CLAIMING AND CROSSING BORDERS: A VIEW ON THE SLOVENE-CROATIAN BORDER DISPUTE

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Authors undertake the analysis of border disputes between Slovenia and Croatia as an example of socioeconomic processes typical of the European semi-periphery. The disputes over territorial claims and the acquisitions of Slovenian companies by their Croatian competitors are viewed as complementary processes of claiming and crossing borders, which are based on different notions of (national) sovereignty. The idea of sovereignty as control over territory is transformed and complemented into the notion of sovereignty as national ownership and control over economic assets. Cross-border takeover is thus interpreted as losing sovereignty over the national economy. The dispute over territorial claims has been since 2009 gradually replaced by media-covered business and financial transactions between major national companies (e.g. the case of Agrokor and Mercator). At the same time, borders are circumvented by wider processes of market consolidation and capital accumulation to which EU integration served as a facilitator. This places the issue of physical borders and territorial sovereignty as well as economic sovereignty largely into the symbolic arena.

Keywords: Croatian-Slovenian border disputes, border studies, transitional economy, European semi-periphery
INTRODUCTION

The paper\(^1\) tackles the constitution of borders at the European semi-periphery, using the example of Slovenia and Croatia. The post-socialist countries of Eastern Europe are rarely identified as single entities. Their economic and political issues have been subsumed under transition and EU enlargement discourses, without much attention devoted to their specificities. As Marina Blagojević wrote: semi-periphery "(...) is essentially shaped by the effort to catch up with the core, on one hand, and to resist the integration into the core, so not to lose its cultural characteristics, on the other hand" (2009, p. 34). However, after Brexit and a burgeoning fear of the immigrant threat, the periphery is aligned with the center more than ever. The imperative of societal safety and security domain severely impacts economy and reshapes the European economic system to meet national social and political priorities. Our aim is to describe the recent history of this shift on the microscale of Croatian-Slovenian relationships. Namely, to portray a radical change in border dispute discourses, which has shifted from conflicting territorial claims to an exchange of sophisticated economic and legal arguments, meant to oppose overtaking major national companies and feed national narratives of jeopardy. There is also a wider context of this dispute "in a small pond"; at the moment when Croatia brought a dowry of a 1,300 km long new borderline, the question of the "new spatiality of politics" (Rumfold, 2006, p. 156) towards countries historically seen as borderlands, crossroads or contact zones has come to the fore.

Cultural geographer Anssi Paasi claims that the role of borders in the modern world has undergone a substantial change: "Borders are institutions, but they concurrently exist at different levels, in a series of processes and discourses which are a part of culture, politics, economics, administration or education" (1999, p. 73). In the last decade, belligerent discourses on internal borders, initiated by Slovenian and Croatian political elites, have integrated all three dimensions of institutional, functional and symbolic re-bordering (Paasi, 1999, p. 75). They demonstrate not only that "many unresolved disagreements [have been] left over from the wars of the 1990s – and indeed from previous centuries" (Grabbe, 2010), but also that the EU negotiation process itself has been "a political-media spectacle" where "declared European principles go hand in hand with (...) exclusion and separation" (Mujagić, 2014, p. 201), i.e. with the new gradation of European regions along the East-West "civilizational slope" (Melegh, 2006).

In the case of Croatia and Slovenia, the border disputes have largely taken two forms – territorial and economic. The
break-up of the former socialist Yugoslavia (SFY) in 1991 redefined the border regime from a permeable, administrative Slovenian-Croatian border to the international, and external border of "Fortress Europe". The dissolution of Yugoslavia has left various open issues burdened with symbolic and/or material significance. Mainland and sea borders were not wholly defined, which has led to a series of border disputes culminating in the issue of the maritime border in the Bay of Piran, which affected not only bilateral relationships but also the pace of accession of Croatia into the European Union. Moreover, economic relationships have provided another area where conflicting claims and strategies led to a series of disputes. Recent takeovers of major Slovenian companies by their Croatian competitors (in particular, the acquisition of Mercator by Agrokor) have demonstrated how economic matters can assume the character of media war entangled with the politics of "economic nationalism".

The majorities in Slovenia and Croatia have been inclined to believe that EU accession brings about progress, stability, and assertion of economic hegemony over eastern ex-Yugoslav neighbours. Just before 2004, on the wings of EU-phoria, Slovenia presented itself as having "an altruistic mission which aimed to cultivate and civilize, to Europeanize, enlighten and rescue from barbarism", mixing submissive loyalty to the EU with "the feeling of superiority towards the Balkans, the East" (Velikonja, 2005, p. 101). The other symbolic demarcation was drawn between the communist past as the cause of most current "social anomalies" (corruption, weak productivity, a lack of lustration, incompetent elites, debt) and the lawful future of liberal capitalism. Croatia’s accession to the European Union in 2013 was often viewed as the final step in the long process of symbolic disaffiliation from the Balkans and the East (cf. Žanić, 2005; Slukan Altić, 2011).

Considering the complex cultural, social and ethnic diversity management in the Habsburg Empire and Yugoslavia, the border zone between Slovenia and Croatia has represented a typical transitive realm where different cultures, historical legacies, values and norms coexisted for centuries, often tailored to the needs of the local population. However, recent frictions and nationalist polarization are not a result of a "narcissism of small differences" along the borderline, but an outcome of the fact that "borders are today in the middle of political space and that, as such, they are creating problems in the heart of civic space; they are the source of conflicts, hopes and frustrations for all kinds of people" (Mujagić, 2014, p. 191). The shift of cultural discourses – associated first with the socialist and then with the capitalist model of integration – is a
result of combined local and global factors. The political aspects of Europeanization (freedom, democracy, the rule of law) have been complemented by intensified economic relationships (through trade and investment) and policy transfer from West to East which emphasized privatization, market liberalisation and competitiveness-oriented structural reforms.

**TERRITORIAL DISPUTES AND BALKANIST STEREOTYPES: “MOVING THE FIRST LINE OF DEFENCE”**

Ever since the imperial time and the division into blocs, the delineation of borders in the Gulf of Trieste – in particular those between Italy, Austria, and today's Slovenia and Croatia – has been a major geopolitical issue (cf. Pipan, 2008; Rudolf, 2008; Zajc, 2008; Gržetić, Barić Punda, & Filipović, 2010). Slovenia's accession to the Schengen regime, as well as its aspirations to define the new maritime border with Croatia in such a way as to gain access to the high seas, have stirred up old debates on the equity and sustainability of these borders. As Professor Bojko Bučar from the University of Ljubljana, observed: "When viewed from the perspective of another continent or an EU member state, this issue may appear minor or even somewhat odd and amusing. However, from the perspective of the countries involved, this is a major problem for their politics" (Bučar, 2002). After almost two decades of mostly fruitless negotiations and harsh words between Zagreb and Ljubljana, the Agreement on Arbitration before the Permanent Court of Arbitration in The Hague was signed in 2009. The decision was expected in 2015. However, in July 2015 transcripts and audio recordings of forbidden communication between an arbiter and a Slovenian official were released in the media. Croatia claimed that the whole procedure was irrevocably compromised and, following a unanimous decision of the Croatian Parliament, it unilaterally withdrew from arbitration. In June 2016, despite acknowledging the breaches made by Slovenian representatives, the Permanent Court of Arbitration nevertheless decided to continue the arbitration procedure, which was requested by Slovenia. Eventually, a decision is likely to be made, but it will not be recognised as legitimate (at least by Croatia). The outcome of the dispute is thus still uncertain.

Following its accession into the EU in 2004 and driven by the effacement of its northern borders along "what used to be the Iron Curtain", Slovenia adopted a "celebratory discourse on borderlessness", but also a "discourse of the Schengen fortress" and "the problematic border", that is, its southern border with Croatia (Erjavec & Poler Kovačič, 2009). In their media analysis of this schizophrenic discourse, Erjavec and Poler...
Kovačič show that Slovenian citizens readily recognised themselves in the role of “the guardians of Europe who improve security in the EU and Slovenia” whereas “people from the other side of the border are in a generalised way represented as ‘others’, i.e. as the potential enemies of Europe” (2009, p. 967). In other words, the “new Slovene-Croatian boundary has been turning into one of the significant selective mechanisms in this part of the region. (...) It is an example of a non-border turning into an electronic and mental wall separating two different parts of Europe” (Zavratnik Zimic, 2003, p. 179).

Being influenced by Euro-Atlantic integration ideology and later by European administrative discourses, domestic politicians and opinion makers have been laconically repeating colonialist patterns through which the "Western Balkans" have been reconfirmed as a cultural basis for the politics of othering. The local circle of nesting Balkanist stereotypes has been at work again separating "trustworthy partners" from "unreliable neighbours". Although EU initiatives are making a positive impact on the multiethnic communities of the Three-Border-Region (Slovenia, Austria and Italy), it seems that “questions on territoriality, sovereignty, citizenship and identity still reside firmly at national level” (Armstrong, 2007, p. 226). As was already emphasized by anthropologists, most social interactions within border regions (interethnic marriage, kinship networks, work, school and consumer activities) have been preserved (Knežević Hočevar, 2007; Pipan, 2007), while negative changes are observable at the macro-political and macro-economic levels. The stereotypes of the (Western) Balkans as a region of violence, war and anarchy have evolved into an imagery of criminal activities, corruption, and violent protests, from which Slovenia, through the Schengen regime, became “the first line of defence”. Moreover, the violent dissolution of Yugoslavia has caused the collapse of multicultural society and trust relations together with the deterioration of social rights, equity and mobility. Having been monitored by the EU and transnational agencies for a long time because of the "democratic deficit", it is not surprising that Croatia eagerly replaces its role of a patronized candidate country with the tutor’s role which has so far been attributed to Slovenia (Obad, 2009, p. 126).

That, however, does not imply that different facets of Croatian and Slovenian society are homogenized in reproducing Balkanist, nationalist or stereotypes related to auto-colonization. On the contrary, most civil activists and public intellectuals highlight the interdependence between war-related nation-state building processes, the interests of corporative businesses in peripheral "crony capitalism", the neo-feu-
dalist social stratification of society, and the erosion of solidarity and empathy in post-socialist societies (cf. Katunarić, 2006; Močnik, 2006; Petrović, 2008; Obad, 2009; Ćirjaković, 2012; Dežulović, 2013; Horvat, 2013). The same intellectuals prevented the hegemonization of public space for a long period of negotiations between Croatia and Slovenia. Countless negotiations from 2004 to 2013 were driven by incidents in the Bay of Piran, the policy of threats, and controversies over the unfinished succession of the SFRY’s assets and liabilities to its legal successors. Moreover, Slovenia, as an EU member state, used the bilateral disputes to slow down the closure of Croatia’s accession negotiations and, thus, postponed its integration into the EU.

The shift in media coverage and social attention from territorial and environmental to economic issues does not imply that the border issue in the Bay of Piran has been resolved or that it has lost its symbolic importance and potential for “the production of a (political) spectacle” (Mujagić, 2014, p. 190). However, the arbitration process initially pointed towards a solution and postponed any possible resentments to a later period. At the same time, the economic and financial crisis has reinforced the issue of national economic interests, and forced the political elites of both countries to undertake or support unpopular moves in response to the crisis.

TWO NATIONAL STORIES ABOUT THE ECONOMIC TRANSITION MERGING INTO ONE

Slovenia and Croatia have been following relatively similar trajectories of economic transition from social ownership and self-management towards (neo)liberal capitalism. The introduction of capitalism in both economies has been burdened with similar “anomalies” of governmental policy to protect “national values”, nationally important businesses and remnants of the former welfare state. Despite widespread mismanagement of economic assets by domestic economic actors (both public and private), the attitude to foreign investors in both countries has remained reserved. A major difference in the area of privatisation was a more gradual approach used in Slovenia, which initially left major economic assets in the hands of government-controlled funds, whereas privatisation in Croatia gave rise to several major entrepreneurs who were often linked to the political elite (cf. Račić & Cvijanović, 2005).

In addition to the territorial disputes, Croatia and Slovenia also clashed over economic issues which were burdened with symbolic significance. This particularly included the frozen savings of Croatian citizens in Ljubljanska banka, and the co-ownership of the nuclear power plant in Krško. However,
there have also been areas where economic cooperation went relatively undisturbed, e.g. the inflow of Slovenian goods into the Croatian market and the tourist arrivals from Slovenia to Croatia. Despite the bilateral dispute and increase of competition, the belief in the quality of Croatian/Slovenian products, and the corresponding loyalty of consumers and tourists have been significantly preserved.

The paths of economic development of Croatia and Slovenia have diverged from 1991 onwards. Slovenia declared independence as the economically most advanced of Yugoslav republics, and continued along that path by adopting a gradualist and consensual approach which combined development of the export-oriented manufacturing industry with a strong role of state and cautious approach to foreign investments (cf. Wolf, 1999; Bučar, Jaklič, & Udovič, 2010). Privatisation resulted in major economic assets still being controlled by the state. Croatia went through a war which left material and symbolic consequences, which in turn exposed its democratic deficits and led to "political capitalism" (Županov, 1997), lagging behind in terms of economic development and EU integration. Privatisation engendered the domination of several major entrepreneurs initially linked to the political elite, whereas foreign direct investment was mostly related to exploitation of the domestic market in sectors such as telecommunications, finance, retail trade and tourism.

From 1991 until the mid-2000s, the roles and identities of the two countries were largely stable. Slovenia acted as the most successful post-socialist country which showed that it is possible to combine a competitive economy with high wages and mild nationalism. It was also "promoted" into a Central European country. Croatia played the role of its unruly southeastern Balkan neighbour burdened by its past, where corruption, nationalism and a weak economy have prevailed. These roles and identities have been questioned by more recent developments. The Slovenian centre-right government, which ruled from 2004 until 2008 with Janez Janša as Prime Minister, aimed at greater control of key economic assets. Expansion of a few favoured business conglomerates (e.g. Istražbenz and Pivovarna Laško) occurred through heavily leveraged buyouts of many enterprises (including those previously owned by foreign companies). Moreover, several top managers of conglomerates attempted management buyouts through illegal transactions (and were later sentenced to jail). Internal mismanagement of these conglomerates (e.g. short-term loans were used to finance acquisitions), and external conditions (economic crisis) resulted in a major crisis which subsequently spread throughout the Slovenian economy. It also affected the Slovenian banks (which financed the buyouts and opera-
tions of Slovenian companies) and the Slovenian government (which held ownership stakes in these banks and also borrowed from them).

The prolonged recession has changed the course of Slovenian economic policy. After years of relative prosperity, Slovenia felt the impacts of a severe banking crisis, namely declining consumption and mass unemployment, and feared the fate of being the next Eurozone country to seek a bailout from the EU. At the time of crisis, the national government became a disciplinary actor by introducing austerity measures (e.g. tax increases, public sector wage cuts) and selling off public assets. Once a bastion of gradualism and consensual decision making, Slovenia embarked on an austerity programme (which provoked mass demonstrations) and selling of government-owned companies. Trying to get liquidity and reduce the level of debt, Slovenian companies were also forced to sell off assets (cf. Ministry of Finance, 2013). Increased unemployment and challenging industrial relations contributed to the widespread economic uncertainty.

The Croatian economy as a whole has suffered from even more burdensome conditions, with GDP falling for six consecutive years, and structural long-term employment becoming endemic. The centre-left coalition took over the government after the elections in late 2011, but the economic policy broadly followed into the footsteps of its centre-right predecessor, except the introduction of a stricter fiscal discipline. Economic policy has avoided major structural reforms or austerity measures, despite entering the excessive deficit procedure in early 2014. Most enterprises have been struggling to preserve their levels of economic activity, with many coping with liabilities and risks of insolvency. However, major Croatian banks, which are foreign-owned, have retained their capital adequacy, which often exceeded the performance of their parent banks.

The changes in Slovenia’s modes of governance and the subsequent economic crisis brought the two policy models closer to each other and created a twist. Instead of Slovenian companies continuing their regional expansion in Southeast Europe, some Croatian retail and fast-moving consumer goods companies made bids to acquire their Slovenian competitors. Two major cases include the successful acquisition of Droga Kolinska by Atlantic Grupa (both are food producers with factories in several countries) in 2010, and several attempts by the Croatian food and retail conglomerate Agrokor to acquire their Slovenian competitor Mercator. Both cases involve the competition of emerging "regional heroes", i.e. companies that combine product diversification with controlled internation-
alisation (cf. Vizjak, 2011) and reach a point where organic growth needs to be combined with acquisitions of their major (regional) competitors.

The first transaction (Droga Kolinska) did not stir major public reactions and is usually viewed as a reasonable success: synergies were achieved, new productive investments followed, and internationalisation of both the new owner and the acquired company was facilitated (www.SEEbiz.eu, 29/11/2013). The issue of Mercator has been more problematic. An ordinary business transaction has, over the past few years, been an arena of dispute and struggle between two neighbouring countries, provoking a reflection on overarching narratives of neoliberal capitalism, protectionism, weakening of the nation-state, reduced trust and "border tightening" in Eastern Europe.

Although Agrokor has often been criticised in Croatia (e.g. because of its treatment of suppliers), its attempts to acquire Mercator have mostly led to positive reactions within the country. The reactions in Slovenia were often openly hostile, which points to the symbolic meaning attributed to re-drawing the economic borders between Croatia and Slovenia. A possible acquisition of a major Slovenian company by a (private) Croatian competitor would be interpreted as a "victory" over their northern neighbour, although the economic consequences for the Croatian suppliers of Agrokor and citizens as a whole would likely be limited. Namely, in its foreign operations so far (e.g. in Bosnia and Herzegovina and Serbia), Agrokor has not strongly engaged in the promotion and selling of Croatian products abroad. They often used their private label ("K Plus") to import cheaper foreign products into Croatia. Almost 40 percent of "K Plus" products are manufactured outside of Croatia (Jozić, 2013).

According to Slovenian experts, a decade ago Mercator enjoyed strong political support and the support of domestic and European banks to expand in Southeast Europe. However, due to its ownership and governance structure, international investors perceived it as a state-controlled company in a country with an unfavourable attitude to foreign investments. Hence, internal problems and a lack of support in the international financial community due to this doctrine of "national interest" eventually turned Mercator from "predator into prey" (Šuklje, 2013). However, dealing with these changes has been a slow and burdensome process for all Slovenian actors – from the government, major shareholders and managers to the wider Slovenian public. That was further exacerbated by the emergence of a Croatian company as the most likely investor. The complex process of selling off a majority stake in
Mercator has taken a couple of years, during which its business performance has deteriorated (revenues have stagnated and losses have been incurred) which has reduced the share price. After 8 rounds of tendering with about 60 potential investors, in June 2013 Agrokor became the only bidder, which negotiated the acquisition of a 53.12 percent stake in Mercator from a consortium of 12 Slovenian banks and companies. Due to its size, complexity and involvement of multiple stakeholders (current and future shareholders, banks, investment funds, regulators, policymakers etc.), the transaction was not completed by the initial deadline and its terms were changed in March 2014. Even at this stage Slovenian ministers of economy and agriculture expressed their doubts about Agrokor's availability of funds for the eventual completion of the takeover, criticised Slovenian actors because of their passivity and questioned the possible implications of the deal for the Slovenian economy (www.business.hr, 04/03/2014). The takeover, however, was completed in June 2014, following the approvals of local competition agencies.

The paradoxical cross-border nature of the newly merged company can be discerned from its organisation and branding after the takeover, which also reflects some political considerations. For instance, the retail chain operates as Konzum in Croatia and Bosnia & Herzegovina, as Mercator in Slovenia and Serbia, whereas local names are used in Montenegro. Actual implications of the takeover cannot be discerned yet – neither in terms of business development nor in terms of its effects on Slovenian and Croatian economies in general, and on food manufacturers in particular. Notwithstanding the arguments that territorial borders and national sovereignty are losing their importance in the global economic competition, the retail sector still depends on the size of a market and the purchasing power of consumers, the cultural patterns of consumption and the power of habits, and the emotional motives for consumption behaviour (cf. Grewal, Krishnan, Levy, & Munger, 2010; Deloitte, 2011). This will continue to be the case in the future. The takeover of Mercator by Agrokor may become just another step in market consolidation facilitated by international financial actors (banks and investment funds) whose influence will be vividly observed in the future business development of the merged company. Likely scenarios involve offering the shares of the regional retail giant to international investors (through a public offering) or to a large international chain. That would entail a decisive step in the integration of the Southeast European retail sector into global business and financial flows, making the recent cross-border disputes over the takeover completely irrelevant.
THE “WAR OF WORDS”: DISPUTING BORDERS IN THE MEDIA

Based on the intermittent time series analysis of belligerent discourses in several leading Slovenian and Croatian newspapers, magazines, and portals between March 2009 and September 2015, our study also confirms that the role of media is decisive in forming the "politics of truth" in society, in "shaping and reshaping of social and political meanings" (Howarth & Torfing, 2005, p. 4). Although media tend to present their social role as a struggle for truth, it is precisely the struggle for social positions from which truth is spoken that media are involved with. In that sense, political and media interests mostly coincide. Dramatic coverage of Slovenian-Croatian disputes mostly served as "a great mobilization tool for the opposition political parties in both states" (Mujagić, 2014, p. 196) or as a media spectacle that concealed more serious social and economic problems. The daily production of threats, fear, vulnerability and frustration contributed to the confabulation of the bilateral dispute as a social drama "where conflicts are worked out" in pseudo-ritual forms so that many social contradictions might be canalized and transformed into a "coherent social field" (Turner & Bruner, 1986, p. 34). If we had to identify two main narrative backbones of the social "border drama", the first one confabulates on issues of "historical injustices", "just and unjust borders", "privileged" and "disadvantaged countries" and is dominant in media articles marked with round black circles in the list of media sources. The second one is wrapped around the complex interconnectedness of Croatian and Slovenian businesses whose competition is represented in the media as a tough struggle for national rather than private interest. Articles in which this second narrative prevails are marked with diamonds in the bibliography.

These narratives revolve around two complementary processes (claiming and crossing borders), but are based on different notions of (national) sovereignty. The first narrative stems from the idea of sovereignty as control over territory. Consequently, defining and enforcing borders becomes paramount. In the analysed dispute, juridical terms and procedures associated with maritime law, the legal issues were complemented with or transformed into "political lamentations" on the absolute (historical or national) justice, on the "national victory" or the "national catastrophe". Such ominous tones can be identified in the statement of Slovenian politician France Bučar: "What is at stake is our national consciousness, because the signature will make us lose the Bay of Piran. We shall lose the sea and... we shall melt like an ice cube!" (Večernji list, 14/10/2009) or in the opinion of anonymous "Croatian
experts" – "Junction is dangerous: Croatia may lose a part of its territory" (Slobodna Dalmacija, 30/10/2009). Even the issue of using an "appropriate" name (Bay of Piran vs. Bay of Savudrija) in discussing and justifying territorial claims gained prominence in the media, as well as in academic literature, but this issue subsided as the two countries agreed to the arbitration process (Kladnik & Pipan, 2008; Kladnik, Pipan, & Gašperič, 2014).

The second narrative views sovereignty as national ownership and control over economic assets. In such a view, a cross-border transaction is interpreted as "selling off the family silver" to foreign investors and thus losing sovereignty over the national economy. The public and media interest on both sides of the border thus focused on the implications of particular cross-border takeovers on the national economy. The ability of foreign companies to reconstitute customer-supplier relationships and define the terms of market access of domestic companies became a source of risk and unrest.

When it comes to criticism of hegemonic views, it often comes in the form of humour. Newspapers initially offered many caricatures and humorous comments related to the dispute over the Bay of Piran, exposing its often absurd features. The Slovenian daily Delo in April 2009 went a step further by designing a computer game which presented Croatian and Slovenian prime ministers as the protagonists of a maritime battle in which two "naval superpowers" wage a fierce war for dominance in the northern Adriatic. The winner is whoever is first to sink the enemy’s fleet, whereby he also wins the entire Gulf of Trieste (www.deло.si/pirati/). The disputes surrounding the takeover of Mercator have not engendered comic (re)interpretations. The capacity for comic coding of "big national issues" may have decreased with the prolonged crisis, and/or economic issues themselves may have been considered "too serious" to be joked about, except through ironic commentaries which mocked the fact of viewing a retail chain as "national industry". As Croatian cultural commentator Boris Dežulović has observed: "However, in some other countries the public painfully reacts when a foreigner buys a 120-year-old newspaper or a football team, a world famous car brand, a watch manufacturer or a national publisher (...). At the same time, however, the Slovenian and Croatian public are mobilized around a supermarket chain with salami, pots, underwear and frozen fish" (2013, p. 181).

Despite the vast historical scope, the socio-cultural facets and emotional tensions in this "war of words", in both cases we are witnessing another confirmation of Stuart Hall’s claim that "although they seem to invoke an origin in a historical
past ... identities are actually about questions of using the resources of history, language and culture in the process of becoming rather than being” (1996, p. 4). However, both the territorial and economic aspects of national identities are currently being reshaped by forces and processes that transcend both Slovenia and Croatia and actors within their jurisdictions.

CONCLUSION

In the early 2000s, when Slovenia and Croatia fiercely wrangled over the border in the Bay of Piran, the countries of the Western Balkans regularly received slaps on the wrist for nationalism. Meanwhile both countries joined the EU. Borders are circumvented by quasi-anonymous processes of market integration and capital accumulation to which EU integrations served as a facilitator. This not only largely places the issue of physical borders and territorial sovereignty but also economic sovereignty into the symbolic arena. However, the economic crisis, that has hit both Slovenia and Croatia, reinforced the issue of national economic interests and forced the political elites of both countries to undertake unpopular moves in response to the crisis, which also facilitated refocusing of the public attention from cross-border to domestic issues.

The credibility of the myth of EU accession as a “magic wand” to solving economic, social and border problems, which was – in different periods and under different arrangements – adopted by both Slovenia and Croatia, has expired. Instead of expected adoption of higher standards of democratic governance and institutional performance, and using access to the large EU market to foster their economic interests, both countries find themselves in stagnation. Moreover, the EU integration of Croatia in July 2013 entailed a completion of a full circle in bilateral relationships. Croatia and Slovenia ended up again in a supranational structure in which the majority of key decisions will be made elsewhere. However, unlike their strong role in former Yugoslavia, these two countries not only find themselves at the margin of political processes, they also occupy the semi-periphery of the economic landscape of the EU.

At the same time, positioning towards the Other (i.e. the non-EU area of the Western Balkans) takes place. In the complex reality of precarious economic conditions in two similarly small and peripheral nations, the concept of a major economic “regional player” emerged. It was first embraced by Slovenia and then by Croatia. There is an indecisive shift from development driven by foreign investments and domestic small and medium-sized enterprises towards ambitions to form at least a few stronger domestic corporations that will play a role in the regional (and possibly European) markets.
Market integration and corporate restructuring so far have not produced desirable macro effects (e.g. strong GDP growth and employment) and their effects are likely to be uneven. Economic policies wobble between nominal adherence to free competition and promotion of “national interests”. EU regulation restricts the forms and extent of direct government intervention, especially when it is targeted at specific sectors and companies. Economic crisis has, however, facilitated different forms of government intervention explicitly or implicitly motivated by “national interests” rather than “market efficiency”, which in some cases stretched the EU regulations. The move from previous versions of industrial policies to “smart specialisation” of European regions and nations is far from completion. Actual premises of the common market include a complex interplay of markets and regulatory regimes whereby national borders still play a role, but the regulation is mostly developed outside of the country and the dominant players are often “absentee landlords” – shareholders and creditors focused on the discourse of financial performance and its disciplinary implications.

Both Croatia and Slovenia have traditionally shown “economic nationalism” and significant reluctance towards foreign direct investments (particularly into existing companies). Perhaps not surprisingly, the acquisition of a retail conglomerate in a neighbouring country has reinforced tensions between Croatia and Slovenia. However, the arrival of multinational corporations and other powerful agents (development and commercial banks, media companies, global foundations) with a similar capacity to subordinate domestic actors and delineate and redraw borders was also often perceived as a sign of welcomed “westernization”. The processes of economic and financial integration are well under way, and they are likely to pose an even greater threat to the traditional notions of national economic sovereignty and autonomy. The awareness of (and any opposition to) these processes in both countries is weak, most likely because such processes have been subsumed under the discursive umbrella of EU integration (which is rarely challenged) and exacerbated by economic challenges. The media have also contributed to low awareness of the broader perspective and overshadowing of the social critique in both countries.

NOTES

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2 EU accession of Croatia in 2013 has eased the border regime again. When Croatia joins the Schengen regime, the situation will again approximate the borderless regime, as within Yugoslavia.
3 This bay is in Croatia sometimes also named Bay of Savudrija, after the Croatian settlement located on the opposite side of the bay from Piran. Using this name usually signifies an attempt to challenge "hegemonic" naming practices and imply that Croatia has an equal right to that territory. The fact that the dispute reached even the level of geographical names confirms its symbolic weight, as the existence of the UNEGGN (United Nations Group of Experts on Geographical Names) also witnesses. Both Croatia and Slovenia participate in UNEGGN.

4 Some local intellectuals cynically spoke about the syndrome of "Balkan Absurdistan" which manifests itself as a combination of small nations' frustration, nationalist and new elite's narrow-mindedness, and the Balkan stereotyping of others as less civilized (e.g. Dežulović, 2013).

5 Western Balkans (former Yugoslavia minus Slovenia plus Albania) was constructed in the late 1990s by the EU institutions. The term itself reinforces the contradictory, Janus-faced, and rather pejorative status of the "Europe's others" (Štubbs & Zrinščak, 2009, p. 285).

6 The privatization process in Slovenia led to an unstable ownership structure made up of insiders, private and state owned financial institutions, and relatively few foreign owners. A significant share of the economy remained in direct state ownership through KAD and SOD funds (Mencinger, 2007).

7 Due to local resistance, several major foreign investors (e.g. KBC Bank, which initially invested in Nova Ljubljanska banka d.d. and the brewing conglomerate InBev which invested in Pivovarna Union d.d. were unable to fulfil business development goals and sold back their shares to Slovenian partners.

8 The roots of political capitalism can be traced back to the 1980s. During that period, enterprises were run by autocratic proto-capitalist managers politically supported by the the League of Communists officials and connected with regional oligarchies (Županov, 1997).

9 This was despite the fact that Droga Kolinska was actually a larger company in terms of turnover.

10 The share price was reduced, but Agrokor was also obliged to provide additional capital which was to be mostly used to reduce Mercator's debt.

11 By late October, the ownership stake of Agrokor in Mercator reached 88.10%, following a public offer to small shareholders and conversion of debt into equity.

12 Meanwhile, Croatian acquisitions in Slovenia continued in 2015. Food manufacturer Podravka took over Žito and the Ljubljana Stock Exchange was acquired by the Zagreb Stock Exchange. Simultaneously, the Slovenian economy recovered in 2014. The Croatian economy has shown modest growth from late 2014 onwards.

13 The media sources included 27 news items and commentaries published in major Croatian (Večernji list, Jutarnji list, Novi list, Slovenska Dalmacija, Nacional) and Slovenian newspapers (Delo, Večer, Mladina), web portals (www.SEEbiz.eu; www.business.hr; www.
Therefore, it is pretty much obvious that legal terminology was a complete conundrum to the politicians and the media, but that did not prevent them from interpreting the law how they saw it. (Mujačić, 2014, p. 196).

An account of the history of different names used for the bay is provided by Kladnik, Pipan, and Gašperič (2014).

Some theorists even claim that there is a kind of "nesting of colonialism" on a small-scale, i.e. a competition between the three countries (Austria, Slovenia, Croatia) competing for the title of "the expert on the Western Balkans" (Petrović, 2013). For a critical view on policy transfer with a focus on Southeast Europe, see Clarke, Bainton, Lendvai, and Stubbs (2015).

Probably the most extreme case can be observed in Hungary, in which the centre-right Fidesz government elected in 2010 applied many populist and protectionist measures, which helped stabilise public finance. The government also enacted anti-democratic legislative changes. Despite widespread criticisms from abroad, their policies received widespread domestic support, resulting in another landslide electoral victory in April 2014.

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Teritorijalna razgraničenja: pogled na slovensko-hrvatski granični spor

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Autori analiziraju granične sporove između Slovenije i Hrvatske kao primjer socioekonomskih procesa tipičnih za europsku poluperiferijo. Sporovi oko teritorijalnog razgraničenja in akvizicije slovenskih kompanij promatraju se u očima hrvatskih konkurenata ko komplementarni procesi definiranja i prijelaza granica, koji su zasnovani na drugačijim idejama (nacionalnog) suvereniteta. Ideja suvereniteta kao kontrole nad teritorijem transformira se i dopunjuje pojmom suvereniteta kao nacionalnog vlasništva i kontrole nad ekonomskim resursima. Prekogranična preučevanje stoga se tumače kot gubitak suvereniteta nad nacionalnim gospodarstvom. Spor oko teritorijalnog razgraničenja od 2009. godine polako su zamijenile medijski prkačene poslovne i financijske transakcije između vodečih nacionalnih tvrtki (npr. slučaj Agrokor in Mercatora). Istodobno, granice se zaoibilaze širim procesima tržišne konsolidacije in akumulacije kapitala koje so potaknute EU-integracijama. Stoga pitanja fizičkih granica in teritorijalnega suvereniteta, ali in gospodarskoga suvere-

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