

Europe of the 21st Century and Croatia

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The prospects of Croatia's integration into European Union is discussed in light of the current and predicted developments in Western Europe. The foundation of the European integration process is analysed as an evolutionary process that developed its contemporary democratic foundations from the ashes of a totalitarian II World War regime. The consequent development has been built upon the First Congress of Europe gradually, meaningfully and institutionally. Further the paper outlines briefly the following institutional and co-operative developments in Western Europe. As the Europe headed toward the greater political and economic integration several problems emerged. Each of these problems has a bearing on Croatia and its prospects for joining the EU. Finally, the position of Croatia is analysed in respect to the practical consequences of recent developments in the EU and expectations of the implications these could have on Croatian economy and policy.

KW: European integration, Croatian position

1. Introduction

All the significant political groups and, according to public polls, the majority of Croatian citizens, see the Republic of Croatia at the beginning of the third millennium as an integral part of Europe, to which it has always belonged in terms of its politics, economy and culture. Today, belonging to Europe means belonging to a Europe without state and administrative barriers, a Europe with a free flow of information, people, goods and capital; a Europe with a free market, competition and enterprise; a Europe with free citizens, high standards of democracy and human rights; a Europe with peace, co-operation and equality; a Europe with strongly pronounced national identities, but at the same time multicultural and multireligious, and above all a Europe with diversity and tolerance. Belonging to Europe means belonging with all of one's rights and obligations, advantages and disadvantages, benefits and losses.

Institutionally, since its creation Europe has been expanded gradually and pragmatically, patiently and tolerantly for 50 years. The foundations of the vision of tolerance were laid long ago, on 9 May

1948, at the first European Congress, held in The Hague, under the chairmanship of Winston Churchill, and with the participation of **Paul Ramadier, Konrad Adenauer, Jean Monnet, Robert Schuman, Francois Mitterand** and other faces who have made a mark on the 20th century. And all this, only three years after the bloodiest war in the history of humankind, or – “the six years of devastation and occupation, the fall of food production in the entire world, the destruction of an enormous industrial potential, the inherited war hatred, the growing ominousness of nationalisms and a Europe in ruins.” With a vision and urgency, the Congress in The Hague demanded a “united Europe, with a free flow of people, ideas and goods in its entirety”, the adoption of “the charter of human rights, which will guarantee the freedom of thought, association and expression, as well as the freedom of opposition activities”, for the foundation of “a court of justice capable of implementing sanctions in order to command compliance with the Charter ... of the European Parliament, in which the citizens of all the nations will have their representatives. All this, together with a commitment that we shall invest all of our noblest intentions and all of our strengths to gain support in the households, among the general pub-

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lic, within our parties, our churches, our professional organisations and trade unions, for all those people and governments which are working towards this part of public salvation, towards this highest chance for peace and towards building a great future for this generation and for the generations to come". This was the project for a new democratic Europe.

We should remind ourselves that this was only three years after Hitler's project of a New Europe was defeated and crushed. That project was based on a totalitarian and racist ideology, on crime as its practical implementation. Also, the project of Stalin's Bolshevik Europe, none the less totalitarian than Hitler's, which forebode, among other things, the Croatian tragedy, from then onwards partly implemented its European conquest for the full forty years. It was also in 1948 that a communist coup overthrew the democratically elected government of Benes and Masaryk. Berlin was being saved by the airlift. An iron curtain went down from "Stettin to Trieste". In Germany, Konrad Adenauer, the creator of the modern and democratic Germany, ascended to power.

2. A Vision of Europe

The architecture of European integration was gradually built upon the visions and ideas of the First Congress of Europe. It was being built gradually, meaningfully and institutionally, universally, realistically and pragmatically. In 1949, the Council of Europe was founded in Strasbourg. In 1951, the Six - Italy, Germany, France and the Benelux countries, founded the European Coal and Steel Community (ECSC). In 1957, the Six founded the European Economic Community (EEC) by signing the Treaties of Rome. In 1959, the Seven – Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom founded the EFTA. In 1972, Denmark, the United Kingdom and Ireland became members of the European Union. Greece, Finland and Sweden followed them. Although the European Union is the foundation of the economic, political and social integration of European countries, still, pragmatic needs create and sustain other forms of integration as well. Currently in Europe, besides the European Union of the 15 countries, there are also other economic co-operations and integrations: OECD, EFTA, CEFTA, ERM, EEA and G-7 and some of them involve countries from outside Europe: WEU, OSCE, NATO, WEAG and PfP. Although the network of the European integration is dense and ramified, Croatia belongs to those European countries that are

not formally integrated into any of the aforementioned European integrations.

Fifty years ago, Churchill and the others had the vision to choose for Europe a project of democracy and human rights. Fifty years later, on 9 and 10 May 1998 in The Hague, again the Congress of Europe enthusiastically confirmed that half a century ago the right project had been chosen for Europe luckily for all of us, and even more so for future generations.

The initiative, preparations and organisation of the European Congress of 1998 were bestowed upon the European Movement, a non-governmental, non-profit European organisation. It has its national unions in all the European countries. In Croatia it exists under the name European Movement – Croatia.

Over 3000 delegates, predominantly young ones, attended the European Congress in The Hague. While paying the due respect to the fiftieth anniversary of the first integral and institutionalised vision of Europe, all of the addresses were predominantly oriented towards the present and future problems, towards the challenges facing every European state, but also the European Union as a whole. The question that imposed itself on the congress participants was whether today, fifty years after 1948, there is a new vision of the European Union, a sequel to what has already been created. Do we have a vision for Europe in 2048?

The issue of where the European Union, together with other economic and safety integrations, is headed to in the next century, is of crucial interest also to Croatia, not only because Croatia is located within the Central European area, but also because we should decide as to how much we have so far suffered economically, politically and socially by not being integrated into its institutions and how much do we still stand to lose, as opposed to how much can we gain from belonging to Europe, the latter option being without an alternative.

The European Union and the European region are ascending into the new millennium showing major achievements, but also carrying huge problems and challenges, numerous uncertainties and unknowns. Those are different today, but not lesser in degree than they were 50 years ago.

It is an indisputable and unanimous belief that every state that has joined the EU has gained much more than it would have had if it had developed independently and in isolation. There may be states that have gained more than others, but each and every one of them has gained. This notion, which is deeply present not only in the political structures, but also

among citizens, is the most powerful cohesion force of the European Union. According to a public opinion poll carried out on a very representative sample of citizens (16,100 respondents) in all the countries within the EU, 70% of them support the further unification of Europe, and 21% are against it. The influence of the so-called "Euro-sceptics" and "Europhobiacs" and especially of separatists is decreasing. The tendency of further strengthening the integration elements seems to be unstoppable.* Besides this "Europetal" force, no less attractive is the force by which the EU acts on other European states. The antechamber of Europe is too small to accommodate all those who want in. With a great deal of certainty it may be stated that the process of the creation of a united, supranational Europe is irreversible and comprehensive. All who stay outside can only lose. The attractiveness of the EU arises from the fact that never before in history have small nations – including Croatia, had so much equality in international relations, as has been provided to them by the creation of the EU and other supranational integrations.

3. Problems Arising

Despite the great and impressive economic, political and social achievements over the past fifty years – such as the doubling of the standard of living of the citizens, the free flow of information, people, capital and goods, which was finally seen through on 1 January 1993, as the foundation of a single market, the Schengen Agreement on the abolishment of border controls, the establishment of efficient institutions, the adoption of the Social Charter, the adoption of a myriad of economic and other standards, and so on, the EU is looking openly and democratically at numerous, major and complex economic, social and political problems, as a challenge in the 21st century. The most important ones may be classified into five groups:

- those which may be referred to as "external" problems which arise from the dynamics of globalisation, from the new global, economic and political interdependences, and the place and role of the EU in these processes, as well as from the development of new economic entities;
- problems imposed by the structural issues of the internal consolidation and economic growth of

the EU, primarily the common currency and the Euro, investments, employment (18,000,000 unemployed), competitiveness and the corporate competitive edge, standardisation, new technologies, development of market institutions;

- problems caused by the extension of EU membership. The institutional and economic structure of the EU of the fifteen would not be the same as the EU of the thirty. A total of 12 countries (excluding Croatia) are waiting to be admitted in two rounds of admission. They total 105 million people, and a 65 million-strong workforce, who are several times less paid than workers within the EU.
- problems relative to safety and stability, a joint fight against all forms of crime, drugs, racket and the like, as well as against terrorism; joint defence forces, the affiliation with the NATO and the Partnership for Peace Programme;
- joint efforts in environmental protection.

All of these issues are of the utmost importance also for Croatia, as a small country, although it may not be a member of the EU. In the relationship between Croatia and the EU the crucial issue is whether Croatia will be able to deal better with these problems within the frame of European or some other integrations or independently and in isolation. With regard to all the experiences so far, there should be no doubt whatsoever. Any option other than belonging to Europe is disastrous for the future of Croatia and generations to come.

Although practically nobody raises the issue of the sustainability of the EU, still different scenarios, some of them even catastrophic, exist as for example a document entitled "Europe 2010" delivered by Gilles Bertrand of Forwards Studies Unit of the European Commission which offered various scenarios:

- scenario "0", the scenario of "apathy", indifference; globalisation without specialisation; the economy of equality; without clear political projects
- scenario "1"; the scenario of a triumphant market, competition and growth, the welfare state becomes more expensive, the protection of employment gradually diminishes, working hours become longer, individualisation and fragmentation of society, public services decentralised, flexible institutional structure;
- scenario "2"; the scenario of "a hundred roses", cynical attitude towards politics, increased unemployment, informal economy on the rise, orientation towards minor local activities; demand for

* In spite of the most probably only contemporary success of some political separatist movements as for example Haider's in Austria or Lepper's in Poland

intellectual activities; inequality in the growth; the 21 states of Europe fall out;

- scenario "3"; the scenario of "shared responsibility", business and technologies channelled towards globalisation; radical reforms at all levels; decentralisation of responsibility; the European Union of 27 members;

- scenario "4"; the scenario of "creative society", affiliation and solidarity; positive surprises; new technologies; a starting point for the future; institutionalisation of globalisation; privatisation; depolitisation of power;

- scenario "5"; the scenario of a "turbulent world"; the situation is getting worse, an economic crisis.

All the EU documents, are dominated by firm positions that the future of the Union is determined by the pace and intensity of economic growth and employment, the successful fight against crime and terrorism, particularly drugs, by the implementation of democratic principles, human rights and minority rights. On these lists, however, the highest position is reserved partly for the issues of employment, the fight against poverty and the social status of the citizens (all of which are understandable, given the fact that social democracies are in power in 13 out of the 15 EU member states), and the main focus is also given to the issues of expanding of the EU, especially as a result of the inclusion of countries of Central and Eastern Europe. The President of the European Youth Forum, Paolina Arola, presented recently an excellent picture of the problems of the young, who are the most affected by unemployment, poverty, drugs and crime. Her words: "Do not tell us that the future belongs to the young, we know that already. Give us the present, with jobs, without drugs and crime", received a big round of applause. Likewise, a well deserved attention should be paid to Bronislav Geremek, a former minister of foreign affairs of Poland and the current president of the OSCE, who expressed the thesis that "the post-socialist countries of Central Europe did not secede from Europe, but that Europe has abandoned them". This is an excellent presentation of the problems which arise from the reintegration of those countries into the EU.

4. The Relevance of European Constitution

These problems can be addressed, according to a unanimous opinion, only through the democra-

tisation of relationships, the strengthening and democratisation of common institutions, the consistent implementation of the principle of subsidiarity, by the implementation of the principles of the Social Charter, by the strengthening of plurality and national identities, by seeking unity through diversity, the latter being an invaluable wealth of a united Europe. To learn to live together is becoming the prime task of all the political structures.

These principles are the foundation for the vision of the 21st century Europe.

According to that vision, a political union will follow the economic one. After a common market and a single currency, the EU should adopt the European Constitution, which would accord the full legitimacy to the EU democracy and enable a clear delineation of its vertical structure, i.e. the separation of authority into four fundamental political levels within the global system: communes, regions, national states and the European Union, as well as the horizontal separation among European institutions, especially the European Parliament, the European Commission, the Ministerial Council and the European Court. The Constitution should guarantee the fundamental human, political, economic and social rights of citizens that would stem from citizenship in the Union, the rights that would be above the basic national rights. The Constitution should also provide for the right of the Court of the European Union to have full jurisdiction in cases of violation of these rights.

Rather than a Union, The European Union should become a state, an association of citizens. In the heart of the European politics one can no longer find the original market, but human beings and their wellbeing. The fight for the respect of a person poses a demand for a policy for the protection of human rights, gender equality and a ban on any form of discrimination on religious, national or cultural grounds. The guarantors of sovereignty in democracy are neither institutions nor national states, nor transitional integrations, but citizens themselves. That is why citizens must have an opportunity to directly or indirectly exercise their sovereignty.

The Constitution should guarantee the right to multiculturality, the freedom of expression and being informed, the principles of subsidiarity, a high degree of local and regional self-government, the policy of solidarity and a fight against poverty.

How far this vision is from reality is hard to tell. In 1948 the vision of today's Europe must have looked like a utopia. A utopia which 50 years later

turned into reality. That is why it is no wonder that it cannot be found in the official documents of the European Union for 1998. The programme declaration entitled "Agenda 2000 for a Stronger and Wider Union", as the most integral document for a Europe of the future, is a realistic approach to the expected achievements and expectations which start from the current achievements with a lot of optimism and even more optimism for their continuity.

By its basic ideas "The Agenda 2000" advocates and forecasts the continuation of the current positive institutional, political, economic trends and tendencies, but also proposes considerations about the ways to develop the European model of society for the 21st century, and how to best deal with the fundamental concerns of its citizens. Among the answers to these questions, we have singled out, to our mind, the most important ones:

- finding an answer to the unacceptably high unemployment rates and to the exclusions of citizens from the flows which are responsible for the very shaping of the social tissue;
- the strengthening of the fundamental institutions and their activities, and their adjustment to the changes and expansion of the Union and particularly the introduction of a qualified majority vote on all issues;
- through competition, innovations and international trade, accelerate the creation and development of a united market; this process will involve the modernisation of industry parallel with a faster growth of the service sector, which is especially favourable for the development of small and medium-sized companies; the main challenge in that is how to balance the dynamic and social aspects of restructuring and protection of individuals' rights with employment and benefits from employment;
- by expansion enrich and diversify human potentials and economic resources and at the same time take responsibility for the economic growth and political safety across the entire European area;
- preserve the economic and social cohesion of the community as a fundamental priority; with the admission of new states, featuring enormous differences in their respective degrees of development, it becomes even more important; the priority should be given to the economic and social cohesion translated into specific and comprehensive programmes, which are to be implemented in co-operation with member states and regions and funded from the appropriate structural and cohesion funds (275 billion ECU);

- reduce economic and social gaps by way of demanding and decentralised partnerships which will provide for the outlining of an integral strategy for the regional and social development;
- the expansion of the Union, which will encompass states within Central and Eastern Europe and Cyprus, is a historical challenge for the Union and an opportunity to reinforce its safety, its economy and its place in the world. The implementation of the model of peaceful and voluntary association of free nations all over the continent is a guarantee for stability. European cultural diversity will be the source of creativity and wealth;
- the Union will adapt itself to the ongoing process of globalisation and draw benefits from this process; its total economic balance with the remainder of the world is positive, and the liberalisation of the market will make it even more so.

5. Europe in Croatia - Croatia in Europe

The European states, united freely according to the above-mentioned principles, with clearly defined goals and institutions which guarantee its democratic and pluralistic functioning, with control mechanisms which encourage efficiency and remove abuse, with a clear notion that development within the European integration, owing to the effects of synergy, gives them more than development in isolation, that within this integration they gain more than they put in, have created and keep on creating the Union for the third millennium. The question raised here is: does Croatia have the right to remain outside this Union?

Despite the constant declarations about historically belonging to Europe, and the constantly present verbalism on joining European and Atlantic integrations, today we are further away from those than ever before. The countries that have applied for membership are required to meet a number of political and economic criteria and to make certain commitments. Croatia is not in the first, or for that matter, in the second circle of states whose membership is currently being considered. Therefore, it is hard to expect that Croatia will be able to gain full-fledged membership before the year 2011. It is clear that the responsible factors within the EU deem that Croatia, although it does indeed formally meet some criteria, does not really adhere to them and does not implement them. It is not the purpose of this paper to give an analytical insight into why this is so, but it is our

duty to point out that even after a most meticulous analysis of the objectives and principles of the Union and the ways of its functioning we could not come up with even a single item which would not be in the best interest of Croatia as a democratic and independent state. According to some, due to our significant role in political life, we must be in Europe, but Europe with its standards does not have to be in Croatia. Obviously, this is a very superficial way of looking at things, since without Europe in Croatia there will be no Croatia in Europe.

However, it seems that on our thorny way towards the EU we are losing the things that only a few months ago seemed very likely to happen – for example joining the PHARE programme. Therefore, there is an ever more pronounced fear that Croatia may end up losing even the preferentials, i.e. privileges which our exporters to the EU have had so far.

With regard to the significance of exports and the EU market for Croatian exporters and the Croatian economy as a whole, it would be thoughtless and irresponsible to underestimate the proposal for sanctions, which will be considered by the most important EU body.

Firstly, because of the fact that the expansion of the European Union by including Poland, Hungary, the Czech Republic, Estonia, Slovenia and Cyprus, will mean that the largest supranational integration and the most powerful free market in the world will be created on the western border of Croatia, visible from the bell tower of the Zagreb cathedral. With over 400 million inhabitants and the economic potential of over \$8,000bn annual gross national product, this economic giant with its catchment area, whether we want it or not, significantly enlarge its influence upon the entire, and especially economic life of the Republic of Croatia. Croatia, with its 4.7 million inhabitants, represents a mere 1% of the EU population, and with its economic potential of the optimistic \$18bn only 0.25% of its GNP and thus its future is inconceivable beyond the boundaries of the EU.

Secondly, the foreign trade exchange of Croatia for the most part relies on the economies and states within the EU. Out of the total exports from Croatia, over the past 10 years or so, the EU has accounted for over 50%. For example, in 1995, out of the total Croatian exports amounting to \$4.632bn, EU countries accounted for \$2.671bn or 57.7% and in 1997 out of the total exports amounting to \$4.340bn, the EU accounted for \$2.220 or 51.1%.

On the other hand, countries of the EU are the principal suppliers of the Croatian economy. Approximately 60% of the Croatian imports come from those countries. Out of the total imports into Croatia

in 1995, which reached \$7.509bn, the value of supplies from the EU amounted to \$4.663, or 62%, and in 1997, when the imports went up to \$9.122bn, the EU states accounted for \$5.430bn or 59%.

Thirdly, further growth and development of all the sectors of the Croatian economy, especially the tourism industry, and new jobs, will be largely determined by our relationship with Euro-Atlantic integrations, both in terms of exports and imports, and especially with the European Union and the CEFTA. It should be underlined that a huge and the highest quality potential of the Croatian economy is involved in the export business with the EU, with tens of thousands of jobs depending on it and that its future will continue to depend on these exports. Particularly if the economic, and especially industrial growth of Croatia wants to be given a new impetus, this will not be possible without further penetration into the markets of Europe, i.e. the current and the future EU, or without corporate Croatia gaining a competitive edge especially in these markets.

Therefore, one of the most important strategic goals of Croatian companies and Croatia as a whole is to be as present as possible in these markets until the moment Croatia becomes a full-fledged member of the EU. And this implies being present throughout a number of stages – from the current regime of exports into these regions, the so-called regime of preferentials, to the completely free movement of goods and services. However, this row will be tough to hoe. It will be complex and gradual, without any shortcuts. In simple terms, the existing system of duty free imports based on the preferential approach, will be replaced by the trade and co-operation agreement. The next step is signing the agreement on associate membership, and only then, when all the very demanding requirements are fully met, will the country be admitted as a full-fledged member. This process, if we embark on it today with full force, is bound to last at least ten years.

The membership of Croatia in the EU is much more than mere exports and imports. It is belonging to the European civilisation circle. It is the acceptance of the civilisation norms of behaviour and culture. It is above all the rule of law, freedom and democracy as the fundamental postulates of behaviour, protected by the highest institutions of the Union. It is a hope and a vision for young generations to come. That is why the "Europhobic behaviour" and anti-European actions, which distance us from the EU, cannot be justified in any way, and especially not by a petty and primitive approach of weighing gains and losses, since the loss is unfathomable and irreparable.