Baranja, which were under Italy's or Hungary's authority. ISC was under the protection of Italy, which held a big part of Dalmatia with Istria.<sup>23</sup> This detail is of a great importance for the following events.

However, ISC was just an Axis Powers' satellite and was divided between Italy's and Germany's interests. Besides, it was never capable to establish a rule in all its parts. The reason for this was Italy's occupation and their politics towards ISC because they had pretensions to Croatian territory. Second reason was that in the mountain regions the Partisans had a real authority in the time of ISC. Third reason is based on the chauvinistic-fascist politics of ISC which was constantly evoking rebellions because of killing Serbian population in Croatia. This disability to establish a rule made Germans had the absolute authority in their hands. Besides, Italians had protective attitude towards the Chetniks, who were enemies of the ISC.<sup>24</sup> In addition, Italians were trying to destabilize the ISC's power and show it incapable in the eyes of Germans, in order to get Dalmatia's territory.

ISC's policy and relation to the non-Croat population was copied from the politics of the Axis Powers. In the first days, Germans' arrival was seen as some kind of liberation, because in the last period Kingdom of Yugoslavia was seen as the 'prison of nations'. Besides, the name 'Independent State of Croatia' was awaking a gladness in Croatian population after a long battle. In addition, there was fear of

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<sup>21</sup> Independent State of Croatia – in the following text – ISC; in literature also known as NDH according to its original name – Nezavisna Država Hrvatska.

<sup>22</sup> Ante Pavelić – called Poglavnik by its followers, which means 'leader' in Croatian.

<sup>23</sup> Bilandžić, Hrvatska moderna povijest, p. 116.

<sup>24</sup> Chetnik movement was founded by Draža Mihailović in Ravna Gora (Serbia) in the summer 1941 seeking for revenge for all Serbs killed by the Ustashas and the Ustashas' betrayal in the April War. See, Branko Petranović, *Istorija Jugoslavije 1918-1978*, Nolit, Beograd, 1980, pp. 212-213.

reprisal in case of any rebellion against the system, so in the very beginning it was obvious who is for the system, who is against the system and who will just observe the situation.

Because of all those circumstances population in Croatia was divided into 3 groups.<sup>25</sup> To one group belongs everyone who was for the ISC because of private, fascistic or some other reasons. They were closing their eyes in front of the crimes done by ISC's politics. Also, they were obedient followers of this kind of politics and their conscious could not get out from these international conflicts. Second group was peasants and they were supporting HSS. They were quite, afraid and they were just observing the situation. Their stance was neutral because they depend on their agricultural goods, so they could not take a risk by joining Partisans or starting a fight. Third group was young people under the age of 30. The majority was not married. They were enthusiastic and they were seeking for the changes. Serbian population also belongs to this group, because they did not have another choice under the ISC's crimes.

This was the review of the ISC's beginnings. After this, ISC showed their real face and the majority of population will awake. In that time, ISC was multinational state made of Croats, Serbs, Muslims and other minorities. The ISC's politics wanted mono-ethnic state, so racist law was declared and systematic persecution of Serbs, Roma and Jewish started. Because of the fear from the system, many people escaped to the mountains trying to survive. With regard to the Muslim population, according to Milan Budak, they were so-called '*Croatia's flower*' included in the Croatia's law system. In the beginning of the war they were on the ISC's side, but later, they started to join the Partisans.

In the time of establishing ISC there were couple political option in Croatia. The most important one, in the period before Kingdom's collapse, on the territory of The Banovina of Croatia, was Croatian Peasant Party<sup>26</sup> led by Vlatko Maček. This party was supported by the majority of population. However, they were striving to democratic models of society so they could not adapt to ISC's system. They were pursuing the policy of waiting. On the other side there was the CPY, which, in period

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<sup>25</sup> Bilandžić, Hrvatska moderna povijest, p. 122.

<sup>26</sup> Croatian Peasant Party – known as HSS what is acronym from its original name 'Hrvatska seljačka stranka'. In further text, the abbreviation HSS will be used.

before the war, had just 4 500 members, so it was not important political element, but they judged the ISC's system, former Kingdom's politics and Serbian nationalism. This is how they attracted Serbian population, which was in the hopeless situation, but also they attracted the part of Croatian population disappointed in ISC's system, especially in selling the parts of Dalmatia and relations to other national groups. These political options had their own ideas and ideologies which were interweaving with ISC's politics and they will keep fighting until the end of the war.

On the very beginning of the war, Kingdom's government escaped to London, where from they will try to re-establish the government. Their battle was against the occupiers, in the first instance, but, the real battle referred to everyone who pretended to power. The Great Britain, because of its own interests, protected the interests of the government in exile and helped them in many ways. Under the king's and government's authority was the Chetnik movement led by Draža Mihajlović, who was fighting against everyone who could be a possible enemy of the old system. In that battle they saw the CPY as their and occupier's mutual enemy, so they wanted to disenable this enemy which created problems. Chetniks had good cooperation with Italians and Germans and that is the reason why they were rejected from the Britain's authority and help which was intended to be given to them, was given to the CPY.

HSS led by Vlatko Maček was pro-western oriented so the ideology about social order was democratic. This party was a problem for the CPY and the ISC because it was chosen by folk. Vlatko Maček was imprisoned, so the HSS's left oriented part turned toward the Partisans and the CPY. The Partisan movement was spreading to the ISC's territory and was ISC's, Germany's and Italy's big enemy.

In the very beginning of the war, first Sisak People's Liberation Partisan Detachment was founded. After that the number of Partisan detachment was growing. Immediately after that, in fear of a counterrevolution after the war, Josip Broz Tito founded the first political body, Anti-Fascist Council for the National Liberation of Yugoslavia (AVNOJ<sup>27</sup>), on 26 and 27 November 1942 in Bihać<sup>28</sup>. On the ISC's territory, on 13 and 14 March 1943, State Anti-fascist Council for the

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<sup>27</sup> AVNOJ – acronym of the original name – Antifašističko vijeće narodnog oslobođenja Jugoslavije.

<sup>28</sup> Bilandžić, Hrvatska moderna povijest, p. 138.

National Liberation of Croatia (ZAVNOH<sup>29</sup>) was founded. These two bodies were leading the main political struggle between revolted masses and put themselves as an ambassador of Yugoslavian folk.<sup>30</sup>

Given that the number of Partisan detachments was insignificant at the global level, allies all their power directed to the government in exile led by king. In them, they saw Yugoslavian's biggest representatives and those who will establish the authority again after the war. After a certain time, Partisan movement started to draw attention to itself. On the world scene there was not just a struggle between Nazism and fascism, but, also, between democracy and communism. The Great Britain was in constant fear from the rise of Bolshevism in Europe so it was trying to stop it at full tilt. Kingdom was also seen as a threat. Bolsheviks supported the Partisans but in the time when their relations with western allies was not endangered. On the other side, king, his government, his minister Draža Mihajlović and Chetnik movement was supported by the Great Britain. In that time ISC was in Nazi Germany's and Fascist Italy's protection.

These relations in the later years changed because the Britain saw that Chetnik movement and Draža Mihajlović are in the cooperation with Germans and Italians and that a real fighters for Yugoslavian people's freedom were the Partisans. In addition, Partisan movement, as the first partisan movement in Europe, created big problems for the Nazis and fascists and found a lot of troops in the Balkans, what disabled Nazis to turn towards Russia and the Great Britain. In that meaning, the Partisans were one front which distracted attention and troops. But, there was one obstacle. The Partisans were communists and turned towards Bolshevism, so for fear of establishing this system in the western part of Southeast Europe, the Britain tried very hard to reconcile the government in exile and the king with Tito and the Partisans. Winston Churchill had a very long exchange of letters with Tito on this topic. In the end they signed Treaty of Vis 1944, of what Tito profited.<sup>31</sup> King declared Draža Mihajlović as a betrayer and invited Yugoslavian people to fight on the Partisans's side, and in exchange Tito allowed to establish a rule together. Tito

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<sup>29</sup> ZAVNOH – acronym of the original name - Zemaljsko antifašističko oslobođenje narodnog vijeća Hrvatske.

<sup>30</sup> Matković, Povijest NDH, p. 76.

<sup>31</sup> Gleni, Balkan 1804-1999, p. 227.



was a quite wise in all his political negotiations. Step by step, creating bigger and bigger military force, he was forcing political enemies into concessions. In the end of war, Yugoslavian army counted more than 600 000 soldiers. Tito acted very clever in the Eastern and Western political manoeuvres. He used his position between East and West in order to create a new Yugoslavia. He did not want to be influenced by any side, but he acted according what is good for citizens, without any fear to oppose Britain's, America's or Stalin's interests.

On the other side, authorities in ISC in various ways tried to join the allies' powers but they saw ISC as the Germany or Italy from the very first day. There were some attempts of coup d'état in Zagreb, but unsuccessful. Besides, ISC's authority was washing people's brain with propaganda about Germany's invincibility, so people were mistaken until the end of the war. When the Partisans were close to Zagreb, in May 1945, ISC's authorities and their supporters, for the fear of revenge, and mistaken by ISC's propaganda, proceeded to Germany. On this way they reach Austrian city, Bleiburg, and after their surrender to the Britain's army, which was rejected, they were submitted to the Partisans. On the return they were killed.<sup>32</sup> This is one of the biggest stains of the Yugoslavian system in historiography, but this event was used in the various manipulations and propagandas in the later years. It was also the end of the ISC.<sup>33</sup>

#### **1.4. CROATIA IN YUGOSLAVIA**

After the World War II<sup>34</sup> was finished, they started to reorganize the new founded Yugoslavia. Croatia established a rule during the war through the ZAVNOH which will have the most important role together with Communist Party of Croatia<sup>35</sup>.

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<sup>32</sup> In English it is called 'Station of the Cross' at Bleiburg and in Serbo-Croatian 'Križni put'. In history also known as 'Bleiburg repatriations', 'The Bleiburg Massacre' and 'Way of the Cross'. Station of the Cross in Catholic Church defines series of images about the day of Jesus's crucifixion. It is consisted of 14 stations, from the moment when he was sentenced to the death to the taking his body to the grave.

<sup>33</sup> Gleni, Balkan 1804-1999, p. 228.

<sup>34</sup> World War II - WWII

<sup>35</sup> Communist Party of Croatia – in further text – CPC – also known by its acronym 'KPH' from the original name 'Komunistička partija Hrvatske'.

Before and during the war Communist Party of Yugoslavia<sup>36</sup> promised that the state organization will be federal, so they hold the promise. Croatia was organized as People's Republic of Croatia in its earlier ethnic and historical borders, except some regions, like Bay of Kotor and Sirmia, which for Croatia had pretensions in historical but not in the ethnic sense.

In the early years, CPY was trying to liberate from multiparty system which Tito accepted under the pressure of alliances on Vis and to integrate Bolshevism into all aspects of society. Josip Broz Tito and people who were loyal to him were supported by power of army, which counted more than million soldiers, and political power of the CPY, which led Yugoslavian politics to the monopartite system and Bolshevik state organization. In the first years, they tried to abolish all national and religious symbols. This reorganization was made systematic and gradually with slightly pressure on the society. The system was very cruel with political enemies.

In Croatia, as the centre and main supporter of Yugoslavia, CPC infiltrated itself into all aspects of society, such as culture, education, military, so it could control all nations in the new-born state. Despite that the force ratio between ISC and the Partisans in the end of the war was nearly the same, there was not any national bigotry or separatism in society. People were exhausted from the four years' war and they were satisfied because the majority of what communists promised before the war was held. Besides, society was changed in a big measure. Now, workers and peasant had their rights so they forgot the national bigotry from the last years. During the war people started to feel equal and started to help each other, so they did not mind to assert something what will destroy peace and harmony.

Croatia and Croats, one of the biggest supporters of Yugoslavia, had their people on the very high positions in the CPY and Yugoslavian army. Besides, Josip Broz Tito was a Croat, although he has never asserted that, except when he was trying to convince Croatian people that they will have their rights and will never be in the position as they were in the Kingdom again. In the CPC, which was creating all politics in Croatia, there was many communists which have never felt themselves belonging to some ethnic group so they were skeleton for building the Yugoslavian system.

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<sup>36</sup> Communist Party of Yugoslavia – in further text – CPY – also known by its acronym 'KPY' from the original name 'Komunistička partija Jugoslavije'.

Except Andrija Hebrang, who was accused for pursuing separatist policy, and attempts of the Ustashas, which could not resign themselves, there was not any big resistance to the new system. Separatist and national aspirations were prevented by powerful network of members of the Communist Party who were skeleton of the system.<sup>37</sup> This network was deeply infiltrated in society, modelled on Lenin's concept, so it could hold the whole society and prevent any resistance to the system.

After the war, state was destroyed, so they had to rebuilt economy and start with the international trade. CPC started with establishing important economic plants which were important for the state's normal functioning in the beginning. Later, they were infallible part of society because the companies and factories were built for people. In addition, labour actions were organized, through which state built roads, highways, railways and many other objects. Maybe this unity made people to forget nationalism and terrific events happened during and before the war.

Polity of People's state of Croatia was founded by the constitution. By Constitution of Federal People's Republic Yugoslavia<sup>38</sup>, accepted on 31 January 1946 and modelled on other socialistic countries in the world, Croatia get a status as a federal unit of Yugoslavia. By Constitution of Socialist Federal Republic of Yugoslavia, the name 'People's Republic' changed into the 'Socialist Republic'. In the following years, under the influence of spreading the Serbian language, all important institution in Croatia signed a declaration and they started to reach better results and more transparent relations in politics. For the fear of separatism, in 1971 Tito decided to call it quits with Croatian leadership, so he accused them for nationalism and replaced the whole CPC's leadership.<sup>39</sup> In historiography this events are called 'Croatian Spring'. One of the signatories was Miroslav Krleža, famous Croatian writer and Tito's very good friend.

After the Croatian Spring, similar events happened in Serbia, so Tito decided to pass the Constitution of Socialist Federative Republic of Yugoslavia in 1974<sup>40</sup>, by which states get confederative status. By giving a more freedom Tito tried to calm

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<sup>37</sup> Bilandžić, Hrvatska moderna povijest, p. 236.

<sup>38</sup> Krempton, Balkan, p. 42.

<sup>39</sup> Gleni, Balkan 1804-1999, p. 292.

<sup>40</sup> Krempton, Balkan, pp. 193-194.

the aspirations between nations. This constitution was a first step to the independence of these states, which will become real in the end of 1980's.

After the Tito's death, on 4 May 1980, national aspirations between nations came to the surface. During 1980's nationalism integrated into society step by step and started to separate states and nations. One of the biggest initiators of this tensions was unresolved Kosovo question. This problem existed during all these years because Kosovo Albanians strived to the separation and affiliation to the Albania, but it was never on the agenda. Serbian nationalism, which was pent-up all these years, started to awake in the late 1980's and escalated with various meetings in Kosovo and rehabilitation of Chetnik leaders. On these meetings Slobodan Milošević, introducing himself as a Serbian leader, had the last word.<sup>41</sup>

On the other side situation in Croatia was not so different. On the forehead of Croatian people Franjo Tuđman stented out. He was anti-fascist and supporter of the communist regime in Yugoslavia until Tito's death. Besides all these events, there were aspirations to save Yugoslavia because of economy. Ante Marković<sup>42</sup> made an economic plan to save Yugoslavia, but it was not successful. All events led to the ruining and separatist aspirations. First step to that was foundation of the parties and devoting monopartite system. In the following years, parties with their national plans requested independence and they achieved that goal on the referendums.

All these happened in the same time when socialism in Europe fell. In 1989 The Berlin Wall fell and The Union of Soviet Republics also fell apart. These international events gave an example to Yugoslavia's states. Case with Croatia and Bosnia and Hercegovina was complicated because there was a big Serbian population which was against division and referendum and which did not want to be a majority. Croatia announced referendum and became independent from Yugoslavia 19 May 1991. However, because of the fear, incidences and fights between nations started. None of the ethnic groups did not want to find itself under the authority of the other group, especially not Croats and Serbs. So, the conflicts started, because Serbs did not want to be under Croatia's authority, since they did not want history to be repeated. Their experience from the WWII and ISC was enough for them. Besides, one small right-oriented group of people from Croatia started with the

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<sup>41</sup> Paul Garde, *Život i smrt Jugoslavije*, Ceres, Zagreb, 1996, p. 250.

<sup>42</sup> Garde, *Život*, p. 265.

rehabilitation of war criminals from the WWII which had a negative connotation on Serbian population. This resulted with the distrust between these two nations and escalated with conflict.

## **1.5. CROATIA AS AN INDEPENDENT REPUBLIC**

### **1.5.1. Period of Franjo Tuđman**

Croatian War of Independence<sup>43</sup> lasted from 1991 to 1995. We could not say that it was a war of independence in the true sense of the word because Croatia declared independence and then the war started. Serbian population in Croatia was not glad with the Croatia independence and division from Yugoslavia and their status of minority, so they started to rebel and they have support from the Yugoslav army. The one-third of Croatian territory was under control of Serbian population. In 1992 UN troops came to calm down the situation, but Franjo Tuđman, the president of Croatia, decided to take matters into his own hand, and to do military intervention named 'Flash' and 'Storm' in 1995. In these military interventions 200 000 Croatian Serbs left their homes and fled. Tuđman used the situation, because in that time Milošević was occupied with the situation in Bosnia and did not have time to support Serbs in Croatia.<sup>44</sup>

Tuđman was also supporting Croats in Bosnia against Serbs and Bosniaks. He was blamed that he did operations in Bosnia in cooperation with Slobodan Milošević. There is a rumour, or an open secret, that they draw division of Bosnia on the tissue during the dinner. He signed Dayton Agreement together with Slobodan Milošević and Alija Izetbegović, witnessed by France, U.S, UK, Russia and Germany's head of state. This agreement had a purpose to provide peace in Bosnia and Hercegovina and stability in the region. Actually, from the beginning of the 90's, the politics of Croatia in Bosnia and Hercegovina was divided into two courses – the first one concerned unification of Croats and Muslims (Bosniaks) in the battle for the complete BH, and

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<sup>43</sup> Croatian War to Independence – also known as Serbo-Croatian War or Homeland War, directly translated from the Croatian name 'Domovinski rat'. In Serbian literature mentioned as 'War in Croatia'.

<sup>44</sup> "Croatia timeline", **BBC News**, 23 January 2012, [http://news.bbc.co.uk/2/hi/europe/country\\_profiles/1097156.stm](http://news.bbc.co.uk/2/hi/europe/country_profiles/1097156.stm) (17.04.2015).

the second one concerned the idea that BH has to be shared with Serbia, because they believed that it was artificial creation.<sup>45</sup>

The International Criminal Tribunal for the former Yugoslavia is founded in Hague, Netherland. The Court is UN's body established in 1993 to deal with the crimes done during the conflicts in ex-Yugoslavia.<sup>46</sup> Serbia became the only state in the world which extradite its own president to the court. Some academics think that Franjo Tuđman would be also imprisoned if he did not die. Cooperation with the Court was one of the most important conditions in the EU-Croatia negotiations.

Tuđman is seen as an ultra-nationalist and autocrat by the West. He pursued policy of isolationism. Despite that the name of his party was, and still is, Croatian Democratic Union, his policy was everything just not democratic. He put his family members, cousins and cossets on the high positions. The West think that election results were not transparent. He closed down some newspaper, radio and television programmes. The rights of Serbian minority and their place in the constitution were poor. This, also, will be one of the most important conditions in the Croatia's future negotiation with the EU. Croatia has to provide rights for all national minorities, include Serbs, and to give them back private properties taken away during the war.<sup>47</sup>

He was president until his death on 10 December 1999. Turkish president Demirel was the only head of state on his funeral. Macedonia, Hungary, Bosnia and Slovenia sent their prime ministers<sup>48</sup>. There was no any other president, PM or government envoy. Western countries were represented by diplomats, because they were against his policy.<sup>49</sup>

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<sup>45</sup> "In the beggining of 90's this idea has been transformed into idea about Croatia's entering into allience with Bosniaks in the battle for the Bosnia and Hercegovina. From the 1991, this idea became less popular, since the president of Croatia changed his plan and claimed that Bosnia is artificial creation and it has to be shared between Croatia and Serbia, and territory with the major Croatian population has to be integrated to Croatia." See, Ivo Goldstein, "Granica na Drini – Značenje i razvoj mitologema", **Historijski mitovi na Balkanu**, (Ed. H. Kamberović), Institut za istoriju, Sarajevo, 2003, pp. 109-137.

<sup>46</sup> See, ICTY's official internet pages - <http://www.icty.org/sid/319> (21.04.2015).

<sup>47</sup> "Franjo Tuđman: Father of Croatia", BBC News, 11 December 1999, <http://news.bbc.co.uk/2/hi/europe/294990.stm>, (17.04.2015).

<sup>48</sup> Prime minister – PM.

<sup>49</sup> "Croatia mourns as Tuđman is buried", BBC News, 13 December 1999, <http://news.bbc.co.uk/2/hi/europe/562026.stm> (17.04.2015).

### 1.5.2. Croatia after the Tuđman's Death

Tuđman died on 10 December 1999. In January, the new elections were held. SDP<sup>50</sup> in coalition with HSLs<sup>51</sup> won the elections. Ivica Račan became the new PM and Stipe Mesić the new president. Stipe Mesić was member of the HDZ<sup>52</sup>, first head of government of Republic of Croatia and president of Presidency of SFRJ. He did not agree with HDZ's policy, especially toward Bosnia and Hercegovina, so he left the party in 1994. In the time when he became president, he was member of HNS<sup>53</sup>. Their policy was pro-European.

After the PM Račan's death, in 2003, HDZ, led by Ivo Sanader, won the elections. This time HDZ's politics was totally different from the Tuđman's period. In 2009 he resigned from the position and Jadranka Kosor became the new PM of Croatia. In 2010, Sanader was arrested over the corruption affair and Kosor resigned him from the party. He is still in prison and trial against him still runs.

In 2010, after president Mesić's mandatory expired, Croatia got a new president from SDP, Ivo Josipović. In elections held in 2011 Kukuriku Coalition<sup>55</sup> led by SDP won. Zoran Milanović became the new PM. In this period, authority was in opposition's hands. On the next presidential elections held in 2015, Kolinda Grabar Kitarović, from HDZ, won. Parliamentary elections were also held in 2015, when the new party from independent list had to make a coalition with the 'Patriotic Coalition' or the coalition named 'Croatia is growing'.<sup>56</sup>

In the period after Tuđman's death, Croatia started to cooperate with the European Union<sup>57</sup> and other international organizations. In 2000 Croatia became a member of World Trade Organization (WTO). In 2001, on summit held in Zagreb, Croatia signed Stabilization and Association Agreement<sup>58</sup> with the EU, what was the first step in negotiation process. Two years later Croatia got the candidate status. It

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<sup>50</sup> SDP – Socijaldemokratska partija Hrvatske - Social Democratic Party of Croatia.

<sup>51</sup> HSLs – Hrvatska socio-liberalna stranka – Croatian Socio-liberal Party.

<sup>52</sup> HDZ – Hrvatska demokratska zajednica – Croatian Democratic Union.

<sup>53</sup> HNS – Hrvatska narodna stranka – Croatian People's Party – Liberal Democrats.

<sup>54</sup> Data taken from the Stjepan Mesić's official page, available on <http://www.stjepanmesic.hr/hr/predsjednik> (21.04.2015).

<sup>55</sup> Kukuriku Coalition - coalition consisted of SDP, HNS, IDS (Istrian Democratic Assembly) and HSU (Croatian Pensioner Party).

<sup>56</sup> For more information see page 76 of this thesis.

<sup>57</sup> European Union – EU.

<sup>58</sup> Stabilization and Association Agreement – SAA.

join the UN in 2009. Finally, on 1 July 2013, Croatia became official 28<sup>th</sup> member of the EU.

The Croatian policy can be perceived from the perspective of two main political parties – HDZ and SDP. HDZ is right-oriented party which had a biggest role in the Homeland War and Croatian secession from Yugoslavia. SDP is left-oriented and opposed to HDZ. These two parties created Croatian history from the secession from Yugoslavia until today. HDZ has a strong boundaries with the war history and propagates nationalism and right-oriented ideas, while SDP propagates ‘Yugo-nostalgia’ and left-oriented ideas.

These two opposed fronts were creating balance in the official politics of Croatia, keeping it in the direction where it is today – EU. Besides, the society in Croatia was split between pro-western ideas and the history shared with the other Balkan nations, especially in the cultural terms.



## CHAPTER TWO

### EUROPEANIZATION, DEMOCRATIZATION AND CROATIA'S WAY TO THE EU MEMBERSHIP

#### 2.1. EUROPEANIZATION<sup>59</sup> - DEFINITION

From the moment when Croatia signed SAA, it actually became the EU accession country. As every accession country, it had to pass through the long adjustment process in order to join the EU. The accession country has to adjust its laws, institutions and political system to the EU's.<sup>60</sup> How long it will take depends on the country, on how effective it will meet conditions set by the EU. Any process similar to this is categorized under the term "Europeanization". In literature this term has various definitions. Sometimes it is defined as a process, sometimes as a concept or even phenomenon.<sup>61</sup>

Žiljak claims that the term 'Europeanization' cannot be defined easily, this is due to the fact that its phenomena is not constant but changes over time. However, these theories refer to all the elements and stages of public policy, such as aims, actors, resources and instruments, so the term 'Europe' not only has a geographical reference, but also became a political concept of the EU. One can say that every process concerning changes caused by the EU, can be understood as Europeanization.<sup>62</sup>

This is why some authors gave a different definition of the terms EU-ization and Europeanization. One of them is Trine Flockhart, who argues that the term EU-ization concerns member state's cooperation with the EU institutions in terms of policy and institution. That is why the EU-ization is just a small part of the process of

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<sup>59</sup> Europeanization or Europeanisation – both words are correct. In this thesis, the word "Europeanization" will be used.

<sup>60</sup> Tihomir Žiljak, **Transfer obrazovnih politika: cjeloživotno učenje i europeizacija hrvatske obrazovne politike** (unpublished doctoral thesis), Fakultet političkih znanosti, Zagreb, 2009, p. 1

<sup>61</sup> Jim Buller, "Conceptualising Europeanisation", **Public Policy and Administration**, Vol. 17, No. 2, 2002. In this article author analyses works on Europeanization and states that "...too much research has moved too quickly to consider Europeanisation as an independent variable (process) which causes certain effects. At the same time, not enough attention has been paid to the question of what Europeanisation actually is, whether it exists and how we might conceptualise this subject." (p. 17) He defines Europeanization as "A situation where distinct modes of European governance have transformed aspects of domestic politics." (p. 17)

<sup>62</sup> Žiljak, p. 41.

Europeanization. In this case, Europeanization being a cultural and spontaneous process. Further, EU-ization is meeting the requirements set by the EU, while Europeanization implies memberships of the cultural community. EU-ization, as Flockhart argues, is not possible without the prior process of Europeanization, as well as contemporary process of Europeanization is not possible without some degree of EU-ization, because these processes are interdependent.<sup>63</sup>

The most popular definition is given by a Norwegian political scientist Johan Peder Olsen in his article, “*The many faces of Europeanization*”, where he described 5 types of Europeanization.<sup>64</sup> Grubiša, on the other hand, thinks that the sixth type has to join this quintet, which is called ‘retrospective Europeanization’.<sup>65</sup> This kind of Europeanization concerns countries which have European cultural and political heritage, but lost their connections with it after a while. In this case, the perfect example is Croatia. For around 40 years it was under the communist regime and that is why it lost its European identity. After the break of communism it regained its European identity and tried to integrate into the EU. It also tried to adjust its institutions and system of government to the European system.<sup>66</sup>

It is better when the period from rejecting the communism to the establishment of the national legislation, i.e., period of retrospective Europeanization in the case of Croatia, lasts as short as possible. Croatia is the only country in which the period mentioned above lasted longer than in the other countries. This is because Croatia did not accept help from the EU in establishing national legislation. As a result, it was not obliged to follow European rules from the beginning. Usually countries accept this kind of assistance, so that the first legislature’s model is in uniformity with the European model. In the case of Croatia, retrospective Europeanization had negative effects because it lasted too long. On one hand,

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<sup>63</sup> See Trine Flockhart, “Europeanization or EU-ization? The Transfer of European Norms across Time and Space”, **Journal of Common Market Studies**, Vol. 48, No. 4, 2010, pp. 787–810.

<sup>64</sup> See Johan P. Olsen, “The many faces of Europeanization”, **Journal of Common Market Studies**, Vol. 40, No. 5, 2002, pp. 921–52. He argues that the term Europeanization “is applied in a number of ways to describe a variety of phenomena and processes of change”. He differentiates the 5 types of this phenomena on the principle of what is changing. There are – “changes in external boundaries, developing institutions at the European level, central penetration of national systems of governance, exporting forms of political organization and a political unification project”.

<sup>65</sup> Damir Grubiša, “Politički sustav Europske Unije i europeizacija hrvatske politike”, **Politički sustav Europske Unije i europeizacija hrvatske politike**, (Ed. Damir Grubiša et al.), Fakultet političkih znanosti Sveučilišta u Zagrebu, Zagreb, 2012, p. 30.

<sup>66</sup> Grubiša, p. 30.

because it did not accept assistance from Europe, and on the other hand because of the policy of nationalism which marked the first years of Croatia's independence, as it was previously mentioned.<sup>67</sup>

Tanja Börzel argues that Europeanization should not be viewed in a negative context because it is not done under the pressure or by using violence.<sup>68</sup> Every state willingly accesses the EU and meets the requirements. The truth is that the applicant or member country should adjust its policy, polity and politics to the EU's regulations. On the other hand, member countries have a role in creating EU's public policy.<sup>69</sup> According to Börzel, the 'bottom-up' approach was widely accepted in analysing the role of the member state in European institution-building process.<sup>70</sup> In other words, they were researching how the member state affects the processes and outcomes of the European integration. Opposite to this is the 'top-down' approach, which started to be the object of a research in the 90's. Top-down approach is adopted to a research based on how the EU affects a member state. Börzel states that most of the authors accept the fact that this kind of relation depends on policy sectors, institution and time, and that it is not the 'one-way' relation but 'reciprocal', so national governments are seen as shapers and takers.<sup>71</sup> "The most important role in the EU and member state's relation are the national executives, because they are responsible for decision-making and the implementation of European policies i.e., what influences the way a member state shapes and adjust to European policies", she states.<sup>72</sup>

Claudio Radaelli's definition of the term Europeanization begins with the definition of what the Europeanization is not. At first, he agrees that Europeanization does not mean political integration and it would not exist without European integration.<sup>73</sup> It is not convergence, he claims, although, it can be a consequence of the Europeanization. Also, it is not harmonization, because harmonization means the

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<sup>67</sup> Grubiša, *Politički sustav*, p. 31.

<sup>68</sup> See Tanja Borzel and Thomas Risse, "When Europe Hits Home: Europeanization and Domestic Change", **European Integration online Papers (EIoP)**, Vol. 4, No. 15, 2000, pp. 1-20.

<sup>69</sup> See Tanja A. Börzel, **How the European Union Interacts with its Member States**, Institute for Advanced Studies, Vienna, 2003.

<sup>70</sup> Borzel, *How the EU Interacts*, p. 1.

<sup>71</sup> Tanja A. Börzel, "Shaping and Taking EU Policies: Member State Responses to Europeanization", **Queen's Papers on Europeanisation**, Queen's University Belfast, No. 2, 2003, p. 3.

<sup>72</sup> Börzel, *Shaping*, p.3

<sup>73</sup> Claudio M. Radaelli, "Whither Europeanization? Concept stretching and substantive change", **European Integration online Papers (EIoP)**, Vol. 4, No. 8, 2000, p. 6.

adaptation of both sides to each other, which is not the case in the process of Europeanization. He insists on importance of using different approaches in researching about Europeanization, and pays attention to discourse, policy studying, assurances and their connection with the institutional changes.<sup>74</sup>

On its way to the EU, Croatia passed through the process of ‘retrospective Europeanization’ and EU-ization. In other words, as it was mentioned in the previous chapter, Croatia has strong ties with Europe since its whole history is closely related to Europe, except the periods of communism and president Tuđman’s policy of nationalism and isolationism. After the Tuđman’s death, Croatia started to renew its ties with Europe. As it is stated before, EU-ization concerns a membership process and fulfilling conditionality of the EU. It is a long way to go, but step by step, through the proper cooperation with the EU institutions and meeting all criteria, Croatia became its member.

According to Žiljak, Europeanization is a process which supports modernization, democratization, and in the case of Croatia, the final step of transition. When Europeanization is mentioned, it concerns not just joining the EU, but cooperation with the EU, too.<sup>75</sup> Croatia, in comparison with other ex-communist countries, started late with the process of Europeanization, as well as EU-ization and democratization, so these processes were overlapping. That is why Croatia’s way to the EU was harder than other member countries’. In the following chapter these process will be described and analysed.

## 2.2. DEMOCRATIZATION PROCESS

There are various theories of democratization.<sup>76</sup> According to Pero Maldini, the generally accepted theory is that democratization means change from the undemocratic type of regime to a democratic one.<sup>77</sup> Often, this change happens just

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<sup>74</sup> Radaelli, p. 7.

<sup>75</sup> Vladimir Žiljak, p. 31.

<sup>76</sup> For further information about the literature on democratization Jim Buller, “Conceptualising Europeanization”, **Public Policy and Administration**, Vol. 17, No. 2, 2002, pp. 4-24. Here I will not go further into the analysis and talk about democratization theories, but focus mostly on those that concern Croatia.

<sup>77</sup> See Pero Maldini, “Introduction”, **Transition in Central and Eastern European Countries: Experiences and Future Perspectives**, (Ed. Pero Maldini and Davorka Vidović), Political Science

‘on paper’. It means that sometimes democratization is done formally by setting constitutional changes. However, in reality there are no changes. Democratic transition has to cover the whole society, not just institutions. Undemocratic political relations should be changed too.<sup>78</sup>

Croatia’s process of joining the EU was unique and lasted longer than other states’. Actually, the period from becoming the applicant country to becoming the candidate country was short, but the period from becoming the candidate country to becoming the member lasted long, because there were a lot of obstacles. There is no other country whose membership process lasted as long as Croatia’s did. The biggest reason for this situation is that the democratization was late for around 10 years for other European countries. As it is mentioned below, after the War of Independence Croatia was under the nationalist authority of Franjo Tuđman. In those years privatization was not done transparently and corruption took place in every aspect of society. These things are what caused democratization and the transformation of the economy to last so long.<sup>79</sup> In the 2 following sections, periods before and after Tuđman will be described.

### 2.2.1. Period of the President Franjo Tuđman

During the rule of Franjo Tuđman one could not state that the democratic transition had occurred just because Croatia broke up with communism. Croatia was still on the long way to join the chamber of real democratic countries.<sup>80</sup> Ramet and Matić claim that the process of democratization in Croatia passed through the 3 stages.<sup>81</sup> The first stage lasted from breaking up with communism in 1989 and ended

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Research Centre Zagreb, Zagreb, 2007, p. 7. Further in this work he equalized the terms democratization and democratic transition and argues that there are 3 stages of democratic transitions – “liberalization and the fall of authoritarian system, democratization and social modernization, and, finally, consolidation of democracy.” Further, the author claims that it is not possible to apply “third wave democratization” theory on the post-communist countries, because in those countries, not only regime changed, but the whole social system. So, democracy in those countries cannot be seen as “an act of carefully planned political actions”.

<sup>78</sup> Maldini, Introduction, pp. 11-12.

<sup>79</sup> Marijana Musladin, “Europska politika proširenja i Republika Hrvatska: specifične okolnosti”, **Medianali**, Vol. 6, No. 12, 2012, p. 105.

<sup>80</sup> Vlasta Ilišin, “Demokratska tranzicija u Hrvatskoj”, **Sociologija i prostor**, No. 139-142, 1998, p. 48.

<sup>81</sup> Sabrina P. Ramet and Davorka Matić, Demokratska tranzicija u Hrvatskoj – transformacija vrijednosti, obrazovanje, mediji, **Alinea**, Zagreb, 2006, p. 12 taken from Marijana Musladin,

in 1995 with signing the Dayton agreement. In 1990 Tuđman and HDZ came to power. The second stage was during the period from 1995 to 1999. The authors named this period as ‘false awakening’ of Croatian democratization.<sup>82</sup> The third and final stage was in 1999 and it is called ‘post-Tuđman’ phase. It is divided into 2 sub-phases, one being coalition’s authority led by SDP and Ivica Račan, and the other one being coalition’s authority led by HDZ and Ivo Sanader.<sup>83</sup>

President Tuđman and his party, HDZ, were elected in 1997 in a democratic way. However, president’s regime was authoritative and undemocratic. In general, in every country, post-war period is fertile ground for corruption and criminal. The period of president Tuđman and HDZ was also like that, marked by corruption, criminal and non-transparent public procurement. Those who were loyal to the president and his party, including criminal groups, were privileged. In privatization process, party’s members bought most of the state-owned firms.<sup>84</sup> State-owned media was under his control. He closed down the only independent radio station named ‘Radio 101’, which caused protests. Tuđman did not have any plans for the return of the Serbian refugees.<sup>85</sup> As it is mentioned above, Tuđman pursued a policy of isolationism, so there was no any attempt to cooperate with the EU, despite the fact that Croatia set the diplomatic relations with the EU in 1992. One can see that it is not possible to talk about democratization, or any other kind of progress in this period.

Maldini argues that nationalism in Croatia was useful, because it has served as means for achieving independence.<sup>86</sup> On the other hand, it blocked Croatia and its democratic development, which has set Croatia back compared to Europe. However, Croatia was, and still is, the most developed country in the region. The corruption

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“Europska politika proširenja i Republika Hrvatska: specifične okolnosti”, **Medianali**, Vol. 6, No. 12, 2012, p. 112.

<sup>82</sup> Ramet and Matić, p. 112.

<sup>83</sup> Ramet and Matić, p. 112.

<sup>84</sup> Jovo Ateljević and Jelena Budak, “Corruption and Public Procurement: example from Croatia”, **Journal of Balkan and Near Eastern Studies**, Vol. 12, No. 4, 2010, p. 389.

<sup>85</sup> Heather Field, “Awkward states: EU Enlargement and Slovakia, Croatia and Serbia”, **Perspectives on European Politics and Society**, Vol. 1, No. 1, 2010, p. 137.

<sup>86</sup> See Pero Maldini, “Nationalism in Croatian Transition to Democracy: Between Structural Conditionality and the Impact of Legacy of History and Political Culture”, **Contemporary Issues**, Vol. 5, No. 1, 2012, pp. 6-20.

rate is still high compared to the European standards, but low compared to the other countries' in the region.<sup>87</sup>

### 2.2.2. Period After the Tuđman's death

After Tuđman died in 1999, elections were held, and president Mesić was elected for a president. Parliamentary elections were held too and SDP in coalition with HSLS took power. HDZ, also, abandoned Tuđman's policy and ideology. Croatia faced many problems in democratization process. One of them was corruption, which reached its peak in the Tuđman's period. Ateljević and Budak state that corruption has a negative impact on a state because “corruption is associated with the grey economy, tax evasion and changing of policy priorities which decrease state revenues”<sup>88</sup>. In 2000 Croatia became a member of the Group of States against Corruption<sup>89</sup>. GRECO is a EU's body responsible for monitoring and evaluating applicant or candidate states on their fight against corruption. This came on power by signing the SAA, which obliged Croatia to cooperate with the EU on projects against corruption. Also, some changes were introduced in legislation, in order to harmonize it with the EU's legislation.<sup>90</sup> In 2001 Croatian State Prosecutor's Office for the Suppression of Organized Crime and Corruption<sup>91</sup> and Office of Economic Crime and Corruption were founded under the Ministry of Internal Affairs.<sup>92</sup>

An evidence that new government started to promote tolerance is the fact that Sanader signed the coalition with SDSS in 2008.<sup>93</sup> He also made important steps in the protection of minorities, a policy area which the EU is very sensitive. He invited all Serb refugees to come back to their homes without any fear of the new

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<sup>87</sup> Ateljević and Budak, p. 389.

<sup>88</sup> Ateljević and Budak, p. 378.

<sup>89</sup> Group of States against Corruption – GRECO. For further information see [http://www.coe.int/t/dghl/monitoring/greco/default\\_en.asp](http://www.coe.int/t/dghl/monitoring/greco/default_en.asp). (25.04.2015).

<sup>90</sup> Jelena Budak, “Korupcija u Hrvatskoj: percepcije rasta, problemi ostaju“, **Privredna kretanja i ekonomska politika**, Vol. 16, No. 106, 2006, p. 85.

<sup>91</sup> Croatian State Prosecutor's Office for the Suppression of Organized Crime and Corruption – USKOK (Ured za suzbijanje korupcije i organiziranog kriminaliteta).

<sup>92</sup> Budak, p. 86.

<sup>93</sup> “Potpisan koalicijski sporazum HDZ-a s SDSS-om; u Vladu ulazi Uzelac, a ne Pupovac”, **Poslovni dnevnik**, 11 January 2008, <http://www.poslovni.hr/vijesti/potpisan-koalicijski-sporazum-hdz-a-s-sdss-om-u-vladu-ulazi-uzelac-a-ne-pupovac-66850> (20.06.2015).

government. He promised that their property will be given back to them.<sup>94</sup> An event which drew most attention was when he attended the celebration of the orthodox Christmas and used orthodox traditional greeting phrase “*Hristos se rodi*”<sup>95</sup> to congratulate.<sup>96</sup>

Political elite who was loyal to president Tuđman retreated from the political scene. Freedom of opinion and the media was achieved again. ‘Radio 101’, which was shut down by Tuđman, started broadcasting. Croatia’s progress in the democratic development is seen as a result of the cooperation with the international organizations, which supported, monitored and financial assisted Croatia in democratic development.<sup>97</sup>

However, Ralchev argues that Croatia showed some failures in the democratization process. As examples, he gave nationalism which occurred in some cities on the seacoast, such as Zadar and Split. In Zadar, they awarded ex-prisoner in The Hague, Ante Gotovina, a war hero. Roma and Muslim population did not enjoy their rights. Government did not have much to do with, but these events are bad examples of democratization success. Further, in that time, the ex-prime minister was arrested in Austria, on suspicion of war profiteering and corruption. After criticizing Croatia for its slow progress in reforming judiciary and administrations, and in the fight against corruption<sup>98</sup>, the European Commission in its regular progress report in 2011 assessed Croatia’s work on democratization as positive.<sup>99</sup>

As it is mentioned earlier, democratic transition, or democratization in Croatia is a long process, which started after a break off from communism, and was only felt after the death of president Tuđman. Croatia still needs deep changes in society. This is the long process that will happen gradually. EU-ization and

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<sup>94</sup> “Sanader pozvao Srbe da se vrate”, *Večernji list*, 14 November 2003, <http://www.vecernji.hr/hrvatska/sanader-pozvao-srbe-da-se-vrate-745039> (20.06.2015).

<sup>95</sup> *Hristos se rodi* – literally – “Christ is born”. Orthodox use this phrase as a Christmas greeting.

<sup>96</sup> Mirjana Kasapović, “Kako je prešao put od faraona do Mefista”, *Večernji list*, 10 December 2010, <http://www.vecernji.hr/sanader/kako-je-presao-put-od-faraona-do-mefista-226294> (20.06.2015).

<sup>97</sup> Siniša Kušić, “Croatia: Advancing Political and Economic Transformation”, *Southeast European and Black Sea Studies*, Vol. 6, No. 1, 2006, p. 78.

<sup>98</sup> Sonja Grimm and Lisa Gross, “Building an EU Member State through Democracy Promotion: The Case of Croatia’s Public Administration Reform”, *Annals of the Croatian Political Science Association*, Vol. 10, No. 1, 2014, p. 95.

<sup>99</sup> Stefan Ralchev, “Croatia”, *The Western Balkans in 2010/11: Departures in Democratization and European Integration in Europe’s Southeast*, Institute for Regional and International Studies, Sofia, 2012, p. 33.



Europeanization played a major role in helping Croatia become a democratic country. These processes happened simultaneously. Also, the democratization was a precondition for the membership in the EU. In the following chapter, I will try to explain how the Europeanization started and progressed using a ‘top-down’ approach. In other words, how the EU affected Croatia, and which changes Croatia did in order to become an EU member will be shown.

### **2.3. ACCESSION REQUIREMENTS**

Every accession country should fulfil the conditions given by the EU in order to become its member. The first and most important condition is meeting the Copenhagen Criteria, which is a basis for the membership process. Croatia is also monitored by the Stabilization and Association Process<sup>100</sup>, launched for the Balkan countries, which are potential EU members, and signed the Stabilization and Association Agreement. The EU was monitoring Croatia through the whole period of accession and was giving annual reports about Croatia’s progress in meeting the criteria. Also, Croatia was making strategy plans annually for the next period. In the 2 following sections accession requirements and opinion given by Commission will be shortly analysed.

#### **2.3.1. Copenhagen Criteria**

These criteria were set out in the Copenhagen European Council in 1993. Copenhagen Criteria, or accession criteria, are the set of criteria which have to be met by the candidate country. This criteria were confirmed at the Madrid European Council in 1995. They are defined by Article 49 and the principles laid down by Article 6(1) of the Treaty on European Union. It is based on democratic requests and it is same for the all potential member states.

This Criteria consisted of the three sets of criteria – geographic, political (rule of law, minority and human rights etc.) and economic criteria. The Economic part requires that the candidate countries have a functioning market economy, and that

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<sup>100</sup> Stabilization and Association Process – SAP.

their producers have the capability to cope with competitive pressure and market forces within the EU. Legislative means that all *acquis communautaire*<sup>101</sup> have to be accepted. The fourth set of criteria is added on the Madrid European Council in 1995 - administrative criteria. It refers to “Expansion of administrative structures for effective adoption of the *acquis*” as stated by Tanja Marktler<sup>102</sup>. Political criteria must be satisfied in order for the European Council to decide on open negotiations. Meeting accession criteria and applying pre-accession strategy have a big role in accession progress.<sup>103</sup>

Marktler stated that the European Council did not give a detailed explanation about the content of these criteria.<sup>104</sup> In addition to this, the real meanings of the terms rule of law and democracy are not clear. There are no clear instructions to what the accession state has to do. Since its focus is on the developed democracy, meeting them is important in the following developments and Croatia’s journey to the EU negotiations.<sup>105</sup> The first formal step in meeting the Criteria and starting the membership process was signing the SAA.

### **2.3.2. Stabilization and Association Process**

This process was launched at the Zagreb Summit 2001 and strengthened at the Thessaloniki Summit 2004, just for Balkan countries which are potential EU members - Albania, Bosnia-Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia, including Kosovo, as defined by resolution 1244 of the UN Security Council. Other countries which became EU member were not considered in this Process (Bulgaria, Romania). This Process seeks for stability, peace and cooperation with the region. Also, financial assistance programmes was

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<sup>101</sup> *acquis communautaire* – eng. – community *acquis*, often mentioned just as ‘*acquis*’ – covers all rules, constitutions, decisions, declarations and agreement set by the EU institutions. Every applicant country should meet these before it joins the EU. Also, it had to implement all of the EU’s legislation immediately after the accession. See EU official pages, [http://europa.eu/legislation\\_summaries/glossary/accession\\_criteria\\_copenhagen\\_en.htm](http://europa.eu/legislation_summaries/glossary/accession_criteria_copenhagen_en.htm) (03.05.2015).

<sup>102</sup> Tanja Marktler, “The Power of the Copenhagen Criteria”, **Croatian Yearbook of European Law and Policy**, Vol. 2, No. 2, 2006, p. 345.

<sup>103</sup> EU official pages, [http://europa.eu/legislation\\_summaries/glossary/accession\\_criteria\\_copenhagen\\_en.htm](http://europa.eu/legislation_summaries/glossary/accession_criteria_copenhagen_en.htm) (03.05.2015).

<sup>104</sup> Marktler, p. 248.

<sup>105</sup> For more information about Copenhagen Criteria see in Marktler, The Power of the Copenhagen Criteria.

provided by this Process, such as Community Assistance for Reconstruction, Development and Stabilisation<sup>106</sup>, from 2000 to 2006, and Pre-Accession Assistance<sup>107</sup> for the period from 2007 to 2013.<sup>108</sup> It also provides free trade preferences with EU. Croatia signed the SAA with the EU on 29 October 2001 in Luxemburg as a first fundamental step to joining the EU. It was ratified by the Croatian Parliament on 5 December 2001 and later on by the European Parliament on 12 December 2001. SAA came into force in spring 2004 and after all the EU member states ratified it. Despite this, the regional cooperation was the most important part of this Agreement for the individual progress even after the accession. While waiting for the SAA to be ratified, the Interim Agreement on trade and related issues between the European Community on one hand, and Croatia on the other, was signed on 1 January 2002 and ratified on 1 March 2002. According to Samardžija, this Agreement was very fundamental. In the meantime, when Croatia was waiting for SAA to be ratified, it was continuously in touch with the European bodies and defined some steps for further implementation.<sup>109</sup>

There are three Stabilization and Association Reports about implementing the SAA. Based on the report from 2002, it was too early for criticizing and commenting because it was the year when SAA is ratified. As a result of this, the document was just an assessment of the existing situation. According to this report<sup>110</sup>, Croatia made significant changes in the area of democratization. These changes included supporting minority groups and human rights. Despite many bilateral agreements with the SAP countries, Croatia was not very successful in stabilizing relations with these countries. The report also indicates that the Government was ready for changes but society was not. The point was that the nationalism is deeply rooted in Croatian society.

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<sup>106</sup> Community Assistance for Reconstruction, Development and Stabilisation - CARDS

<sup>107</sup> Pre-Accession Assistance - IPA

<sup>108</sup> EU official pages,

[http://europa.eu/legislation\\_summaries/glossary/stabilisation\\_association\\_process\\_en.htm](http://europa.eu/legislation_summaries/glossary/stabilisation_association_process_en.htm)  
(10.05.2015).

<sup>109</sup> Višnja Samardžija, "Croatia's Preparation for EU Accession", **The wiiw Balkan Observatory - Global Development Network Southeast Europe**, Working papers 032, 2012, pp. 5-6.

<sup>110</sup> Stabilisation and Association Report - Croatia, Commission of the European Communities, Brussels, 2002, <http://miris.eurac.edu/mugs2/do/blob.pdf?type=pdf&serial=1043416885704>  
(13.05.2015).

The report shows that the implementation of SAA was a big challenge for Croatia because many reforms were needed. The administration of Croatia did not have enough capacity and staff for these kinds of reforms which in turn made this challenge even bigger. The economy was improving but the unemployment rate was still high. Huge effort was shown in the adoption of fiscal sustainability and the modernization of the economy.<sup>111</sup> The weakest field was the judiciary, because of its deep organizational problems. This weakness was an obstacle for reforms such as political, economic and social. More effort on the integration of the Serb minority was also needed. According to the timetable which was given to Croatia, 70% of acquis had to be done in two years which was too ambitious.<sup>112</sup> Croatia made some progress in the field of fighting against corruption, but one of the biggest concerns was human trafficking in and through Croatia.<sup>113</sup> The Commission's general opinion about Croatia's progress was positive. The strongest opposition party in Croatia did not welcome the SAA, because there was no guarantee that Croatia would enter the EU. However, the truth of the matter is that SAA's aim was not to guarantee it at all.<sup>114</sup> The Government started to inform the public about EU through the means other than the media. This was because the information from the media was most of the times viewed as false and illegible.<sup>115</sup>

In the second report from 2003<sup>116</sup> Croatia was criticized because of its political and state bodies' interference with the media, especially Radio and Television (HRT). In addition to this, the European Commission emphasized that not much was done in terms of integrating the Serb minority, judiciary reforms, the fight against corruption and organized crime. To add on this, the cooperation with the International Criminal Tribunal for the former Yugoslavia<sup>117</sup> was not so successful. New legislative text about intellectual property, consumer protection, competition and state aid was prepared. Despite fiscal problems, the economy continued to improve. Progress was seen after implementing a second pillar of the pension system

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<sup>111</sup> Stabilisation and Association Report, 2002, p. 14

<sup>112</sup> Stabilisation and Association Report, 2002, p. 19

<sup>113</sup> Stabilisation and Association Report, 2002, p. 27

<sup>114</sup> Stabilisation and Association Report, 2002, p. 4

<sup>115</sup> Stabilisation and Association Report, 2002, p. 33

<sup>116</sup> The Stabilisation and Association process for South East Europe Second Annual Report, Commission of the European Communities, Brussels, 2003, <http://unpan1.un.org/intradoc/groups/public/documents/untc/unpan012924.pdf> (13.05.2015).

<sup>117</sup> International Criminal Tribunal for the former Yugoslavia - ICTY

and introducing a single treasury. In general, the European Union Commission was satisfied with developments in Croatia. Croatia was not mentioned in the third SAP report, from 2004, because it submitted application for EU membership on 21 February 2003. In 2005 Croatia was given a candidate country status. The following section will show how the process was, and which obstacles Croatia faced on its way to become an EU member.

## 2.4. NEGOTIATION PROCESS

In 2005, Croatia got the candidate country status. It became the first country of SAP to start the negotiations on the EU membership. Prior to obtaining a candidate country status, Croatia had to pass through some procedures. As it is mentioned before, Croatia applied for the membership in 2003. Procedures for the application are well known, because every member underwent the same process. Croatia submitted the application for the membership on 21 March 2003 to the Council of the EU, which in turn gave the mandate to the European Commission to assess the application and decide. On 10 July 2003 the Commission gave Croatia a questionnaire consisting of 4560 question. After three months, on 9 October 2003, Croatia submitted answers to the Commission. In December 2003 and January 2004 the Commission added 184 more questions to which Croatia answered.<sup>118</sup> On 20 March 2004, the Commission gave a positive opinion about Croatia's full membership in EU. In this Opinion, it was stated that:

*“no major difficulties in applying the acquis’ in the fields of: economic and monetary union, statistics, industrial policy, small and medium sized enterprises, science and research, education and training, culture and audio-visual policy, external relations, common foreign and security policy, and financial and budgetary provisions. Further efforts were encouraged in the fields of free movement of capital, company law, fisheries, transport, energy, consumer and health protection, customs union and financial control. According to the Opinion, ‘considerable and sustained efforts’ were needed in areas of: free movement of goods, free movement of persons, freedom to provide services, competition, agriculture, taxation, social policy and employment, telecommunications and information technology, regional policy*

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<sup>118</sup> Davorin Rudolf and Ivana Vrdoljak, “Europska Unija i Republika Hrvatska”, **Adrias**, No. 12, 2005, p. 189.

*and justice and home affairs'. The only area where 'very significant efforts' were needed, was environment.*<sup>119</sup>

The Commission also stated that Croatia had stable democratic institutions and a functioning market economy. However, it has to continue with the reforms and harmonization of legislature in order to reach the European standards.<sup>120</sup> Two months later, on 18 June 2004 Croatia obtained the candidate status for membership in the EU.<sup>121</sup>

The application consisted of three explanations – that the applicant country feels like a part of the European identity, provides evidence that the membership in the EU is a political aim of the applicant country, and that the country is prepared to accept all the conditions and responsibilities as a part of the EU. Together with this application, Croatia submitted the document in which success meeting the conditions and criteria given by the EU were met successfully.<sup>122</sup>

Together with a positive opinion, on 13 September 2004, the European Council made a proposal of the European Partnership for Croatia. In the proposal, short-term and long-term priorities for Croatia's path on joining the EU were defined. The European Council collaborated with the European Commission to devise a pre-accession strategy for Croatia. Before the negotiations, an analytical review had to be done. Croatian negotiating team and the Commission had to check for the compatibility of the EU and Croatian legislation, and define further adjustments. This review was a basis for the bilateral negotiations between the EU and Croatia.<sup>123</sup>

The Croatian media viewed the importance of the decision of the EU's Council of Ministers to start a negotiations with Croatia. This negotiations were made on 4 October 2005 as important as the international recognition of Croatia on 15 January 1992.<sup>124</sup> Croatia was not viewed as an ex-Yugoslavian and insignificant country on the international scene anymore, but rather as an ordinary European state.

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<sup>119</sup> Dejan Jović, "Croatia and the European Union: a long delayed journey", **Journal of Southern Europe and the Balkans Online**, Vol. 8, No. 1, 2006, p. 1.

<sup>120</sup> Rudolf and Vrdoljak, p. 186.

<sup>121</sup> Republic of Croatia Ministry of Foreign and European Affairs – official pages - <http://www.mvep.hr/hr/hrvatska-i-europska-unija/pregovori/> (20.05.2015).

<sup>122</sup> Rudolf and Vrdoljak, p. 186.

<sup>123</sup> Rudolf and Vrdoljak, p. 189.

<sup>124</sup> Jović, Croatia and the EU, 2006, p. 1.

This recognition was seen as "...a confirmation of its democratic credentials" by the EU.<sup>125</sup>

#### 2.4.1. General Assessment of the Negotiation Process

Besides fulfilling the Copenhagen Criteria, which is a process which every country has to pass through, Croatia faced a lot of obstacles. Namely, the Homeland War left traces on the economy and it had to pay compensation for the war damages. According to the international classification of war damages, Croatia endured damages for waging a defensive war. Croatia had very high expenses because of the crimes that were committed to the civil and national treasure, as well as damages, such as loss of the national income, companies, factories and demographic losses. The EU set the extradition of the general Gotovina and cooperation with the ICTY as a conditionality for starting membership negotiations. The EU wanted artillery diaries<sup>126</sup> and secret war documentations to be submitted to the ICTY. Moreover, Slovenia also blocked negotiations for 10 months because of The Ecological and Fisheries Protection Zone<sup>127</sup> conflict. It means that Croatia joined the EU in the period of the global economic crisis.<sup>128</sup>

Even before signing the Agreement, Croatia made a detailed Implementation Plan for the SAA. Its Government sent implementation reports to the EU monthly and annually.<sup>129</sup> Croatia aimed at being prepared to join the EU by the end of 2006, which, despite all efforts, was too ambitious at that time. The country applied for the EU membership in 2003, before SAA was ratified. It could not join the EU in 2007 as it wanted to, but again, early application had its advantages, because for Croatia it meant an earlier start of the democratization process. In April 2004 it received a

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<sup>125</sup> Jović, Croatia and the EU, 2006, p. 5.

<sup>126</sup> See more in "Zna li Vlada što su uopće topnički dnevnici?", **Slobodna Dalmacija/tPortal**, 11.12.2009, <http://www.tportal.hr/vijesti/hrvatska/47121/Zna-li-Vlada-sto-su-uopce-topnicki-dnevnici.html> (20.06.2015). So called "artillery diaries", in Croatian "topnički dnevnici" – diaries kept by special educated persons, who write where and when artillery firing is done, the aim for using these weapons, which weapon is used and who was responsible for it.

<sup>127</sup> The Ecological and Fisheries Protection Zone – also known as "ZERP" which is acronym of its full name in Croatia – Zaštićeni ekološko-ribolovni pojas.

<sup>128</sup> Musladin, p. 114.

<sup>129</sup> Samardžija, Croatia's Preparation, p. 7.

favourable avis<sup>130</sup> from the Commission and candidate status in June 2004. In October 2005 it opened accession negotiations with the EU.<sup>131</sup>

Croatia was the first SAP country to join the EU. As such, it was to be an example for other countries to be emulated. Also, Croatia joined the EU in the period of economic crisis, this also slowed down the integration process, because Croatia's internal problems and reforms mattered to the EU. After the accession, Croatia continued with reforms and implementation more successfully than before its accession. It lasted almost 6 years to complete accession negotiations, and in June 2011 it was accomplished. Following the ratification process, the Accession Treaty was signed in December 2011.<sup>132</sup>

After the negotiations were opened, screening lasted more than a year. Croatia had to close 35 chapters, 4 chapters more than other countries, established by the Negotiation Framework. They also established a suspension clause for Croatia, in case Croatia broke some principles of liberty, democracy, and respect of human rights etc., the EU could stop the negotiations.<sup>133</sup>

Samardžija and Staničić stated that the speed of the integration depended on the successful and full implementation of reforms.<sup>134</sup> Adoption of implementation should not be just formal, but Croatia has to develop the capacity to implement it. According to these two authors, Croatia needed to develop its own member-state building strategy based on the three pillars – developing functioning state administration, creating a common economic place in the region and constituency building.<sup>135</sup>

#### **2.4.2. Obstacles on Croatia's Way to the EU**

As it is already mentioned earlier, Croatia's way to the EU was quite hard and faced many obstacles, such as territorial waters disputes between Croatia and

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<sup>130</sup> avis – refers to the EU's opinion after the screening situation.

<sup>131</sup> Hrvoje Butković and Višnja Samardžija, "Challenges of continued EU enlargement to the Western Balkans - Croatia's experience", **Poznań University of Economics Review**, Vol. 14, No. 4, 2014, pp. 96-97.

<sup>132</sup> Butković and Samardžija, p. 99.

<sup>133</sup> Butković and Samardžija, p. 97.

<sup>134</sup> Višnja Samardžija and Mladen Staničić, "Croatia on the path towards the EU: Conditionality and challenges of negotiation", **Southeast Europe on the Way into EU**, 2004, p. 102.

<sup>135</sup> Samardžija and Staničić, p. 102.



Slovenia, which blocked negotiations for 10 months. Another obstacle was the cooperation with ICTY and arrestment of general Gotovina which did not block, but delayed negotiations. There were also other complications and internal problems which did not affect Croatia's membership directly. Moreover, these problems slowed down the whole process.

#### **2.4.2.1. Piran Bay**

Piran Bay is an area where Slovenia's and Croatia's territorial waters overlap. The problem was about the boundary in the Gulf of Piran and in the ZERP. As Tomaić stated in her work, when both countries were part of Yugoslavia, these were not conflict ridden issues. The problem appeared after the Homeland War, but there was not any important discussion about it. This was because both states were preoccupied with other major problems. Croatian Parliament proclaimed the Gulf of Piran as an Ecological and Fisheries Protection Zone on 3 October 2003. Legal regime began to be implemented on 3 October 2004, with the exception of ships which sail under the EU's flag. The problem appeared on 1 January 2008, when Croatia changed its decision and prohibited passage to the EU ships, too. In that time, Slovenia was presiding in the EU and used its position to block the EU talks. Croatia changed its decision again in March, because it realized that its main goal was to join the EU. This was an obstacle to achieving that goal. Slovenia unblocked talks, but blocked them again very soon, in October 2008, at the accession conference claiming that Croatia, in the documents given to the EU, prejudices common border in the Gulf. Slovenia blocked the opening of 10 chapters, which resulted in the accession conference not being held in 2009. On 4 November 2009, Croatia and Slovenia signed an arbitration agreement in Stockholm. After the Croatian Parliament ratified it, Slovenia unblocked accession process on 6 June 2010, following the referendum on the arbitration agreement.<sup>136</sup> The Agreement was registered to the UN by the Slovenian PM Borut Pahor and the Croatian PM Jadranka Kosor.<sup>137</sup>

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<sup>136</sup> Tatjana Tomaić, "Krizna međunarodnih odnosa – studija slučaja: Hrvatska i Slovenija, granica u Istri", *Časopis za suvremenu povijest*, No. 2, 2011, p. 402-403.

<sup>137</sup> Senka Neuman Stanivuković, "Croatia as the 28<sup>th</sup> EU Member State: How Did We Get Here and Where Should We Go From Now?", *Current Affairs in Perspective*, No. 1, 2012, p. 8.

For Slovenia, it would have also been easier if it had allowed Croatia to enter the EU sooner. However, Slovenia was probably afraid that if Croatia had established a border in the middle of the Gulf, ships which sailed to Slovenia would not have been able to pass without getting the permission from the Croatian authorities. This would present a big problem for Slovenia because of the length of its coast. Slovenia's coastline spans over 46 km, which is insignificant compared to Croatia's coastline, which spans over 1700 km. Vesna Pusić, vice president of Croatian Parliament in that time, stated that this should not be an obstacle for Croatia, because Slovenia entered the EU in 2004, with the same problem and added: "Border dispute cannot be a criteria for EU entry since Slovenia itself joined the EU with the same problems and border disputes. This dispute is deeply politicized and has become the priority in pre-election campaigns in both countries".<sup>138</sup>

Territorial waters dispute was not the only problem which Croatia had with Slovenia. There are also problems with the land border, with the Krško Nuclear Power Plant, which is in the mutual ownership of both countries. Also, there was a problem with Ljubljanska Banka, the bank which collapsed in the wartime and possessed Croatian citizens' foreign currency deposits.<sup>139</sup> However, these problems were not considered as major obstacles for Croatia in joining the EU.

#### **2.4.2.2. International Criminal Tribunal for the former Yugoslavia – ICTY**

Another big obstacle on Croatia's joining of the EU was the problem with the ICTY. This problem retarded the accession negotiations even before the negotiations had properly commenced. Negotiations could start in the moment when Carla del Ponte, president of the ICTY in that time, confirmed that Croatia was cooperating with the Court, even General Gotovina was not captured.<sup>140</sup>

There were a lot of indicted generals, but two of them in particular caused problems between Croatia and the EU on the country's accession process. They were

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<sup>138</sup> Anes Alić, "Slovenia, Croatia, the EU and Piran Bay", **The International Relations and Security Network**, 23 May 2007, <http://www.isn.ethz.ch/Digital-Library/Articles/Detail/?id=53176&lng=en> (10.06.2015).

<sup>139</sup> Alić, Slovenia, Croatia, the EU and Piran Bay

<sup>140</sup> Stanivuković, p. 2.

general Ante Gotovina and Janko Bobetko. They played the crucial role in the Homeland War. General Bobetko retired before the indictment, and Ante Gotovina was dismissed from the Army by president Mesić. Because of the disagreement between political elites, government did not response quickly, so they enabled generals to avoid extradition. ICTY took the opinion that the government was responsible for the arrestment of general Gotovina on 12 June 2001. In the case of general Bobetko, Croatia raised its objection to the Court that the extradition was unlawful but the Court denied this objection. Bobetko died in May 2003 without being extradited, and Gotovina was arrested in Spain on 8 December 2005 after a couple of years hiding.<sup>141</sup>

Arrestment and extraditions of these two generals delayed Croatia's full membership to EU and NATO. SAA signed in 2001 was implemented on 1 February 2005. Also, UK and Netherlands refused to ratify it, and US stopped the financial help to Croatia for the judicial reforms. Regardless of these events happening in the time of president Stjepan Mesić and PM Ivo Račan, they proved that "de-Tudjmanization" of Croatia was not completed. Because this government failed in many cases, the citizens lost confidence and voted for HDZ. New PM Ivo Sanader, who was the member of the Tuđman's party, acted in full cooperation with the ICTY, because the main aim of his government was the membership in EU.<sup>142</sup>

ICTY also wanted Croatia to deliver "artillery diaries", which blocked negotiation talks in 2010. Chief Prosecutor of the Hague Tribunal, Serge Brammertz, insisted on delivering all "artillery diaries" and secret war documentation. Croatia formed special teams to investigate this case, and delivered all possible documentation to The Hague. Croatia added that some of documentation requested from The Hague actually have never existed, and for some documentation they launched the investigation procedure, because they were stolen as a state property.<sup>143</sup> Brammertz did not believe in that, he thought that Croatia does not want to submit it, because of the protection generals who were imprisoned in The Hague in that time.

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<sup>141</sup> Jović, Croatia and the EU, 2006, p. 17. Some members of political elite did not want to arrest generals because of their role in the war, thus, the generals were bee seen as a heroes, not a war criminals.

<sup>142</sup> Jović, Croatia and the EU, 2006, p. 18.

<sup>143</sup> Sandra Veljković, "Šimonović: Vjerujem da topnički dnevници neće smetati ulasku u EU", **Večernji list**, 29 April 2010, <http://www.vecernji.hr/hrvatska/simonovic-vjerujem-da-topnicki-dnevници-nee-smetati-ulasku-u-eu-133267> (20.06.2015).

The Chief Judge of the Hague Tribunal, Alphons Orie, cancelled Brametz's request, because there was not any indication that Croatia owned that documentation.<sup>144</sup> Croatian Government continued detailed investigation of the documentation, despite the Tribunal's positive reaction, because, as the PM Jadranka Kosor said, "they want to know where is each document is, what happened with it and prosecute those who stole it".<sup>145</sup> Croatia did not publish information about those who were prosecuted. ICTY was satisfied, but Serbia was still curious. There are a lot of speculations about where documents could be and who is responsible for them.

### 2.4.2.3. Other obstacles

World economic crisis was also an obstacle to Croatia in its membership process. Croatia entered the EU in the period of the economic crisis, which damaged not only Croatian economy, but also the EU's. That is why the EU could not be engaged in the Croatia's negotiations. Croatia's budget deficit was growing since 2009 and the country was confronted with economic, financial and social problems, such as the high rate of unemployment caused by the bankrupt of some state-owned enterprises. Croatia also faced many corruption scandals associated with the key figures of politics, which resulted with the resignation of PM Ivo Sanader and his arrestment.<sup>146</sup>

Croatia could use financial assistance given by the EU for solving the internal problems, reorganize public administration and implement reforms given by the EU. The following section describes the EU's financial assistance funds and how Croatia used them.

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<sup>144</sup> Davor Ivanković, "Orie odbio prijavu jer nema dokaza da RH zna gdje su dnevници", **Večernji list**, 26 July 2010, <http://www.vecernji.hr/hrvatska/orie-odbio-prijavu-jer-nema-dokaza-da-rh-zna-gdje-su-dnevници-172190> (20.06.2015).

<sup>145</sup> Nikola Sever Šeni, "TOPNIČKI DNEVNICI - J. Kosor: Nastavljamo raditi dok ne doznamo sudbinu dokumenata", **Večernji list**, 27 July 2010, <http://www.vecernji.hr/hrvatska/j-kosor-nastavljamo-raditi-dok-ne-doznamo-sudbinu-dokumenata-172490>, (20.05.2015).

<sup>146</sup> Stanivuković, p. 4.

## 2.5. EUROPEAN UNION PRE-ACCESSION FUNDS

EU pre-accession funds aimed to enable Croatia to recover its economy, which started to be given in the war time and lasted until Croatia became an EU member. The EU was offering partial or full financial assistance in various projects, and its aim was to help Croatia to pass political, economic and institutional reforms in order to access the EU. These funds helped Croatia to prepare administrations, institutions and society for EU membership.<sup>147</sup>

The financial assistance can be examined in three phases. The first phase covers the period from 1991 to 2000. In that period EU provided 382 million euro financial assistance. Up to 1995, financial assistance was concentrated on humanitarian aid and for the country's reconstruction and after 1995 the funds were provided for the return of refugees and for the improvement of their living conditions. Second phase covers the period between 2001 and 2004. This is the period from signing SAA to getting a status of EU candidate country. In this period Croatia was included in the so called CARDS programme. Third phase lasted until the Croatian EU accession. In this period Croatia was included in PHARE, ISPA, SAPARD and IPA programmes.<sup>148</sup>

### 2.5.1. CARDS - Community Assistance for Reconstruction, Development and Stabilisation

This programme was intended to help five South-east European countries – Croatia, Bosnia and Herzegovina, Serbia and Montenegro<sup>149</sup>, Macedonia and Albania.<sup>150</sup> This programme had two sections – national and regional. For the national section 260 million euros, and for the regional section 183.7 million euros were granted.<sup>151</sup> This programme covered projects which aimed at democratization

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<sup>147</sup> Marija Tolušić et al., "Uloga i važnost EU fondova za Republiku Hrvatsku", **Ekonomski vjesnik**, Vol. 26, No. 1, 2013, p. 216.

<sup>148</sup> Marija Burić Pejčinović, "Učinkovitost korištenja prepristupnim fondovima Europske unije u Hrvatskoj", **Hrvatska javna uprava**, Vol. 10, No. 3, 2010, p. 652.

<sup>149</sup> In that time Serbia and Montenegro were one state. Republic of Montenegro became independent from Serbia on 3 June 2003.

<sup>150</sup> Davorka Hajduković, "Projekt CARDS 2002: Strategija i jačanje kapaciteta za regionalni razvoj – prikaz", **Hrvatska javna uprava**, Vol. 6, No. 1, 2006, p. 53.

<sup>151</sup> Tolušić et al., p. 216.

and institution building, sustainable economic development, social development, regional and transnational cooperation between beneficiary countries. National component finished in 2004 but regional component was active until 31 December 2006.<sup>152</sup>

### **2.5.2. PHARE - Pologne et Hongrie-Aide á Restructuration Economique**

This programme was launched in December 1989. Its previous aim was to support Hungary's and Poland's economic reforms and political changes. By the time, it became pre-accession financial help programme and lasted until 2006. This programme aimed to adopt legal acquis, strengthen institutional ability, develop market economy and prepare for proper use of European Regional Development Fund and European Social Fund after the accession.<sup>153</sup> This fund lasted until 2006 with the budget total of 167 million euros for the national component.

### **2.5.3. ISPA - Instrument for Structural Policies for Pre-Accession**

This programme was launched in 2000 with the aim of funding infrastructure projects in transportation and environmental protection sector. It helped to adjust the state's legislation with the EU's legislation, prepare the country for using the Cohesion Fund after the accession and technical assistance during the project preparation. EU financed only 75% of the project which value was at least 5 million euros. The state itself had to fund the remaining of the budget<sup>154</sup>. The total budget gave by the EU was 60 million euros.<sup>155</sup>

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<sup>152</sup> Burić Pejčinović, p. 653.

<sup>153</sup> Pavle Jakovac and Biljana Maljković, "Korištenje sredstava pretpripravnih fondova Europske Unije u Republici Hrvatskoj", **Ekonomski pregled**, Vol. 61, No. 1-2, 2010, pp. 59-60.

<sup>154</sup> Jakovac and Maljković, p. 61.

<sup>155</sup> Burić Pejčinović, p. 654.

#### **2.5.4. SAPARD - Special Accession Programme for Agricultural and Rural Development**

This fund was launched in 2000. It was active in Croatia in 2005 and 2006, in a similar way as PHARE and ISPA. In these two years Croatia was given an amount of 25 million euros<sup>156</sup> to help the state adjust its legislation in the area of agriculture. The fund aimed to prepare common agricultural policy and all of the necessary projects in the area of agriculture, and rural and fishery development. Instruments from this fund provided 75% of the whole project.<sup>157</sup>

#### **2.5.5. IPA - Instrument for Pre-Accession Assistance**

IPA was a programme for the period between 2007 and 2013. It replaced all the other programmes such as CARDS, PHARE, ISPA and SAPARD and was divided into five components<sup>158</sup>:

- 1) *“Transition Assistance and Institution Building - managed by the European Commission's Directorate General for Enlargement*
- 2) *Cross-Border Co-operation - with EU Member states and other countries eligible for IPA*
- 3) *Regional Development - providing support for transport, environment infrastructure and enhancing competitiveness and reducing regional disparities*
- 4) *Human Resources Development - strengthening human capital and combating exclusion - managed by the European Commission's Directorate General for Employment and Social Affairs*
- 5) *Rural Development - managed by the European Commission's Directorate General for Agriculture.”*

The main aims of this programme were to achieve economic and social cohesion on the European market, and to minimize differences between regions. In addition to this, its aim was to help Croatia with the institutional reforms,

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<sup>156</sup> Burić Pejčinović, p. 655.

<sup>157</sup> Jakovac and Maljković, p. 62.

<sup>158</sup> Središnji državni ured za razvojnu strategiju i koordinaciju fondova Europske Unije, Instrument pretpristupne pomoći – IPA, p. 4, available at: [https://razvoj.gov.hr/UserDocsImages//arhiva/Publikacije//Instrument\\_pretpristupne\\_pomoci\\_IPA.pdf](https://razvoj.gov.hr/UserDocsImages//arhiva/Publikacije//Instrument_pretpristupne_pomoci_IPA.pdf) (20.07.2015).

establishing a system of public administration, which was to be responsible for the controlling of structural and cohesion funds and instruments of the agriculture and fishery policy of the EU after full membership.<sup>159</sup> Croatia could use 589.9 million euros from this fund.<sup>160</sup>

### **2.5.6. Structural and Cohesion Fund**

Funds which are available after the full membership are – Structural Funds (European Regional Development Fund - ERDF and European Social Fund - ESF), and Cohesion Fund. These funds will be active in the period 2014-2020 with the budget of 11.7 billion euros.

ERDF aims to strengthen economic and social relation, equalizing the strength of the parts in different regions with emphasis on innovation and research and support for small and medium-sized enterprises (SMEs). ESF aims to promote employment and labour mobility, to invest in education and lifelong learning. It also aims to provide educated staff and experts for the public administrations and institutions efficiency. The Cohesion Fund invests in trans-European transport networks and environment. This fund can be used by those states whose Gross National Income per inhabitant was less than 90% of the EU average.

Solidarity Fund was launched in 2002 and it is open to every member or neighbouring state in cases of natural disasters such as floods, forest fires, earthquakes, storms and drought.<sup>161</sup> Croatia used a total of 22.79 million euros from this fund for the floods which happened in 2010, 2012 and 2014<sup>162</sup>.

### **2.5.7. Preconditions for the Use of Funds**

Until 22 December 2011 the Funds were under the control of The Central Office for Development Strategy and Management of EU Funds. After this date, by

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<sup>159</sup> Marija Vojnović, “Strukturni fondovi Europske Unije i IPA – Instrument pretpristupne pomoći”, **Hrvatska javna uprava**, Vol. 8, No. 2, 2008, p. 367.

<sup>160</sup> Tolušić et al., p. 217.

<sup>161</sup> European Commission – official pages, [http://ec.europa.eu/regional\\_policy/en/funding/solidarity-fund/](http://ec.europa.eu/regional_policy/en/funding/solidarity-fund/) (20.07.2015).

<sup>162</sup> European Commission – official pages, [http://ec.europa.eu/regional\\_policy/sources/thefunds/doc/interventions\\_since\\_2002.pdf](http://ec.europa.eu/regional_policy/sources/thefunds/doc/interventions_since_2002.pdf) (20.07.2015).



Croatian Parliament's decision, Ministry of Regional Development and EU Funds took over.<sup>163</sup>

Every programme has a committee for monitoring and responsibility for the implementation of project. The evaluation of the projects was done periodically. It clearly defines how much the Commission finances and how much relevant organs have to provide.<sup>164</sup> Central Finance and Contracting Agency was responsible for carrying out the projects, tender procedures, contracting, payment etc. This agency was established quite late, in 2007, and the late establishment was one of the reasons why the funds were not used well.<sup>165</sup>

There were also other financial instruments that would be available for Croatia - JASPERS (Joint Assistance in Supporting Projects in European Regions), JEREMIE (Joint European Resources for Micro to Medium Enterprises) and JESSICA (Joint European Support for Sustainable Investment in City Areas. These funds are a result of the cooperation of the European Commission, European Investment Bank (EIB) and other financial institutions which funds will be available to Croatia, but only if it will be successful at managing other funds.<sup>166</sup>

As is it stated by Bilas et al., the state cannot expect that the funds will solve all its problems.<sup>167</sup> Funds will help the country to develop infrastructure, institution and market. However, the state has to have its own development strategy. It is plausible to argue that EU funds are just instruments which could help this strategy and to realize the countries goals. Croatia faced a lack of staff and experts and as a result, funds were not used well. Funds before IPA were used wisely, 86.91%, but IPA used less than 50%, probably because of the lack of promptness and delay in calling for tenders.<sup>168</sup> Croatia also faced lack of information about realized projects, future tenders and possibilities of spending money from the funds.

According to the results of research on EU funds conducted by Tolušić, just 25% of citizens know something about funds, and 50% of them just have some

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<sup>163</sup> Narodne Novine, No. 150, 22 December 2011. Document available at: <http://narodne-novine.nn.hr/default.aspx>.

<sup>164</sup> Vojnović, p. 376.

<sup>165</sup> Vlatka Bilas et al, "Predpristupni fondovi Europske Unije i Republika Hrvatska", **Ekonomski misao i praksa**, Vol. 20, No. 1, 2011, p. 305.

<sup>166</sup> Vojnović, p. 376.

<sup>167</sup> Bilas et al, p. 300.

<sup>168</sup> Bilas et al, p. 305.

information from media. 63% respondents have never thought about self-employment through the projects. Croatia needs more experts and educated staff that will help to use funds better. Respondents think that procedure and collecting documentation is very complicated and that is one of the reasons why funds are not used well. Thus, Tolušić argues that Croatia does not have a developed strategy and institutions which will realize the projects.<sup>169</sup> Also, for the efficient usage of funds, cooperation of different organizations is important as well as quality project management and well written projects.

## 2.6. REFORMS

Croatia had to do many reforms in order to become an EU member. It had to harmonize institutional system, public administration, and to implement the *acquis*. The European Commission was monitoring Croatia and was giving annual reports about its progress. The reports were very detailed and every progress or needed steps were recorded. There are seven reports, from 2005 to 2011. On 9 December 2011, Croatia signed the Accession Treaty which had to be ratified by all member states in order to become a member of the EU on 1 July 2013. By signing this Treaty, Croatia obtained an active observer status until it becomes an active Member.<sup>170</sup> Every report explains how well Croatia is prepared and which reforms have to be made. These reports also criticize and direct Croatia's efforts. Usually, reports are divided into four parts. The first part explains the relationship between the EU and Croatia. The second part analyses the progress according to political criteria. The third part examines Croatia's progress according to the economic criteria and fourth part is a detailed explanation of progresses in the implementation of *acquis*, chapter by chapter.<sup>171</sup> Efficient public administration, independent and efficient judicial system are crucial for quality implementation and enforcement of the *acquis*.<sup>172</sup>

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<sup>169</sup> Tolušić, pp. 219-220.

<sup>170</sup> European Commission, Comprehensive Monitoring Report on Croatia, Brussels, p. 5, 10 October 2012, [http://ec.europa.eu/enlargement/pdf/key\\_documents/2012/package/hr\\_analytical\\_2012\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/hr_analytical_2012_en.pdf), (25.07.2015)

<sup>171</sup> This analysing and assessment is called "screening".

<sup>172</sup> European Commission, Croatia 2005 Progress Report, Brussels, 09 November 2005, p. 48, [http://ec.europa.eu/enlargement/archives/pdf/key\\_documents/2005/package/sec\\_1424\\_final\\_progress\\_report\\_hr\\_en.pdf](http://ec.europa.eu/enlargement/archives/pdf/key_documents/2005/package/sec_1424_final_progress_report_hr_en.pdf) (25.07.2015).

In the following part, Croatia's reform program and the EU's responses shall be discussed with special reference to each policy area.

### **2.6.1. Public Administration Reform**

Reform in the public administration was the starting point for the other reforms. The progress report from 2007 covered the period between 1 October 2006 and 3 October 2007. In this period 14 chapters were opened and 2 chapters were temporarily closed.<sup>173</sup> The Commission recorded that Croatia made a limited progress in the area of public administration. In order to achieve any other progress, a significant progress needs to be made in this specific area. It also admonished Croatia, based on the previous year that the Law on Administrative Procedure had to be revised. Furthermore, Law on Civil Service was not adopted yet, though it came into force last year. This messy situation was a fertile ground for the corruption. The Commission continuously reminded Croatia that civil service has to be depoliticized. There were too many staff in the civil service most of which lacked education and other requirements. Ombudsmen faced a lack of required instruments, like place for the work, especially outside Zagreb. Government launched the project 'Hitrorez' in order to end useless regulations. The Commission was not satisfied with work of the Central State Office for Administration which has to make a strategic plan for the reform of public administration.

For an effective reform many aspects are required – such as time, proper sequencing, financial instruments, strong political will and public discussion about it. Croatia should do the reforms slowly, step by step, because that is the only way for success.<sup>174</sup> In the long-term reforms lot of money has to be invested and many institutions included. The key point is the very professionally trained and educated staff. Without this, further success will not be possible.<sup>175</sup>

Reforms were financed through the pre-accession programmes - CARDS 2001 "Public Administration Reform – Support to the Reform of the Civil Service"

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<sup>173</sup> Tijana Vukojičić, "Izvešće Europske komisije o napretku Republike Hrvatske iz 2007", **Hrvatska javna uprava**, Vol. 7, No. 4, 2007, p. 868.

<sup>174</sup> Constantino Longares Barrio, "Reform of Public Administration and EU Funded Assistance", **Hrvatska javna uprava**, Vol. 8, No. 1, 2008, pp. 7.

<sup>175</sup> Barrio, p. 8.

with a budget of 1.2 million euros and the duration of 25 months (25 November 2002 – 24 December 2004); CARDS 2003 “Implementation of Civil Service Reform” with a budget of 1.7 million euros and duration of 24 months (23 January 2006 – 22 January 2008); CARDS 2003 “Administrative Decentralisation” with a budget of 1.35 million euros and duration of 20 months (22 May 2006 – 21 January 2008); CARDS 2002 “Fiscal Decentralisation” with a budget of 1.24 million euros and duration of 19.5 months (17 October 2005 – 31 May 2007).<sup>176</sup>

In March 2008, for the first time, a Strategy of State Administration Reform for the period between 2008 and 2011<sup>177</sup> was adopted. Croatia was to decentralize public administration, but the efforts were very weak. Despite the project “Decentralization of public administration 2002-2003”, financed by Open Society and Croatian Government, the results of that project have never been accepted by the Government.<sup>178</sup>

In the 2008 Progress Report Commission noticed some progress in the area of public reform. This report is accompanied by the Enlargement Strategy and Main Challenges. This report covers the period from 1 October 2007 to 3 October 2008, when 21 chapters were opened and 4 chapters were provisionally closed. Relevant laws and legal regulations were enacted and Public Administration Reform Strategy for the period from 2008 to 2011 was planned well. As regards to depolarization, progress was limited, Croatia had to continue and to make more efforts in this area. Central State Office for Administration hired more people and invested in education of staff. Legacy was not functional yet and new salary system were not established yet.<sup>179</sup>

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<sup>176</sup> For further information see Barrio, pp. 8-10.

<sup>177</sup> For further information see Ivan Koprić, “Managing Public Administration Reform in Croatia”, **Hrvatska javna uprava**, Vol. 8, No. 3, 2008, pp. 551-565. In this article author describes structure of the strategy and its shortcomings. The Strategy has six parts – “introduction; state administration we want; the main results in the reform of political system and state administration; the main areas and directions of state administration reform; implementation of strategic measures and leadership, monitoring and evaluation of results”. Author highlighted three shortcomings – all indicators during the Strategy implementation are qualitative, approach is normative and budget does not exist. Also, one has to bear in mind that no matter how this Strategy is important, it is still just a reform of the state administration, not the public administration.

<sup>178</sup> Koprić, p. 558.

<sup>179</sup> For further information see Goranka Lalić, “Hrvatska uprava u izvještajima europskih tijela”, **Hrvatska javna uprava**, Vol. 8, No. 4, 2008, pp. 917-928.

2010 Progress Report covers period from September 2009 to October 2010. The general opinion in this report was supporting Croatia's stance on the relevant policy areas, and the Commission noticed significant progress in every field. This report also advanced that Croatia has to continue to work hard, especially in the area of public administration, because there was not noticed any progress yet. The Commission emphasized the acceptance of the Strategy of Human Resource Development in the Civil Service from 2010 to 2013 and start with the salary reform in the public sector as a step forward.<sup>180</sup>

In 2012 Croatian Government started to minimize the number of the civil servants and that process still lasts.<sup>181</sup> In 2013 the Commission still was not satisfied with the reforms in the public administration and assessed that the quality of the public administration in Croatia is under the European average. With regard internet communication of small business with the bodies of the public administration, Croatia is above the European average. However, according to all other indicators, Croatia is under the average, such as the effectiveness of the government, citizens' usage of e-services, perception of the efficiency of the public spending and corruption.<sup>182</sup>

Despite these flaws, Croatia succeeded in making reforms, otherwise membership would not have been possible. Still, in 2015, the public administration reform was not finished. In March 2015, Strategy on Public Administration Reform for the period of next 5 years was made. Documents consist of 3 key chapters - simplifying the management process, structure of employees, and reform of the public administration.<sup>183</sup>

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<sup>180</sup> For further information see Goranka Lalić Novak, "Hrvatska uprava u izvješćima Europske komisije i SIGME 2010: ograničen napredak u reformi javne uprave", **Hrvatska javna uprava**, Vol. 10, No. 4, 2010, pp. 927–940.

<sup>181</sup> "Broj zaposlenih u javnoj upravi bit će smanjen za još tisuću ljudi", **Poslovni dnevnik**, 18 March 2015, <http://www.poslovni.hr/hrvatska/broj-zaposlenih-u-javnoj-upravi-bit-ce-smanjen-za-jos-tisucu-ljudi-292348> (25.07.2015).

<sup>182</sup> "Po kvaliteti javne uprave RH ispod europskog prosjeka", **Poslovni dnevnik**, 08 December 2013, <http://www.poslovni.hr/hrvatska/po-kvaliteti-javne-uprave-rh-ispod-europskog-prosjeka-258675> (25.07.2015).

<sup>183</sup> "Dogovorena strategija reforme javne uprave", **Večernji list**, 24 February 2015, <http://www.vecernji.hr/hrvatska/dogovorena-strategija-reforme-javne-uprave-991535> (25.07.2015). Minister of Public Administration said that for the successful reform, political consensus is crucial. Also, he said that the strategy is very important, so the reform would put into practice, not just on the paper. One can see that Croatia is not serious and political will is missing. Almost 10 years later, Croatia still does not have serious strategic plan.

### 2.6.2. Pension reform<sup>184</sup>

Until 1998, the pension system in Croatia was purely PAY-AS-YOU-GO<sup>185</sup>. There were three groups whose benefits have differed – workers, self-employees and farmers. Except these groups, there were many groups with special benefits, such as World War II veterans, police and military personnel, academics and former political prisoners. They retired very early, so the problem was that even before the reforms, the number of pensioners with benefits was more than 200.000.<sup>186</sup> It means that more than 200.000 citizens, just from this group, did not contribute to the pension funds. Also, the retirement age was very low, 60 for men and 55 for women.

The reform was done in two steps. The first step was the parametric reform in 1999, when the first pillar was reformed. The second one was systematic reform in 2002, when the second and third pillar reforms started. One can see that in 2002 the so called “three pillar reform” was introduced. The first pillar reform was done according to PAYGO principle, the second pillar became mandatory for those under 40 years of age and compulsory for those between 40 and 50 years of age. Those who are older than 50 remain in the first pillar. The third pillar is voluntary, without age limit.<sup>187</sup>

Croatia entered the EU in 2013 as the poorest member according to the GDP per capita and it is still in recession since 2009. Ivo Sanader, PM in that time, said that the second pillar was a failure. In 2014 there were still some efforts to change

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<sup>184</sup> For the further information about pension reforms and systems see Velimir Šonje, “Pension Systems and Pension Reforms: Case of Croatia (With a review of reforms in 13 emerging European countries)”, **United States Agency for International Development**, 2011.

<sup>185</sup> See in Damir Bakić, “Mirovinsko osiguranje”, (unpublished paper), **Prirodoslovno-matematički fakultet – Matematički odjel**, Zagreb, 2007. PAY-AS-YOU-GO, PAYG or PAYGO system – flow system in which generation of current workers finance pensions of the current pensioners giving money to the pension system. Based on their comings and contributions, their future pension, which will finance future generations, is calculated. That is why this system is sometimes called “Intergenerational Solidarity System”. The most of the systems like this collapsed. There are many critics of this system, but one is for sure. This system is unsustainable, because pensioners depend on ratio of the number of workers (those who contribute) to number of pensions. So, PAYGO systems are not resistant to demographic risks.

<sup>186</sup> “Croatia”, **Pension Funds Online, Wilmington Insight**, <http://www.pensionfundsonline.co.uk/content/country-profiles/croatia/89> (27.07.2015).

<sup>187</sup> Snježana Baloković, “Overview of the Pension Reform in the Republic of Croatia and Future Perspectives”, [Social Security Coordination and Social Security Reforms](#) (conference), Ankara, 8-9 March 2011, [http://www.coe.int/t/dg3/sscssr/Source/BALOKOVIC\\_ANK.pdf](http://www.coe.int/t/dg3/sscssr/Source/BALOKOVIC_ANK.pdf) (27.07.2015).

the second pillar.<sup>188</sup> Privileged pensions were planned to be moved from the second pillar to the first pillar between 2014 and 2015. Croatian Government submitted to the EU convergence programme between 2004 and 2017. In this period the Government will try to sacrifice third pillar in order to cut the budget deficit.<sup>189</sup>

These reforms are supported by the World Bank. Also, they were modelled on the CEE countries. In Croatia, pensioners have their own party – Croatian Party of Pensioners which is in Kukuriku coalition and has 3 seats in the Parliament. They are fighting for the pensioners' rights but they have other economic and political aims, too.<sup>190</sup>

### 2.6.3. Healthcare Reforms

Regarding the healthcare reforms, the e-healthcare system was introduced. Because of the insufficient development of the infrastructure, this reform is still in progress. This reform means computerization and modernization of the system. With this system, waiting for the medical examination for months will become a past, which is one of the biggest problem of the healthcare in Croatia. Computerization is expected to speed-up the system, the process of examinations and waiting for their results. Also, it will minimize some costs, because the usage of paper will be reduced. So, the whole system is expected to be faster with less resource. However, there are also some shortcomings – old people are computer illiterate, they usually do not have internet access, so they are not able to make the appointment by themselves. Also, staff is not educated well for this system and the problem is, that, every hospital in Croatia has their own management. So, it depends on the hospital if they will adopt themselves to the new requirements. There is, also, lack of standardization, consistency in the pursuit of plans and initiative, involvement of

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<sup>188</sup> Krystyna Krzyzak, "Central & Eastern Europe: Croatia bucks the trend", **IPE – Investments and Pensions Europe**, January 2014, <http://www.ipe.com/pensions/pensions-in/central-and-eastern-europe-croatia-bucks-the-trend/10000682.article> (27.07.2015).

<sup>189</sup> Krystina Krzyak, "Croatian government to roll back third-pillar pension subsidies", **IPE – Investments and Pensions Europe**, 7 May 2014, <http://www.ipe.com/news/croatian-government-to-roll-back-third-pillar-pension-subsidies/10001744.article> (27.07.2015).

<sup>190</sup> For further information see Party's official pages - <http://www.hsu.hr/> (27.07.2015).

medical experts, complicated applications, fear of misuse of private data and lack of financial instruments for the development of e-healthcare.<sup>191</sup>

Every country organizes healthcare system by itself. Again, EU cooperates and helps to the national government to organize the system with mobility of patients, harmonization and internal connection of computer and healthcare systems, infrastructure, acceptance of innovative technologies and solving the legal issues.<sup>192</sup> The problem in Croatia is that it is not just the Ministry of Health which has to take necessary measures, but cooperation between ministries. The ministries in Croatia lack staff and experts and, also, other bureaucratic problems that the Government has to deal with.<sup>193</sup> The healthcare system in Croatia is not sustainable, because just one third of the society is paying for the health insurance. It means that just one third of the society is employed, which is another major problem. Croatia has a lack of physicians, nurses, midwives and pharmacist per 1000 inhabitants. There are enough number of dentists and by the number of beds Croatia is at the European average.<sup>194</sup> Croatia has a problem with the lack of management skills in the health sector. Also, the cooperation between public health and private sector is not developed. In most of the European countries public providers are not in cooperation with private providers. It means that the private hospital is for the rich people, and public hospital for the poor people, which degrades the system and the science, because Croatian Health Insurance Fund does not refund money for the examination done in the private hospital.

Croatia made some progress regard to this problems. The good thing is that the healthcare in Croatia is not critical, it just needs professional economic analysis and successful management. The system is quite old, remains from the socialism, when healthcare was free. The problem is that it should not be totally free, because in that case people go to the hospital whenever they want, so the system could not be effective. The system will be more effective if people pay some amount of money for every examination. Also, some problems exist but it is not possible to solve them

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<sup>191</sup> Rajko Ostojić et al, "E-zdravstvo – unapređenje zdravstvenog sustava primjenom informacijske i komunikacijske tehnologije", **Društvo istraživača Zagreb**, Vol. 21, No. 4, 2012, p. 844.

<sup>192</sup> Ostojić et al, p. 846.

<sup>193</sup> Dubravko Mihaljek, "Healthcare Policy and Reform in Croatia: how to See the Forest for the Trees", **Croatian Accession to the European Union: the Challenges of Participation**, (Ed. Katarina Ott), Institute of Public Finance Friedrich Ebert Stiftung, Zagreb, 2006, p. 288.

<sup>194</sup> Mihaljek, p. 292.



before some reforms in the welfare are not done. That is why Croatia is very slow in closing the chapters concerning healthcare.

#### 2.6.4. Educational Reforms

In 2001 Croatia signed Bologna Declaration<sup>195</sup>, which means that Croatia accept to harmonize its higher education system with the European system. Accepting the Bologna Declaration means start with the Bologna Process. The main aims of this process is standardization of the educational cycles – undergraduate, graduate and post-graduate (specialist or doctoral) studies; standardization of the class valuations – ECTS points, introduction of diploma supplement, mobility etc. Now, it is possible to finish one semester in one country and another semester in another country, or at another university. Croatia started with the reforms in the academic year 2005/2006.

Under the European Commission, there is Education, Audiovisual and Culture Executive Agency (EACEA), responsible for managing the EU funding programmes in the fields of education, volunteering, sport, culture and art. Croatia is also a part of the programmes managed by the Agency. The programmes' scheme changed on 1 January 2014 and will last until 2020. From that day the Agency manages Creative Europe, ERASMUS+, Europe for Citizens, EU Aid Volunteers and other activities under the Programming period between 2007 and 2013.<sup>196</sup> One can see that, for the participation in all these programmes it was necessary to standardize the high education system.

Accept the programmes financed by the EU, Croatia signed many bilateral and multilateral agreement related to the mobility of the students and the academic staff. On 27 October 2007, the Agency for Mobility and EU Programmes is founded.

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<sup>195</sup> See Elvi Prišl and Neala Ambrosi-Randić, "Prati li reforma učenja reformu visokog obrazovanja?", **Informatologia**, Vol. 43, No. 3, 2010, pp. 212-218. Bologna Declaration is signed in 1999 on the meeting of ministers of education from all European countries in order to standardize education system in Europe with aim to strength mobility of students and academic staff.

<sup>196</sup> For further information see Education, Audiovisual and Culture Executive Agency (EACEA)'s official pages - [http://eacea.ec.europa.eu/about-eacea\\_en](http://eacea.ec.europa.eu/about-eacea_en) (28.07.2015).

This Agency is responsible for managing the EU, bilateral and multilateral programmes.<sup>197</sup>

After around 10 years since Bologna Process is introduced, some faculties turned to the old system. Arguments are that the Bologna Process is good as idea, but not in practice. Lack of academic staff, the undergraduates are not educated well, so they cannot find job, and they have to finished master degree to be accepted for the job. While in Europe 70% of students is well educated just with the undergraduate diploma, it is not case in Croatia. One of the Bologna's aims was shorter period of studying, but, in practice, that period became longer. Also, professors are cluttered with the bureaucracy, so they do not have enough time to devote themselves to the quality of execution of the curriculum. But, some specialists think that Bologna does not have to be abolished, it is process, so maybe Croatia has to give more efforts.<sup>198</sup>

The Commission was giving annually reports evaluating Croatia's progress in reforms, fulfilling conditionality, meeting criteria and suggesting the further steps which need to be done. In the next section the last report given by the Commission will be briefly analysed.

## **2.7. EU'S ASSESSMENT IN THE LAST REPORT**

The EU gave the last report about Croatia's progress in 2012. Croatia officially closed all 35 chapters on 30 June 2011 and gave positive opinion about Croatian political and economic preparedness for the full membership in the EU and accepting acquis. The referendum of the Croatia's accession to the EU was held on 22 January 2012 when the 2/3 citizens said 'yes' to the EU. Croatia completed the 10 priority actions in the area of competition, the judiciary and fundamental rights and justice, freedom and security previously determined in the Commission's Comprehensive Monitoring Report of October 2012.<sup>199</sup>

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<sup>197</sup> For further information see Agency for Mobility and EU Programmes' official pages - [http://www.mobilnost.hr/index\\_en.php](http://www.mobilnost.hr/index_en.php) (27.07.2015).

<sup>198</sup> Branimir Bradarić, "Kako je Bolonja propala u Hrvatskoj", **Al Jazeera**, 7 March 2015, <http://balkans.aljazeera.net/vijesti/kako-je-bolonja-propala-u-hrvatskoj> (27.07.2015).

<sup>199</sup> European Commission, "EU Enlargement Factsheet", 2013, [http://ec.europa.eu/enlargement/pdf/publication/20130514\\_close\\_up\\_croatia\\_en.pdf](http://ec.europa.eu/enlargement/pdf/publication/20130514_close_up_croatia_en.pdf) (27.07.2015).

After the accession Croatia will continue to benefit from different funds and financial instruments. Despite the fact that it fulfilled all conditions needed for the membership, it has to continue with the reforms. Especially because it is in the deficit and an economic crisis every year since 2009. It is on the right way to be equal with the other members, despite the fact that it entered as the poorest country. Also, the progress which Croatia made is significant regard to the fact that it accessed the EU 18 years after the war is over. It is the most developed and first country involved in SAP that accessed to the EU. As such it is an example to the other countries.

In the last report, 2012, one can see that Croatia achieved some good results in harmonization and implementation of the Copenhagen Criteria. As it mentioned before, the fact that the EU accepted Croatia and gave a green light to its accession, does not mean that the reforms and implementations are over. It means that Croatia's progress is well enough to become a member. Further efforts are needed in the strengthening of the rule of law, public administration and fighting and preventing corruption. The problem of Serb refugees is somehow solved, but still, the tolerance toward minorities is not on the high degree. Governments make some efforts, but there is a lot of nationalism between the citizens. Also, Roma population still lives in the poor conditions. Regional cooperation is successful, Croatia has a good relations with all the neighbouring states.<sup>200</sup>

Related to the economic criteria, Croatia still struggles with the economic growth and stability. Kuna<sup>201</sup>/euro exchange rate is stable. There are still high rates of long-term and youth unemployment. The role of the state in the economy has to be reduced. Court proceedings still last longer than it should. Bureaucracy and public administration is still a burden for the business environment. Despite that the budget is in the deficit because of recession, Croatia is a functioning market economy. Croatian export and import is stable and EU is its main trade partner. Croatia is

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<sup>200</sup> European Commission, Comprehensive Monitoring Report on Croatia's state of preparedness for the EU Membership, 10 October 2012, Brussels, [http://ec.europa.eu/enlargement/pdf/key\\_documents/2012/package/hr\\_analytical\\_2012\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/hr_analytical_2012_en.pdf) (27.07.2015), p. 9.

<sup>201</sup> Kuna – Croatian currency.

making significant progress in the integration of the trade and investment with the EU.<sup>202</sup>

Croatia entered the EU on 1 July 2013 as 28<sup>th</sup> member, but still has to work hard on many fields. Funds are not fully utilized and there is a lot to do. In future, Croatia will join monetary union and accept euro as its currency. High degree of Euroscepticism is present, taken into consideration that just 66.27% voters voted for the membership on the referendum held on 22 January 2012. The next chapter will consider the Euroscepticism, Croatia's progress after becoming a part of the EU and its future strategic plans.



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<sup>202</sup> Report 2012, pp. 10-13.

## CHAPTER THREE

### EUROSCEPTICISM AND CROATIA AFTER BECOMING AN EU MEMBER

#### 3.1. EUROSCEPTICISM<sup>203</sup>

Euroscepticism is a relatively new phenomenon rooted in the late 1990's in the United Kingdom, which was a Eurosceptic country from the very beginning; Denmark, where the Maastricht Treaty was rejected in 1992, and France, where the same treaty was barely accepted.<sup>204</sup> Euroscepticism culminated in the beginning of 21<sup>st</sup> century, with the wave of accession to the EU. There are many theories about Euroscepticism which differ one from another in points of view, fears and doubts about the EU. In some cases, Eurosceptic are political parties, sometimes citizens, what is usually caused by low level of knowledge about the EU and its politics. That is the reason why Susan Miller thinks that “Euroscepticism needs to be examined in the context of the complex and variable three-way relationships between public opinion, national political systems and actors, and supranational institutions and policies”.<sup>205</sup>

Stephen George, who analyses the Euroscepticism in the Great Britain, refers to the definition of the Eurosceptic written in the Oxford Dictionary where it is stated that the Eurosceptic is “a person who is opposed to increasing the powers of the European Union”.<sup>206</sup> In his work he argues that there is a wide range of doubts about the EU – doubts about the form which integration is taking, benefits and advisability about the further EU the integration, or animosity towards the whole integration. In a

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<sup>203</sup> Euroscepticism or Euroskepticism – according to the Oxford Dictionary, Euroscepticism is correct in British and World English and Euroskepticism in US English. See <http://www.oxforddictionaries.com/> (20.12.2015).

<sup>204</sup> Susan Milner, “Introduction: A Healthy Scepticism?”, **European Integration**, Vol. 22, No. 1, 2000, p. 1.

<sup>205</sup> Milner, p. 8.

<sup>206</sup> Stephen George, “Britain: Anatomy of a Eurosceptic state”, **European Integration**, Vol. 22, No. 1, 2000, pp. 15-22. Also, see:

<http://www.oxforddictionaries.com/definition/english/Eurosceptic?q=eurosceptic>. In the further text author adopted this definition on the British government and argues that the government was Eurosceptic through the country’s membership in the EU. Since this is not the topic of this paper, I will not go deeper into that. For the further information see above mentioned reference.

literature, one can observe two kinds of theories of Euroscepticism, one in the party politics and the other one in public Euroscepticism.

### **3.1.1. Euroscepticism in Party Politics**

The most accepted theory of Euroscepticism is the one of Paul Taggart and Aleks Szczerbiak. They claim that there are two kinds of Euroscepticism – soft and hard. They adopt this theory on political parties, which have the biggest role in the European integration. According to those two authors, the hard Eurosceptic parties are those that totally oppose the EU, its institution and work. Those parties go so far as they think their country should be withdrawn from the EU (or never become a part of it). Furthermore, those two authors argue that there are 2 methods how to assess if a party is Eurosceptic. If the party's single issue is anti-EU or, in other words, if its only problem and program is opposing the EU and if in the party's discourse the EU is shown as too capitalist, neoliberalist, conservative or bureaucratic, depends on their ideological positions – communism, conservatism, socialism, populism, then one can say that the party is a hard Eurosceptic. On the other hand, soft Euroscepticism opposes to some projects of the EU and feels that its national interests are endangered because of the EU policy. Thus, Eurosceptic parties' issues about the EU are just a part of their programme and they do not oppose to the EU as a project, but to some of their actions and its development.<sup>207</sup> According to the authors, one can see that the EU is a political enemy of the hard Euroscepticism and, at the same time, enemy of the soft Euroscepticism in some area of its action.

Another very popular theory of the Euroscepticism is one of Petr Kopecky and Cas Mudde. They criticize the Taggart's theory and have found four weaknesses in his theory. They argue that the first weakness of the term soft Euroscepticism is its definition, which is so broad that every little disagreement within the EU policy can be included. The second weakness is the difference between soft and hard Euroscepticism, which is later blurred, when authors argue that in practice the hard Euroscepticism can be identified with the principled objections to the current form of

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<sup>207</sup> Paul Taggart and Aleks Szczerbiak, "The Party Politics of Euroscepticism in EU Member and Candidate States", *Opposing Europe Research Network Working Paper No 6*, **Sussex European Institute**, 2002, p. 7.

the European integration in the EU. The third one is that criteria used for a separation of these two types of Euroscepticism are not clear and the fourth weakness is that those two types of Euroscepticism are so wide defined that actually all parties are included. Every party which criticized the EU integration becomes Eurosceptic.<sup>208</sup> The authors see this assumption as a wrong one because it is not possible that one party will support every EU's decision and action, but it does not mean that the party is Eurosceptical and not pro-European in its essence.

Instead of the soft and hard Euroscepticism, they formed 4 categories of a party position on Europe based on the "two-dimensional conceptualization of party positions in Europe which is based on the distinction between 'diffuse' and 'specific' support for the EU".<sup>209</sup> By the term "diffuse support" the authors meant the support of general ideas of the European integration and separated the Europhils from the Europhobe. According to this definition Europhils are those who believe in key ideas of the European integration. Some of them believe in the EU as a supranational state and some of them believe just in the creation of a free trade zone. Europhobes oppose this ideas.<sup>210</sup> By the term 'specific support' they meant the support of the general practice of the EU and separate EU-optimists from the EU-pessimists. EU-optimists believe in the current shape and development of the EU. They are mostly satisfied with the EU's work, but it does not mean that they do not criticize some of its policy. EU-pessimists oppose this idea and they do not accept the EU and its policy. Thus, the 4 categories based on these conceptualization are – Euroenthusiasts, Eurosceptics, Eurorejects and Europragmatics.<sup>211</sup> Euroenthusiasts are a combination of the EU-optimists and Europhils. They do support European integration and the EU's development. Eurosceptics combine Europhils and EU-pessimists, so they support the European integration but they are sceptic about its future. Eurorejects are combination of the Europhobes and EU-pessimists. They totally disagree with the European integration and do not believe in the future development of the EU. The last one are Europragmatics who are combination of the EU-optimist and

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<sup>208</sup> Petr Kopecky and Cas Mudde, "The Two Sides of Euroscepticism Party Positions on European Integration in East Central Europe", **European Union Politics**, Vol. 3, No. 3, 2002, p. 300.

<sup>209</sup> Kopecky and Mudde, p. 299.

<sup>210</sup> Nebojša Blanuša, "Euroskepticizam u Hrvatskoj", **Hrvatska i Europa, strahovi i nade**, (Ed. Ivan Šiber), Zagreb, 2011, p. 12.

<sup>211</sup> Blanuša, p. 13

Europhobes. In other words, they do not support general ideas of the European integration but they do not oppose them either. Most of the europragmatic parties do not think that the European integration is good for their country, but in general they support the EU.<sup>212</sup>

### 3.1.2. Euroscepticism in Public Opinion

Lubbers and Scheepers, in their work, differentiate between the political and the instrumental Euroscepticism. They argue that most of scholars analyse more the instrumental Euroscepticism than the political. The instrumental Euroscepticism means that citizens are sceptic about how their country will benefit from the EU, while the political Euroscepticism means that citizens are sceptic about how the political power of the EU will affect their country.<sup>213</sup> They claim that it varies from region to region, but, in general, the political Euroscepticism is more widespread than the instrumental one.<sup>214</sup>

Another theory of Euroscepticism in the public opinion is given by Posavec, Ferić and Rihtar and is very similar to the previous one. They do not use the term “Euroscepticism”, but they talk about “the relationship of the citizens of some European countries to the possibility of joining European integration”. In this context, they differentiate two approaches – one is based on the classical theory of rational choice, and the second one is a socio-psychological approach. The first one is based on the assessment of costs and benefits which the member country will have from the EU. The second one is in relation with the national interests. The bigger national consciousness is, the openness to the international integration is lesser. The authors applied the second approach on the Euroscepticism in Croatia and also noticed the high level of a national pride in Croatia.<sup>215</sup>

Sorensen argues that there are four types of public Euroscepticism on the basis of the three member states that are Eurosceptic – Denmark, France and the

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<sup>212</sup> Kopecky and Mudde, pp. 302-303.

<sup>213</sup> Marcel Lubbers and Peer Sheepers, “Political versus Instrumental Euro-scepticism”, **European Union Politics**, Vol. 6, No. 2, 2005, p. 227.

<sup>214</sup> Lubbers and Sheepers, p. 232.

<sup>215</sup> Posavec et al., “Nacionalni ponos i otvorenost prema Europskim integracijama”, **Društvena istraživanja Zagreb**, Vol. 81-82, No. 1-2, 2005, p. 142.



United Kingdom. She differs economic, sovereignty-based, democratic and political (social) Euroscepticism. Furthermore, all of them are present in every country, but in the different measures. Not every country has the same fear.<sup>216</sup>

This was a short introduction about the theory of Euroscepticism in order to better understand Euroscepticism in Croatia.

### 3.1.3. Euroscepticism in Croatia

Croatia's referendum on the EU membership was held on 22 January 2012. 43.51% citizens voted, 66.14% said "yes" to the membership and 33.26% said "no".<sup>217</sup> Jović argues that the small number of voters who went to the polls is an evidence that Croatia is not Eurosceptic, nor euroenthusiastic, but euro-indifferent.<sup>218</sup> This term is quite new and it is not recorded as a key word in the academic data bases.<sup>219</sup> The author defines this term as a passive form of the Euroscepticism and says that euro-indifferentism means general disinterest in the EU and its activities and lack of any kind of involvement in the decision making policy of the EU.<sup>220</sup> This phenomenon consists of two components. First, one can be euro-indifferent if believes that the EU does not have any influence on the decision making. Second, one is euro-different if believes that citizens cannot do anything in decision making process about the membership in the EU, so they are powerless, everything is in the EU's hands and citizens do not even try to be active.<sup>221</sup>

According to Jović, there are lot of reasons for the euro-indifferentism in Croatia. One of them is citizens' lack of information about the EU and its structure. Also, the negotiation process was closed and not much information about the whole process, except the final results, came to the citizens.<sup>222</sup> According to the media

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<sup>216</sup> For further information see Catharina Sorensen, "Love me, love me not... A typology of public euroscepticism", **European Parties Elections and Referendums Network (EPERN) Working Paper No 101**, Sussex European Institute, 2008, p. 8.

<sup>217</sup> Referendum o pristupanju Hrvatske Europskoj uniji, Hrvatski Sabor, Služba za odnose s javnošću. Croatian Parliament abolished the rule that more than 50% voters have to go to the polls for the validity of referendum.

<sup>218</sup> Dejan Jović, "Hrvatski referendum o članstvu u Europskoj uniji i njegove posljedice za smanjeni Zapadni Balkan", **Anali Hrvatskog politološkog društva**, Vol. 9, No. 1, 2013, p. 165.

<sup>219</sup> Dejan Jović, "Euroravnodušna Hrvatska", **Politološke analize**, Vol. 3, No. 9, 2012, p. 64.

<sup>220</sup> Jović, Euroravnodušna Hrvatska, p. 64.

<sup>221</sup> Jović, Euroravnodušna Hrvatska, p. 64.

<sup>222</sup> Jović, Hrvatski referendum, p. 165.

reports, Jović argues, the EU's future was not clear, so citizens had to choose the EU in the moment when everyone was talking about its crisis and collapse.<sup>223</sup> Also, Croatian government affected public opinion in the way that they did not give any alternative to the citizens. The citizens did not know what will happen if they reject the EU.

According to Sorensen's above mentioned definition of the Euroscepticism, applied to the case of Croatia it can be seen that the most present type of the Euroscepticism is the social type. It means that a wider market and a stronger competition can have a devastating effect on Croatia. Citizens were afraid that the EU will exploit Croatia's national treasure.<sup>224</sup> Citizens were also suspicious because of the blockade and extension of negotiations. Also, their opinion about the EU was affected by their opinion about the political situation in Croatia. In the time when they did not have much confidence in the ruling party, they did not have confidence in the EU too.<sup>225</sup> Political elites in Croatia were Europhiles and their opinion was most of the time based on the assumption that the membership in the EU will be useful for Croatia in economic sense, especially in the field of agriculture. Their negative expectations could be seen as social Euroscepticism. They were afraid of unpreparedness on unpredictable market, price increase etc.<sup>226</sup>

Skoko and Bagić in their research article expressed 29 reasons against the EU based on 5 credentials – that the members of the EU do not have equal rights, that the EU and its more significant members have unfair relationship with Croatia, that the free market and competition will damage Croatia, that the Croatia is economic and political weak and that Croatia has a lot of natural resources and can be developed by itself.<sup>227</sup> Political parties saw Croatian integration to the EU as a significant political project, final escape from the Balkans and as their own means to seize power.<sup>228</sup> The Government tried to convince citizens to support Croatia's integration to the EU, but not successfully. The Euroscepticism was still present in Croatian society.

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<sup>223</sup> Jović, Hrvatski referendum, p. 167.

<sup>224</sup> Blanuša, p. 24.

<sup>225</sup> Blanuša spell out changing and citizens' behaviour from 2007 to 2010, p. 28-30.

<sup>226</sup> Blanuša, p. 40.

<sup>227</sup> Božo Skoko and Dragan Bagić, "Pet uvjerenja i 29 razloga protiv – prilog tipologizaciji argumenata protiv članstva Hrvatske u Europskoj Uniji", **Hrvatska i Europa, strahovi i nade**, (Ed. Ivan Šiber), Zagreb, 2011, p. 83.

<sup>228</sup> Nebojša Blanuša, "Euroskepticizam: razine istraživanja i oblici iskazivanja", **Anali Hrvatskog politološkog društva**, Vol. 3, No. 1, 2006, pp. 325-346.

Government failed to inform citizens about the benefits from the EU and how it actually works. The EU by itself made citizens to feel unsecure and insignificant in the EU's system.<sup>229</sup>

The media did not try to provide any specific information about the functioning of the EU. Information reported in media were about a negotiation process, results and they were not understandable for the wider population. Also, the information were related to the specific fields, such as agriculture, tourism etc. There was no enough information about the everyday life. Speculations about who is guilty for Croatia's slow progress took place in media more than positive information.<sup>230</sup>

Croatian Government adopted the "Communication Strategy Aimed at Informing the Croatian Public about the European Integration Process of the Republic of Croatia"<sup>231</sup> on 18 October 2001. In 2006, a document named "Communication Strategy Aimed at Informing the Croatian Public about the European Union and Preparations for EU Membership"<sup>232</sup> was adopted by the Government. One can see that Croatia lacked to reach that goal. Citizens were not informed enough what resulted in the high level of the "euro-indifferentism". Small number of voters went to the poll and a low percentage of those who said "yes" for the EU testify the fact that citizens were not so enthusiastic to see Croatia as an EU member.<sup>233</sup>

In the next section the situation and progress Croatia made after becoming an EU member will be analysed. It made a limited progress, so the reasons will be reviewed.

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<sup>229</sup> Skoko and Bagić, p. 84.

<sup>230</sup> Marijana Grbeša, "Europska Unija u hrvatskom tisku od 2007. do 2011.", **Hrvatska i Europa, strahovi i nade**, (Ed. Ivan Šiber), Zagreb, 2011, pp. 131-132.

<sup>231</sup> Document available at:

[http://www.mvep.hr/files/file/publikacije/Komunikacijska\\_strategija2001.pdf](http://www.mvep.hr/files/file/publikacije/Komunikacijska_strategija2001.pdf) (25.04.2016).

<sup>232</sup> Document available at:

[http://www1.zagreb.hr/euzg/eu\\_publikacije/Komunikacijska\\_strategija\\_za\\_informiranje\\_javnosti\\_o\\_EU.pdf](http://www1.zagreb.hr/euzg/eu_publikacije/Komunikacijska_strategija_za_informiranje_javnosti_o_EU.pdf) (25.04.2016).

<sup>233</sup> Zoran Tomić and Drago Jugo, "Komunikacijska strategija Hrvatske za ulazak u EU – komparativna analiza", **Hrvatska i Europa, strahovi i nade**, (Ed. Ivan Šiber), Zagreb, 2011, p. 189.

### 3.2. CROATIA AFTER BECOMING AN EU MEMBER

Croatia at the moment of becoming an EU member suffered from the internal problems, same as the EU did. It was in a recession, there was a high rate of unemployment. The presidential and parliamentary elections were held. The presidential elections were held on 28 December 2014 and 11 January 2015. Kolinda Grabar Kitarović became the new president with 50.7% of votes in the second round leaving behind the ex-president Ivo Josipović with the 49.3% of votes.<sup>234</sup> The new president was a member of the HDZ, from the opposition party than the ex-president was from. On the parliamentary elections, held on 8 November 2015, 'Patriotic Coalition'<sup>235</sup> took 59 seats, coalition named 'Croatia is Growing'<sup>236</sup> took 56 and party named MOST-NL<sup>237</sup> took 19 of total 151 seats. MOST is a quite new party, founded in 2012. It was not politically active since the elections. The members and founders are young people active in various associations and civic initiatives.<sup>238</sup> Croatian citizens were tired of every political party, so most of them voted for this party, because it was a new one. They were suspicious and hopeful at the same time. It took couple of months for MOST to decide with which party they would make a coalition. On 8 March 2016 the party made a coalition with the HDZ, so the HDZ took 51, SDP 42 seats in the parliament and the rest of seats were devolved to other parties.<sup>239</sup> Tihomir Orešković became the new Prime Minister. He was not politically active till these elections, but he was known to the public as the CEO of Pliva.<sup>240</sup> Croatian people did not welcome him, because he was living in Canada most of his life, so his Croatian is poor and, also, he is not up to date with the situation in Croatia. Željko Reiner was elected as a Speaker of the Parliament and Tomislav Karamarko as a First Vice President of the Government. Croatian citizens are very disappointed because of this situation. Even several months after the

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<sup>234</sup> CIA – official page <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html> (28.04.2016).

<sup>235</sup> Patriotic Coalition consists HDZ, HSP AS and HSS

<sup>236</sup> Croatia is Growing consists SDP, HNS, Croatian Labour Party and HSU

<sup>237</sup> The party's full name is MOST NL (Most nezavisnih lista). In english it means Bridge of Independent Lists. In the following text abbreviation MOST will be used.

<sup>238</sup> Data taken from the MOST-NL's official page - <http://most-nl.com/>

<sup>239</sup> CIA – official page <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html> (28.04.2016)

<sup>240</sup> Pliva is the biggest pharmaceutical company in Croatia.

elections, ministers are constantly changing, situation in the Parliament looks very irresponsible and unprofessional. If citizens were ambitious before the elections, now they are disappointed and sick of the government marked by scandals and affairs.

There is an opinion that extremist ideology and nationalism are in progress, because of the right oriented party which took the most of the seats in the parliament. Also, despite the fact that the president should be impartial, citizens in Croatia can feel right oriented ideology in president Grabar-Kitarović's work. In addition, there are some scandals marked by fascism and nationalism, such as a Minister of Culture Zlatko Hasanbegović. After he was appointed as the minister, his previous activities in supporting the NDH were brought to the surface.<sup>241</sup> Around fifty members of the Croatian Association of Dramatic Artists<sup>242</sup> resigned from the association and signed a petition for the minister's resignation, but nothing happened.<sup>243</sup> Very soon, he cut the funds for the left-oriented magazine for social and cultural events, named 'Zarez'.<sup>244</sup> The French journal "Liberation" published an open letter signed by numerous intellectuals from all over the world and initiated by the European Grassroots Antiracist Movement, the Zagreb-based Youth Initiative for Human Rights and Kulturanjaci 2016<sup>245</sup>. They described the minister as a historical revisionist, supporter of Ustaša regime and underlined that Croatia undermines European values.<sup>246</sup> After that, in the interview with the prestige French journal "Le Monde", he said that those critics are the result of the post-communism in Croatia.<sup>247</sup>

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<sup>241</sup> Dean Skok, "Pušten duh iz hrvatske prošlosti", **AlJazeera**, 11 February 2016, <http://balkans.aljazeera.net/vijesti/pusten-duh-iz-hrvatske-proslosti> (29.04.2016).

<sup>242</sup> Croatian Association of Dramatic Artists – in Croatian – Hrvatsko društvo dramskih umjetnika (HDDU).

<sup>243</sup> "Egzodus hrvatskih glumaca iz HDDU-a 'Baš nitko nije reagirao na peticiju protiv novog ministra Zlatka Hasanbegovića...'", **Jutarnji list**, 1 February 2016, <http://www.jutarnji.hr/pedesetak-glumaca-istupilo-iz-hddu-a-nakon-sto-se-strukovna-udruga-nije-htjela-ocitovati-o-peticiji-protiv-izbora-ministra-kulture-zlatka-hasanbegovica--nezadovoljni-su-istupili/1511288/> (29.04.2016).

<sup>244</sup> Patricia Kiš, "Novi potez Hasanbegovića Časopis 'Zarez' se gasi, a ministar kaže: 'To nije ideološko pitanje, oni su dužni državi'", **Jutarnji list**, 27 April 2016, <http://www.jutarnji.hr/casopis-zarez-se-gasi--a-ministar-kaze--to-nije-ideolosko-pitanje--oni-su-duzni-drzavi/1567826/> (29.04.2016).

<sup>245</sup> Kulturnjaci 2016 - is a non-profit organization, found in 2016, appealing to the authority in respect of dismissal of the Croatian Culture Minister. Full text of the public appeal available on <http://www.kulturnjaci2016.org/sample-page/a-public-appeal-to-the-government-of-the-republic-of-croatia/> (29.04.2016).

<sup>246</sup> Sven Milekić, Croatian Culture Minister Slams 'Smear Campaign', **Balkan Insight**, 25 May 2016, <http://www.balkaninsight.com/en/article/croatian-culture-minister-slams-smear-campaign--05-25-2016> (27.05.2016).

<sup>247</sup> HINA (Croatian News Agency), "Le Monde rešetao Hasanbegovića pitanjima o ustaštvu, komunizmu, čistkama na HRT-u, pobačaju...", **Jutarnji List**, 25 May 2016,

The president of the Serb National Council in Croatia, Milorad Pupovac, sent a letter to the President, announcing that a hate speech and intolerance are growing and that minorities are less secured than they were during the Homeland War.<sup>248</sup>

Because of internal problems in Croatia, there is a lack of scientific articles on Croatia after becoming the EU member. It is possible to reach the information mostly from the daily newspapers and official documents, such as annual reports carried out by the European Commission. Scientists and media were more preoccupied with other problems, such as Greek crisis, problem regarding the Great Britain's membership, Syrian refugee problems and their integration in the EU etc.

According to the survey carried out by Eurobarometer, last time in autumn 2015, more than a half of respondent in the survey see the EU in the positive context. In addition, the respondents think that there is no progress in Croatia, but that there is a progress in the EU. Those are not pessimists about the period of next twelve months, but most of them do not expect any changes. Most of the respondents immigration from the other EU member countries see positive, but they do not welcome immigrants from the "Third World". However, they welcome them more than people from the other EU states do.<sup>249</sup>

As it was mentioned before, Croatia as the EU member continued to make reforms. The first report on Croatia as a member was given in 2015, looking from the moment it became a member to 2014. The EC did not record any significant progress, funds were not used successfully, there were excessive macroeconomic imbalances, low employment, unfavourable business environment and export of goods was below its potential. Due to the recession, a public debt increased. A weak public sector governance caused inefficient management of the public finance. The EC also noticed that the healthcare system is a source of fiscal risk. However, there was some progress in working on MIP relevant Country Specific Recommendation<sup>250</sup> like implementation of the second phase of a labour market

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<http://www.jutarnji.hr/vijesti/svijet/le-monde-resetao-hasanbegovica-pitanjima-o-ustastvu-komunizmu-cistkama-na-hrt-u-pobacaju.../4105902/> (27.05.2016).

<sup>248</sup> "Evo što je Pupovac napisao u pismu predsjednici Grabar-Kitarović", **Večernji list**, 13 February 2016, <http://www.vecernji.hr/hrvatska/evo-sto-je-pupovac-napisao-u-pismu-predsjednici-grabar-kitarovic-1059930> (29.04.2016).

<sup>249</sup> Survey carried out by the Eurobarometer, document available at: [http://ec.europa.eu/croatia/news/docs/2016/20160229\\_eb-84-nr-croatia.pdf](http://ec.europa.eu/croatia/news/docs/2016/20160229_eb-84-nr-croatia.pdf) (29.04.2016).

<sup>250</sup> Available at: [http://ec.europa.eu/europe2020/pdf/csr2014/csr2014\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/csr2014_croatia_en.pdf) (26.02.2016).

reform and the additional supervisory diagnostic exercises on banks. However, the progress in reducing the access to early retirement was not recorded.<sup>251</sup> So, in the Country Specific Recommendation for 2015/2016 the European Council again suggested discouraging early retirement by raising penalties for early exits.<sup>252</sup> In 2015, Croatia came out of its six-years-long recession. The recovery is expected to be within the next couple of years, however, there is still a big risk. Croatia also faces the challenge of lifting its potential growth in the next two years, which requires sustained investments and deep structural reforms in labour and product markets. Absorption of structural and investment funds increased.<sup>253</sup> The public debt is high and still rises, although, stable public finance is a condition for a sustainable growth. The private sector's debt is at a high level, especially, the corporate sector's debt that is concentrated in sectors with low profitability. This situation is reflected in the deterioration of banks' portfolio. One third of the external debt is government's debt, which is very risky for sustainability. Export market strengthened since accession to the EU, but manufacturing sector is not completely integrated in global supply chains. The Council thinks that Croatia's tourism should not rely on the low cost strategy.<sup>254</sup> The unemployment rate is still high, especially for youth and the low skilled inhabitants. It is twice as high as the EU's average. The labour market reform had a positive impact on employment growth, but at the same time, it led to increased usage of temporary contracts. There is still weak public administration system, poorly trained staff and too many institutions without any significant responsibilities. The business environment is still unfavourable to growth, because it is opened just for a closed circle of businessmen, which have monopoly.

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<sup>251</sup> COMMISSION STAFF WORKING DOCUMENT, Country Report Croatia 2015 Including an In-Depth Review on the prevention and correction of macroeconomic imbalances, Brussels, pp. 1-2. [http://ec.europa.eu/europe2020/pdf/csr2015/cr2015\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2015/cr2015_croatia_en.pdf) (26.02.2015).

<sup>252</sup> COUNCIL RECOMMENDATION on the 2015 National Reform Programme of Croatia and delivering a Council opinion on the 2015 Convergence Programme of Croatia, Brussels, p. 6, [http://ec.europa.eu/europe2020/pdf/csr2015/csr2015\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2015/csr2015_croatia_en.pdf) (13.05.2015).

<sup>253</sup> Country Report Croatia 2015, p. 1.

<sup>254</sup> Country Report Croatia 2015, p. 2.

### 3.2.1. Reforms and Actions

When it comes to a pension system, several measures were taken – “pension cuts for privileged pensions groups and their different indexation; changes in disability pensions; pension increments for working longer and retirement age increased.”<sup>255</sup> Vukorepa claims that changes in disability pensions were not so successful, because, first they introduced the control examination and cut the number of total disability pensions, but then they introduced a new system.<sup>256</sup> According to the new system, if a person is not 70% capable to work after ‘vocational rehabilitation’, he/she can apply for a total disability pensions, so, there is a risk of increasing the number of total disability pensions.

There are two applicable laws – Pension Insurance Law 157/13<sup>257</sup>, in force since 1 January 2014 and Pension Insurance Law 151/14<sup>258</sup>, in force since 1 January 2015. This is how the Croatian pension system is functioning – there are old age pensions (for those reaching 65 years of age and at least 15 years of qualifying periods), early age pensions (reaching 60 years of age and at least 35 years of qualifying periods), invalidity pensions (divided into reduced work capacity, residual work capacity, partial incapacity, total incapacity and temporary invalidity pension), and survivors’ pensions (widow/er, member of the same household as insured person, child, parent etc.).<sup>259</sup>

The new Government presented plans for the new pension system reforms. They suggested that a limit for the early age pension for men should be 63, not 60 as it is now. Also, for those who wants to retire before this age, the pension will be reduced for 0.3% by month. They proposed an increase in the working age, so the old age pensions will be available for those reaching 67 years of age, both women and men. This is planned to be applied in 2025. In the system like this, early retirement would be in 64 years of age. If the Government and European

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<sup>255</sup> Ivana Vukorepa, “Lost between Sustainability and Adequacy: Critical Analysis of the Croatian Pension System’s Parametric Reform”, *Revija za socijalnu politiku*, Vol. 22, No. 3, 2015, p. 293.

<sup>256</sup> Vukorepa, p. 293.

<sup>257</sup> Pension Insurance Law 157/13 - document available at: <http://narodne-novine.nn.hr/default.aspx> (29.04.2016).

<sup>258</sup> Pension Insurance Law 151/14 - document available at: <http://narodne-novine.nn.hr/default.aspx> (29.04.2016).

<sup>259</sup> For further information see Croatian Pension Insurance Institute's official pages - <http://www.mirovinsko.hr/UserDocsImages/uvjeti2016/Engleskiuvjeti2016.pdf> (29.04.2016).



Commission will accept this plan, it will be implemented in 2017.<sup>260</sup> The left-oriented part of the Government did not welcome this program, saying that “those are not reforms, but shifting the burden on backs of workers, pensioners and patients”.<sup>261</sup>

Except the reform of the pension system, on 28 April 2016 the Government presented The National Reform Program and Convergence Program for the period 2016-2019. These documents were important for Croatia, because last year the EC ranked Croatia as the Country with the biggest macroeconomic imbalances. The EC was thinking to introduce some corrective measures, but they decided to wait for these documents. The documents present 61 reform measures in 4 areas - macroeconomic stability and fiscal sustainability, facilitating business conditions and a better investment climate, efficiency and transparency requirement placed on the public sector and a better education for the labour market.<sup>262</sup> By these programs they planned the reduction of the external debt, economic growth, strengthening of the information system, so the processes would speed up, reducing the number of various agencies and curricular reform in the area of education in order to improve and prepare young people for the labour market. In addition, they planned opening new working places.<sup>263</sup> Increase is expected in economic growth from 2% to 2.5%, decrease in unemployment from 15.5% to 12.8% and reduction of public debt to 80% GDP.<sup>264</sup> The EC in May has estimated that the program is ambitious but had numerous objections. Two most important objections are that application of the tax on real estate should start this year and that increasing of the retirement age to 67 years of age by 2028 is too slow. The Government planned to start with the

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<sup>260</sup> Iva Puljić Šego and Ljubica Gatarić, “Već od 2024. u mirovinu ćemo ići sa 67 godina, a u prijevremenu sa 64 godine”, **Večernji list**, 20 April 2016, <http://www.vecernji.hr/hrvatska/nacionalni-program-reformi-vlada-usvaja-iduci-tjedan-i-salje-u-ek-1077663>, (29.04.2016).

<sup>261</sup> “Opačić: To nisu reforme već prebacivanje tereta na leđa radnika, umirovljenika, bolesnih”, **Večernji list**, 28 April 2016, <http://www.vecernji.hr/hrvatska/milanka-opacic-to-nisu-reforme-vec-prebacivanje-tereta-na-leda-radnika-umirovljenika-bolesnih-1080122> (29.04.2016).

<sup>262</sup> Ivana Maletić, official page, <http://www.ivana-maletic.com/index.php/vijesti/item/988-vlada-donijela-program-konvergencije-i-nacionalni-program-reformi> (25.05.2016). Ivana Maletić is HDZ member and member of European Parliament. The data is taken from her official page.

<sup>263</sup> “Vlada predstavila 60 reformi u četiri područja”, **tPortal.hr**, 28 April 2016, <http://www.tportal.hr/vijesti/hrvatska/426406/Vlada-predstavila-60-reformi-u-cetiri-podrucja.html> (29.04.2016).

<sup>264</sup> Ivana Maletić, official page.

application of the tax on real estate from 2018 because of the unsolved cadastre and land registry problems.<sup>265</sup>

These reforms are necessary for Croatia, since just in 2015 more than 50.000 people emigrated to Germany. From physical workers to doctors, a lot of people emigrated to other EU countries in order to search a better life. By a better life, they mean labour rights, labour market, administrative system, life standards, tolerance etc. Labour market in Croatia has been damaged by the program of apprenticeship, introduced by the ex-Minister of Labour and Pension System, Mirando Mrsić. According to this program, young people without any working experience will be hired and state will pay the insurance and a minimum wage instead of employer in period of 2 years, so it will be easy for them to find a job and gain some working experience. This program is good in theory, but not in practice. What happened is that, since the employer does not have any obligation toward employee, the employers started to take advantage of the situation and hired someone else every 2 years. What means that one young person may gain some skills, but after those 2 years, s/he stays unemployed.

There are some reform proposals in the area of health care. The Health Minister Dario Nakić made a proposal which should stop the emigration of doctors. He proposed that every doctor who works in a state health institution will be able to work in a private one. According to the current law, only those that have done overtime hours in the state health institution are able to work in a private one. This proposal is considered to be ineffective in stopping the emigration of doctors.<sup>266</sup> Within the health care reform it is also planned to increase the price of supplemental health insurance for around 25%, with explanation that it is better to increase the price of the supplemental health insurance than to reduce the quality of the health services.<sup>267</sup> This reform proposal is criticized that it is harmful for patients and that health insurance will depend on someone's financial conditions. In that case, health

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<sup>265</sup> Upute EK: Porez na nekretnine kreće do kraja godine, a u mirovinu sa 67 ćemo i prije 2028.?, **Jutarnji list**, 20 May 2016, <http://www.jutarnji.hr/vijesti/hrvatska/upute-ek-porez-na-nekretnine-krece-do-kraja-godine-a-u-mirovinu-sa-67-cemo-i-prije-2028./4064820/> (25.05.2016).

<sup>266</sup> HINA, "Rreforma zdravstva: Nakić predlaže novi pravilnik o dopunskom radu liječnika", **Nacional**, 28 March 2016, <http://www.nacional.hr/reforma-zdravstva-nakic-predlaze-novi-pravilnik-o-dopunskom-radu-lijecnika/> (27.05.2016).

<sup>267</sup> Romana Kovačević Barišić, "Udar na džep pacijenata, zdravstvo sve manje dostupno", **Večernji List**, 31 March 2016, <http://www.vecernji.hr/hrvatska/udar-na-dzep-pacijenata-zdravstvo-sve-manje-dostupno-1072436> (28.05.2016).

care will not be available to everyone. However, this is just a proposal that has to be adopted in the Parliament.

When it comes to the education reform, the situation is a little bit complicated. Education or, so called curriculum reform, started during the previous government. It was led by Boris Jokić and many other experts from different fields of education, teachers, professors, academicians and people working in institutions related to education. They were chosen through the public tender, what means that everyone had a chance to participate to the reform, that they are impartial and focused on changes. Also, everyone could express their opinion through the public hearing and webinar<sup>268</sup>. The aim of this reform was to prepare students for the following education, everyday life, to teach them creativity and to provide them individual development. Also, the reform aimed to give teachers more freedom and to better inform parents about the students' success.<sup>269</sup> Shortly, Jokić thinks that the current system is very stressful for students and that they are more about learning information by heart than to encourage creativity, intelligence, self-confidence and entrepreneurial spirit.<sup>270</sup> Everything was going well until the new Education Minister Predrag Šuster asked for enlargement of the expert group. The problem was that those people would be chosen by minister and incorporated in this reform on its last stage. Also, they would decide what should be accepted and what should not be accepted in the expert debate. Jokić and the expert group did not agree with this idea, saying that there is no any room for politics in this reform and that education should stay impartial and independent from politics. In addition, they asked minister for their resignation.<sup>271</sup> This event caused a revolt between the citizens in Croatia and the protest is planned to be held on 1 June 2016. There is an opinion that this will be first protest bigger than the protest caused by closing the Radio 101<sup>272</sup>. The citizens think that this reform is what Croatia really need. They are tired of political intrigues and

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<sup>268</sup> Webinar - according to Merriam Webster Dictionary, a live online educational presentation during which participating viewers can submit questions and comments.

<sup>269</sup> Reform's official page - [http://www.kurikulum.hr/sto\\_ukljucuje\\_kur\\_reforma/](http://www.kurikulum.hr/sto_ukljucuje_kur_reforma/)

<sup>270</sup> "Hrvatska: Reforma obrazovanja donosi promjene", **AlJazeera Balkans**, 27 Januar 2016, <http://balkans.aljazeera.net/vijesti/hrvatska-reforma-obrazovanja-donosi-promjene> (28.05.2016).

<sup>271</sup> HINA, "Od ministra zahtijevamo razrješenje s mjesta voditelja i članova ekspertne skupine", **Večernji List**, 25 May 2016, <http://www.vecernji.hr/hrvatska/jokic-sazvao-konferenciju-za-medije-hoce-li-odstupiti-ekspertna-skupina-za-kurikulumu-reformu-1087073> (29.05.2016).

<sup>272</sup> More information about protest caused by closing the "Radio 101" is available on page 38 of this thesis.

affairs in Croatia and this affair about this reform is just a trigger for showing their dissatisfaction. Many reputable people from the field of culture, business, science and many other fields support the reform and invited citizens to attend the protest.<sup>273</sup>

There are some activities in the field of privatization. The CERP<sup>274</sup> wants to sell electrical concern Končar and two hoteliers in order to pay off the public debt which is now 87% of GDP. It accounted that it will earn total of 200 million euros. The CERP offers 20.49% of Končar and the deadline for binding offers is 30 May 2016. 30% of hotelier Sunčani Hvar will be auctioned on 13 June 2016 and shares of hotelier HTP Korčula will be auctioned on 6 June 2016. The last one will be offered through the 12 packages, each consisted of around 2% of the shares in the company.<sup>275</sup> In addition, the Government planned to sell stakes in some other companies, also in order to earn some money and to pay a public debt, but, it did not make a final decision. Those companies are - national flag carrier Croatia Airlines, operator of sea marinas ACI, the port of the northern Adriatic city of Rijeka, a small local bank Croatia Banka, fertilizer producer Petrokemija, insurer company Croatia Osiguranje, and a major food company Podravka.<sup>276</sup>

When it comes to Croatia's relations with the regional countries it blocked Serbia's negotiation with the EU on Chapter 23 (Judiciary and Fundamental rights) because of three reasons – they asked from Serbia respect for minority rights, full cooperation with Hague and abolishing the jurisdiction to prosecute war crimes in the entire territory of the former Yugoslavia. Pupovac noticed that Croatia also has some obligation towards the EU considering cooperation with Hague and prosecution of the war crimes, and that is better for Croatia first to handle with its own problems.<sup>277</sup> The EC sent an informal letter to Croatia, saying that it is better to

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<sup>273</sup> Tanja Rudež, Kristina Turčin, Marko Biočina, "Emil Tedeschi, Ivan Đikić, Igor Štagljar, Gabi Novak... Zašto ćemo u srijedu biti na prosvjedu", **Jutarnji List**, 31 May 2016, <http://www.jutarnji.hr/vijesti/hrvatska/emil-teseschi-ivan-dikic-igor-stagljar-gabi-novak...-zasto-emo-u-srijedu-biti-na-prosvjedu/4117632/> (31.05.2016).

<sup>274</sup> CERP – the full name in Croatian is 'Centar za restrukturiranje i prodaju'; in English 'The Croatian privatization agency'.

<sup>275</sup> Igor Ilic and Jeremy Gaunt, "Croatia offers for sale electrical concern Koncar and hoteliers", **Reuters**, 23 May 2016, <http://www.reuters.com/article/croatia-privatisation-idUSL5N18K1SN> (31.05.2016).

<sup>276</sup> "Croatia moves to sell stakes in "strategic" companies to reduce debt", **Reuters**, 11 May 2016, <http://www.reuters.com/article/croatia-privatisation-idUSL5N188524> (31.05.2016).

<sup>277</sup> Tomislav Krasnec, "Hrvatska zaustavila pregovore Srbije i EU", **Večernji List**, 6 April 2016, <http://www.vecernji.hr/hrvatska/hrvatska-u-eu-jos-ne-iznosi-razloge-za-blokadu-srbije-samo-ustorava-1073887> (31.05.2016).

resolve its problem with Serbia through bilateral talks than to block negotiations.<sup>278</sup> After one month, Croatia unblocked negotiations saying that it is satisfied with Serbia's progress in meeting the requirements that Croatia gave.<sup>279</sup>

It seems like the most used benefit from the EU is right on working in other EU countries. Croatia, unfortunately, is losing its youth and manpower because it failed to open new working places and to strengthen its economy. Since Croatia is a country with a big potential, the youth became disappointed because of poor management and lack of will for the real actions and reforms. It seems like everything in Croatia remains on theory without being conducted in practice. Also, the EU is not as active as it was before. It does not monitor Croatia as it did before Croatia became the EU member. Both of them are preoccupied with the internal problems. In the moment of writing this thesis, the ministers in Croatia are still changing, citizens are dissatisfied and there is no single word from the EU.

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<sup>278</sup> Sven Milekić, "EU Urges Croatia Not to Block Serbia's Path", **Balkan Insight**, 15 April 2016, <http://www.balkaninsight.com/en/article/european-commission-fosters-croatia-serbia-talks-04-15-2016> (31.05.2015).

<sup>279</sup> HINA, "Ministar Kovač: Hrvatska osigurala da njezini zahtjevi uđu u pregovarački proces Srbije i EU", **Nacional**, 31 May 2016, <http://www.nacional.hr/ministar-kovac-hrvatska-osigurala-da-njezini-zahtjevi-udu-u-pregovaracki-proces-srbije-i-eu/> (31.05.2015).

## CONCLUSION

The aim of this thesis is to analyse the topic of Croatia's accession to the European Union, assessment of the EU conditionality and the membership process, such as meeting the requirements, harmonization of legacy and implementation of reforms. The assumption is that Croatia's way to the EU was harder than other member states' way, because it suffered from the war consequences, isolationism politics of president Tuđman and secession from communism.

From the short review of Croatia's history of the 20<sup>th</sup> century, which took place in the first chapter, one can see that Croatia was for a long period of time united with other nations and countries under some other's authority. First, under the Habsburg Monarchy, than under the State of Slovenes, Croats and Serbs. After that, it was known by the name Independent state of Croatia, but it was everything, just not independent. It was directed by Germany and Italy. This period lasted short, because Josip Broz Tito came on power, defended Croatia from the fascism and Nazism, and founded Yugoslavia. Those are the reasons why Croatian people were striving to have its own country for a long time. Hence, Croatia declared independence in 1991 and break every relations with Yugoslavia. Homeland War that followed after declaring independence had a big impact on Croatia, since the first president, and man who declared independence, Franjo Tuđman, implemented a policy of isolationism. His plan was known as '200 families' plan, aiming to put on the main position and make rich just 200 families. His policy was isolationist because he did not want to have any relations with Europe or the EU. He thought that Europe turned its back to Croatia when Croatia really needed its help during the Homeland War. After his death, in 1999, Croatia started to open itself towards Europe and 2001 signed Stabilization and Accession Agreement (SAA) as a first step to the EU membership.

The reason why Croatia's way to the EU was harder than other member countries' way is that Croatia at the same time had to deal with the consequences of the war, isolationism politics and remnants of the communist regime on one side, and democratic transition, Europeanization and EU-ization on the other side. Croatia was supposed to be democratic country that comply with the European standards in very

short period after the communist regime. Step-by-step, crossing many obstacles on its way, Croatia succeeded and became 28<sup>th</sup> member of the EU on 1 July 2013.

Croatia had to meet Copenhagen Criteria and *acquis communautaire* as every other member. It considers harmonization of legacy, accepting all rules, constitutions, decisions, declarations and agreement set by the EU institutions. Except that, it had to deal with many obstacles encountered on its way, such as cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY), resolving some disputes with Slovenia (territorial waters dispute, land border dispute, Krško nuclear power plant etc.) and growing budget deficit caused by the world economic crisis. Slovenia blocked for a while Croatia's negotiations with the EU because of these reasons, as same as ICTY did in the time when general Gotovina had to be extradited to The Hague.

Implementing reforms and harmonization of the *acquis* was very difficult for Croatia, since it did not have a well-educated staff. Also, there was a high rate of corruption in Croatia. Resignation of the PM Ivo Sanader, corruption affairs he was included in and other internal affairs and problems also extended the accession. The European Commission (EC), through the monitoring and giving annual reports about Croatia's progress, a couple of times warned Croatia that it should give more efforts and that there is a lack of political will to make some progress. Also, the EC warned Croatia that financial assistance and funds were not used as much as they could be.

However, Croatia became the EU member, and the EC assessed that Croatia fulfil all conditions, closing the last of 35 chapters on 30 June 2011. The referendum on the Croatia's accession to the EU was held on 22 January 2012 when the 2/3 citizens said 'yes' to the EU. The result of referendum was surprising, since the Euroscepticism was present in public opinion in Croatia in a big measure. In addition, after the accession, Croatia had to continue with reforms. At the same time, the funds will continue to be available. Croatia entered the EU as its poorest member, but it made big progress, since it entered just 18 years after the Homeland War. In this 18 years, Croatia has done as much as some countries has done in a much longer period of time. Also, Croatia is the most developed country covered by the SAP (Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia left in the process), so it can serve as an example to the other countries.

Croatia still did not enter a monetary union and accept Euro, hence, Kuna (Croatian currency) is in usage. It is not planned to happen until 2020. Croatia is still monitored by the EC, and every year has to develop strategic plan for the next two years. After that, the EC gives its opinion and recommendations for the further actions.

Croatia suffers from the internal problems, such as changes and affairs related to the Government. The Government in Croatia does not look serious and the ministers are changing all the time. Extremism increased due to the right-oriented party in coalition with the party named 'Most' (independent list) came on power, so the president of the Serb National Council in Croatia, Milorad Pupovac, warned the President that Serbs in Croatia are less safe than they were during the war. In addition, Minister of culture, Zlatan Hasanbegović, is known as admirer and supporter of the Ustasha regime. Failure of the curriculum reform is an evidence that there is a big lack of the will between politicians to give some effort and make a progress. However, this event is a trigger for protests in many cities in Croatia. It is expected that protests will continue to be held, because citizens are very disappointed in the new Government and country's political and economic situation in general.

Croatia also has a big problem with the migration. Many young people, from physical workers to doctors, started to migrate to other EU countries, searching for the better life. Many of them are not satisfied with the standard of living in Croatia, nor with the other conditions. It seems like the most used benefit from the EU is right on working in other EU countries. This is not good for Croatia's future, because it will stay without the manpower. Also, the Government decided to sell some state enterprises in order to reduce public debt.

The EU failed to react on this problematic situation in Croatia. It seems that it is preoccupied with some other problems, such as Syrian refugees, Brexit, economic crisis etc. Current economic and political situation in Croatia is similar to the situation in it was during and immediately after the war, so it really needs help from the EU. It seems that the EU gave much more effort during the negotiations than now, when Croatia is the member. Also, it seems like not all states in the EU are equal. However, Croatia has a big potential and if the politicians and the EU show a little will to intervene, the situation could be better.



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