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## DEVELOPMENT OF EUROPEAN UNION AND JOINING PERSPECTIVE OF CROATIA

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**Abstract:** In this paper we researched European Union starting with the Agreement from Maastrich from year 1992, even though the European Union has a long traditional history and its origin is founded on regulations of economical integrations in Europe beginning from the 1950's through the Roman treaty from year 1957 and the forming of the European Union Committee in year 1965. Further we follow her expansion and introduction of the European economic and monetary policy, to last, the joining perspective of Croatia. According to the Agreement from Maastrich, European Union lies on three posts: 1) Legal-political and regulative post, 2) Economical post, where the forming of European economical and monetary policy is in the first plan, especially the introducing of Euro as the unique European currency, 3) Post of Mutual foreign-security policy within European Union. In that context we need to highlight the research conducted here and in European Union, including the world, regarding development of European Union and its economical, legal, political and cultural, as well as foreign diplomatic results, which are all perspectives of European Union. All the scientists and researches which were involved in exploring the development of EU with its modern tendencies and development perspective, agree that extraordinary results are achieved regards to economical, legal, political, foreign-security and diplomatic views, even though many repercussions exist in progress of some particular members and within the EU as a whole. The biggest controversy arises in the perspective and expanding of European Union regarding ratification of the Constitution of EU from particular country members, but especially after the referendum was refused from two European countries, France and Netherlands. According to some estimates, the Constitution of EU would have difficulty to be adopted in Switzerland and some other Scandinavian countries, but also in Great Britain and other very developed countries. However the European Community and European Union were developing and expanding towards third European countries, regardless of Constitutional non-existence, where we can assume that if and when the Constitution of EU will be ratified, the EU will further develop as one of the most modern communities. This will enable economical development, especially development of European business, unique European market and free trade of goods and services, market of financial capital and labour market in free movement of labour. Being that EU has become one of the most largest dominating markets in the world, it offers a possibility to all new members to divide labour by using modern knowledge and high technology which insure economical, social and political prosperity. This results to forming a society of European countries which will guarantee all rights and freedom of development for all nations and ethnic groups. As well as, all European countries with somewhat less sovereignty, but in international relations will be stronger and significant, not only in sense of economics, but also in politics and military diplomatic relations. Therefore, Croatia has no choice and perspective if she does not join the European Union till year 2010, but until than it needs to create its strategy of economical and scientific-technological development, including demographic development, which will insure equal progress of Croatia as an equal member of European Union.

*Key words:* European Union, development, joining, perspective, Croatia.

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## 1. INTRODUCTION

In this paper we researched development of European Union and the perspective of Croatia joining the EU as an equal member with the basic intention to provide a short retrospective of EU development, to learn today's tendencies in economical, social, political and scientific-technological views. Further, to also examine and concept real possibilities of the dynamics and tempo for Croatia joining the European Union. In the paper we firstly view the development, that is, the retrospective of European Union development since the Agreement from Maastrich. We then analysed the most important trends of economical, social and political development of European Union in the present situation, especially regarding the introduction and implementation of the Constitution of EU.

Furthermore, we consider the building of mutual strategies of scientific-technological and economical development and the building of EU as a knowledge society and informational society which needs to insure that EU becomes one of the most developing regions of the world and one of the most competitive economical regions in the world. Simultaneously, we researched the joining perspectives of Republic of Croatia to European Union, thus considering that the dynamics and tempo of joining will depend on political, economical, legal and diplomatic conditions. In that context, we need to consider the need to build long-term development conceptions in Croatia till year 2020, as the Mediterranean country which based on her comparative advantages can develop into the European California.

## 2. HISTORIC RETROSPECTIVE OF DEVELOPMENT OF THE EUROPEAN UNION

The European Union is formed by the Agreement from Maastrich in year 1992 and since than, de facto, the European Community has grown into a European monetary and economic union, where special significance is the forming of a unique European market in free movement of goods, services, capital and labour.<sup>2</sup> However, the forming of European Union did not stop only at economical aspects as regards to forming a unique market, since the Agreement from Maastrich it has a wider concept of development and impact on the European Union.<sup>3</sup> It is foreseen that the EU as a society of modern European countries will base its progress and overall functioning on the three posts.<sup>4</sup>

Firstly, the EU members have agreed to form a unique EU and to introduce a unique European currency – the euro, from 1<sup>st</sup> of January 1999. Simultaneously, it is determined by the Agreement from Maastrich that the European Union also has a mutual foreign policy and security policy (CESP). Furthermore, the EU members have agreed to form a regulation for legal and internal policy (JUH), which provides all citizens with equal rights, promotes political co-operation among countries and coordinates political relations about immigrants and granting asylum throughout the EU. They have also agreed upon expansion of EU, firstly onto Sweden, Finland and Austria till 1<sup>st</sup> of January 1995 and that they will open the joining process for Middle and Eastern European countries. Thereby, Austria, Sweden and Finland have become equal members of EU on 1<sup>st</sup> of January 1995, while Middle and Eastern European countries,

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<sup>2</sup> Vukovic, I., European economy, Dalmatina, Zagreb, 2003.

<sup>3</sup> Rifkin, Jermy, European dream, Skolska knjiga, Zagreb, 2006.

<sup>4</sup> Calleo, David, Rething Europe, Future Princeton, Princeton University Press, 2001.

10 of them, Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia and Slovakia, have joined the EU on 1<sup>st</sup> of May 2004.<sup>5</sup>

Herewith a European Union is formed, as the strongest economical and political regional community in the world with the population of more than 455 million people. However, the expanding and developing of EU did not stop on that being that the joining process is further open for countries of Middle and Eastern Europe with the condition to fulfil the economical and political criteria that are determined with the special Copenhagen Resolution from year 1993. On 1<sup>st</sup> of January 2007 out of the countries on the Middle and Eastern Europe, first to join EU were Bulgaria and Romania thus expanding the EU onto 27 members with an increase of the population to more than 500 million people. It is estimated that Croatia shall become a member till end of year 2010, becoming the 28<sup>th</sup> member of the EU based on the Resolution of the European parliament from the 25<sup>th</sup> of April 2007 which relates to speeding up the process of Croatia joining the EU.

The contract from Amsterdam from year 1997 additionally explains and specifies the defining of human rights within the EU, since by this contract it is determined that the country candidates for EU membership need to respect the regulations about the European Convention of human rights as the basic term of entering the EU. The Contract from Amsterdam regulates within the EU laws against discrimination based on gender, race, religion, ethnic origin, physical and mental disadvantages.<sup>6</sup> At the Ministry conference held in Nice, in December of year 2000, the members of EU defined the future structure of European Parliament, the structure of the European Comity and the new procedure of decision making within the European Council. In that context, of great importance is the procedure of decision making, the fact being that the votes of large countries have tripled, while the votes of small countries have only doubled. To vote for a proposition from the Council it is necessary to gather 73,29% of votes which is two-thirds of majority country members and majority of 62,0 % of total population of EU.<sup>7</sup>

However, this did not stop at reforms and development of EU, the Constitution of EU is initiated from the side of European Comity, whose plan has been accepted within the European Parliament in year 2003 and the procedure of ratification is in process, even though it has created confusion in ratification and accepting the Constitution which France and Netherlands have refused. According to the proposition of the Constitution, the EU would be constituted as a trans-national parliamentary democratic country, which includes the EU document about basic human rights, where the EU can independently sign treaties with third countries, but which will be compulsory for all EU country members. It is foreseen that the Constitution in EU will have a representative in the Security Council of United Nations, thereby to amends the position of France and Great Britain. Also, by the Constitution it is foreseen that the EU will have its president, which shall be chosen every four years as well as a premier of external affairs.

The question of financing the EU and its bodies of authority, as well as mutual projects, is left open as one of the biggest issues for functioning of the EU. Even

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<sup>5</sup> Kandzija, V., Economic system of EU, Faculty of Economics Rijeka, 2003.

<sup>6</sup> Rifkin, Jermy, European dream, Skolska knjiga, Zagreb, 2006.

<sup>7</sup> The Economist, 16<sup>th</sup> December, 2000, London, 2000.

though the financial and taxation policy is in empowerment by national countries, a big problem arises regarding participation of particular countries within European budget. This happened in year 2005 when there was a big crisis of introducing the EU budget which was determined till year 2013 thus creating a special debate between developing countries of EU, like France and Great Britain. Regardless of the problems which the EU faced, we need to point out the extraordinary results which it achieved in the period from year 1993 till year 2005, in the field of economics, law and politics what can be seen, regardless of the economical recession, through the stable overall GNP growing on average 2,5 % annually, thus achieving the level of gross GNP per capita more than 23.000 EUR.<sup>8</sup>

Simultaneously, legal acquirements which are the basis for development of human and civil rights, freedom of all citizens of EU have been realised even though certain problems existed regarding legal and equal rights, especially asylums and immigrants within the EU. An example, are civil rivals which arise mainly from persons of Arabic origin, which occurred last fall in France when they were deprived of rights compared to other citizens of France. In political point of view the EU in the past period from the Agreement from Maastrich has shown a relatively great stability since there were no conflicts between particular members. Even the so-called Constitution crisis, when the Constitution of EU was not accepted from France and Netherlands, did not affect the diplomatic agreement achieved to delay the introducing and verifying the Constitution of EU until certain misunderstandings of issues are solved.

Regarding foreign and security policy, the EU has in the last period achieved starting results since every country member must lead and create its external policy even if the EU members follow mutual activities concerning pressing issues. This was especially expressed during the process of determining mutual politics towards South-eastern European countries and the functioning of the International Court in Den Haag. Furthermore, the European Council has introduced the Agenda about development of Social knowledge in Europe in year 2000 know as the Lisbon Agenda. In this Agenda the strategy of scientific and technological progress is determined, especially the development of informational society within the EU till year 2010 with the basic goal that the European Union becomes one of the strongest economic forces and most competitive country on the world market in order to compete with most developed countries in the world such as USA, Japan and similarly.<sup>9</sup> However, this was not accomplished and certain problems exist for its realisation what has determined that the European Comity in March 2006 determines additional measures and activities, regarding the achievement of this concept about scientific-technological and economical development of European Union.<sup>10</sup>

### **3. MODERN TENDENCIES IN DEVELOPMENT OF EUROPEAN UNION**

European Union and its country members, regardless of specific problems in the field of economics, politics or in society, in the past period, has continually developed as a modern society, combined with European countries, which have the largest market in

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<sup>8</sup> Vukovic, I., European economy, Dalmatina, Zagreb, 2003.

<sup>9</sup> European Council, The Lisbon Strategy also known as the Lisbon Agenda or Lisbon Press is a comprehensive action and development for the European Union, Lisbon, March, 2000.

<sup>10</sup> European commission, EU Sustainable Development Strategy, Guthenburg Strategy, Luxemburg, 2001

the world and which dominate in foreign exchange, being that they participate over 45 % in the world trade of goods and services.<sup>11</sup> Moreover, we need to point out the economical meaning of internal European markets within the European Union where an economic frame exists for free fluctuation of goods, services, capital and labour. In that view it is estimated that the trading transactions within the EU, the so-called internal trade exceeds 3.0 billion euros thus showing a constant tendency of growth of valued services and financial transactions. The market of financial capital on the European market is a place where one trades with different financial instruments from money, credit, foreign currencies, securities, to euro bonds.<sup>12</sup>

According to estimates, the biggest transactions take place on the European market, more than 70 %, where a great deal is carried out in securities, especially stock and bonds, as well as their derivatives, what results with extraordinary impulses in the whole economy development of EU.<sup>13</sup> Therefore, it is estimated the on the unique European market, during year 2005, an exchange of over 150 billion euros was realised, where the ratio of valued transactions of securities was over 60% of total value. The banking and financial sector, especially the different types of financial and investment funds are very developed within the European Union and they hold a dominant position in world measures, where the European financial sector is dominant above the financial sector of other developed countries in the world such as USA, Japan, China and similarly. These tendencies will further continue since the European market in its potentials, as well as, on stock markets, have become the most developed capital market in the world.<sup>14</sup>

Furthermore, the EU has continued its race with USA, Japan, China and other Asian countries regarding scientific-technological development and determined the strategy till year 2015, where priority is given to development of informational technology and its implementation within economic progress.<sup>15</sup> Priority is given to development of scientific-technological progress of modern high technologies, especially informational technology, development of electronics, micro-electronics, nano-technology, development of alternative sources of energy and similarly.<sup>16</sup> In that context, special meaning is given to development of innovative technology, especially through application of Microsoft Windows, through development of operative informational networks of open code. Special significance is given to development and application of the Linex informational network of open operative code which seeks insignificant costs in use and has special benefits in economical and social development of European Union.<sup>17</sup>

Simultaneously, the race against robotisation of European economy continues, as well as the general application of robots in economical and social progress where high financial resources are being invested for its development and expansion in order to insure prestige of most developed countries in the world and so to insure high productivity of labour and competitiveness of European economy on the European and

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<sup>11</sup> WTO and UNCTAD, Trends about development of world trading, Geneva and New York, 2006 and 2005.

<sup>12</sup> Vukovic, I., European economy, Dalmatina, Zagreb, 2003 and Kandzija, V., Economic system of EU, Faculty of Economics Rijeka, 2003.

<sup>13</sup> Vukovic, I., European economy, Dalmatina, Zagreb, 2003.

<sup>14</sup> Ibidem.

<sup>15</sup> European commission, EU Sustainable Development Strategy, Guthenburg Strategy, Luxemburg, 2001.

<sup>16</sup> Dragicevic, A. and D., Period of cibercomunism – High technology and social changes, Gold Marketing, Zagreb, 2003.

<sup>17</sup> Ibidem.

world markets.<sup>18</sup> The biggest problem in economical development of European Union can be energetics through especially high increases on the world market in oil prices, including the problems regarding sources of gas, especially Russian gas and its transactions through Eastern European countries what can result to an economic and energetic crisis in EU. In that context of great importance is the up-dating and realisation of long-term projects, insuring mutual European sources of energy on one side, while on the other side mutual projects regarding investments into projects of alternative sources of energy and its usage in European economy and in European households.

#### 4. JOINING PERSPECTIVE OF CROATIA INTO EUROPEAN UNION

The joining of the Republic of Croatia into the European Union as a legally equal member will in future depend on several circumstances. Firstly upon political, economical and diplomatic security, including the evaluation of most developed countries of EU and USA about the strategic role that Croatia should have, mostly as a Mediterranean European country. In that context, at this historic moment it is necessary to play an extraordinary role in scientific functions and creative activities of Croatian intelligence, within Croatia and wider, in order to strategically create and provide answers to important questions of social-economical, political and diplomatic-security character. Also it is necessary to create a development strategy of Croatia for the next ten years or till year 2020. The European Comity already has a study about development of EU till year 2020, therefore, it is in order for Croatia to have a scientific and political strategy as well.<sup>19</sup>

It is difficult to estimate when Croatia shall be accepted as an equal member into EU, but when I was working on one project regarding progress of European Comity and joining of Croatia, it seemed real that Croatia can become a legal member in year 2010, also based on the Resolution of the European Parliament about Croatia entering the EU.<sup>20</sup>

At this moment, it seems to me that this will be possible to achieve only under the condition to develop a strategy of social-economical progress of Croatia till year 2020-2030, where we need to first observe, from the scientific view, which comparative advantages Croatia has as a Mediterranean country and Central European country. In that context I believe the Mediterranean sea, especially the Adriatic coast and islands, where Croatia has great potentials with thousands of small islands and few large islands, can be the centre of economical development in Croatia and on the whole Mediterranean. It is of great significance to connect our islands into the European and world marine and land corridors, and to further develop those connections with main road European corridors which will enable new investments into various types of economies. Particularly into development of different forms of tourism services which by its features are connected to the Mediterranean how it used to be in the past, what is the main slogan of our newest tourism development strategy in Croatia.<sup>21</sup>

According to a certain concept, the long-term conception of Croatia needs to be to develop into the European California.<sup>22</sup> Within the long-term conception of

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<sup>18</sup> Vukovic, I., *European economy*, Dalmatina, Zagreb, 2003.

<sup>19</sup> European commission, *EU Sustainable Development Strategy*, Guthenburg Strategy, Luxemburg, 2001.

<sup>20</sup> Vukovic, I., *European economy*, Dalmatina, Zagreb, 2003.

<sup>21</sup> Ministry of Tourism of the Republic of Croatia, *Tourism development strategy in Croatia till year 2010*, Zagreb, 1994.

<sup>22</sup> Srica, V., *Innovative manager*, Coroman – Consult, Zagreb, 1995.

development in Croatia as the European California, it is estimated that Croatia has similar performances and conditions for development within the European Union the same as California has within USA as one of the most developed American countries. This demands to research the structure of the economy and concept for the strategic development of California, to also view development of Croatia as a European California, where only from tourism, more than tenths of millions of US \$ can be realised annually. For that reason, the question is whether to allow Europeans to buy real estates in Croatia, particularly land, hotels, apartments and cultural wealth, where within these projects it should be possible to buy real estates, but with the obligation to additionally invest into those real estates and that their further selling should be restricted and prioritised for strategic development of Croatia as the Mediterranean country.

The newest research conducted till year 2030 estimates that the Mediterranean countries will become most attractive regions of development in Europe, and not only for the Mediterranean but for its natural richness which offers possibilities of an alternative and healthy way of life in Europe and in the world. Further, it is estimated that by year 2030 the Mediterranean population will increase from 400 million to more than 450 million people in year 2055, while in other parts of Europe it is estimated to stagnate.<sup>23</sup> The Mediterranean also offers the possibility to use natural resources what will in future be crucial for life which refers to enormous riches which the Adriatic sea has available. Moreover, the energetic resources, especially gas and oil, and their alternative energetic sources such as usage of sun energy, wind and richness of biological sources, can be transformed into different sources of energy just by using modern technology.<sup>24</sup>

Additionally the Mediterranean provides affirmation and development of tradition, also development of industry, which was in the past characteristic for progress of Mediterranean cities. Today by implementing modern technology, projecting, organisation, communication and informational technology it offers possibilities for developing a new Mediterranean economy based on small and middle large entrepreneurship. This can be expressed in all economic fields, from agriculture, olive cultures, vinery and other different Mediterranean cultures. Also it has special meaning in the field of boat construction sites and nautical sites, particularly in development of boat sites and marinas in order to prosper growth in nautical tourism.

Simultaneously, large projects for investing into the economy should be allowed along with selling of real estates, so to create obligation and free right of people living from various parts of Europe within Croatia, what can have certain benefits in the view of not only increasing natural growth, but also developing creativity and knowledge. In the political point of view, an important assumption of Croatia joining the EU as a legal equal member is definitely adopting the European regulations about human rights from Amsterdam in year 1997, and its application in various legal rights and freedom of citizens, along with all ethnic groups in Croatia.

Another important issue is connected to participation of Ante Gotovina along with other generals in Den Haag, whose process and dynamics of solving will depend on the European Unions decision to accept Croatia. This law process on Croatian generals in Den Haag will probably have political implications on relations between Croatia and EU, as well as on USA. The final reasonable decision from the Den Haag Court should be

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<sup>23</sup> ILO, *Economical and social development of the Mediterranean till 2030*, Rome, 2007.

<sup>24</sup> *Ibidem*, pg. 103-110.

based on authentic facts, only then it is possible to make a correct decision which will not disturb the dynamics and tempo of Croatia joining the EU. However, we need to point out that legally equal acceptance of Croatia into the EU till year 2010 opens democratic processes in Croatia which will enable it to long-term develop on the political pluralism, market pluralism and pluralism of different types of ownerships. In these new social-economic and political conditions Croatia can develop on European social-technological and civilisations accomplishments as well as it can develop as a society of knowledge as part of the main progress of knowledge society in Europe.

## 5. CONCLUSION

In the paper we researched and interpreted most important research results of development of European Union and the perspective of Croatia joining into the EU. According to our evaluations, Croatia can be accepted into the EU as a legally equal member only under certain social-economical, political and diplomatic-security conditions till year 2010, by which not all problems will be solved since it is necessary to work on long-term projects and strategies of development of Croatia in order to enable equality with other EU country members.

In that context, within the paper we especially highlight the importance of long-term development of Croatia as a Mediterranean country since the Mediterranean, that is the Adriatic Sea, manages with great natural and human potentials which are crucial for progress of Croatia in need to use these potentials, whereby they present comparative advantages against other country members of the EU. Scientific research has shown that Croatia should in long-term develop as the European California and that it should research progress of California as one of the most developed American States. All of which is based on progress and economical structure in order to create a long-term projection and development strategy of Croatia as the European California.

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