

Croatia

Capital: Zagreb
Population: 4.4 million
GDP/capita: US\$13,185
Ethnic Groups: Croat (89.6%), Serb (4.5%),
other (5.9%)

The economic and social data on this page were taken from the following sources:

GDP/capita, Population: *Transition Report 2006: Finance in Transition* (London, UK: European Bank for Reconstruction and Development, 2006).

Ethnic Groups: *CIA World Fact Book 2007* (Washington, D.C.: Central Intelligence Agency, 2007).

Nations in Transit Ratings and Averaged Scores

	1999	2001	2002	2003	2004	2005	2006	2007
Electoral Process	4.25	3.25	3.25	3.25	3.25	3.00	3.25	3.25
Civil Society	3.50	2.75	2.75	3.00	3.00	3.00	2.75	2.75
Independent Media	5.00	3.50	3.50	3.75	3.75	3.75	3.75	4.00
Governance*	4.00	3.50	3.50	3.75	3.75	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	n/a	3.50	3.50	3.50
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	3.75	3.75	3.75
Judicial Framework and Independence	4.75	3.75	3.75	4.25	4.50	4.50	4.25	4.25
Corruption	5.25	4.50	4.50	4.75	4.75	4.75	4.75	4.75
Democracy Score	4.46	3.54	3.54	3.79	3.83	3.75	3.71	3.75

* With the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author of this report. The opinion expressed in this report are those of the author. The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

During 2006, Croatia continued its slow transition toward democratic standards along a Euro-Atlantic path of EU and NATO integration, though there were still many delays and problems connected primarily to the nationalist system of values developed in the 1990s. The country's inability to deal with war crimes committed during the homeland war suggests a lack of institutional capacity to realize high expectations from citizens who already see their country within the EU framework. The conservative Croatian Democratic Union (HDZ) government has managed to strengthen state institutions and maintain internal security better than the previous center-left government, but it continues to fall short of expectations in its ability to implement macro-level reforms in such areas as the judiciary or to fight corruption, which remains entrenched in the country's institutions. An overall reckoning with ethnic diversity, the need for professionalization of the media, and a more central role for civil society remain areas of concern for the long-term democratization of Croatian society.

National Democratic Governance. Croatia's slow democratic consolidation process progressed in 2006 with the conservative HDZ-led government successfully continuing the country's transition in some areas, surpassing the results made by four years of governance under the liberal coalition, especially in the country's internal stability. However, there is concern about larger institutional stability, owing to the government's inability to deal not only with war crimes committed by highly ranked soldiers, but with what appear more and more to have been crimes planned and orchestrated by the late president Franjo Tuđman and his closest allies. Despite the fact that almost a decade has passed since the war, government reckoning has not taken place in a manner that has fully clarified the roles and intent of the newly formed government structures of the Croatian state. Thus, the government's progress in implementing its European Union (EU) reform agenda has been slower than the EU would like in many key areas, including judicial reform, corruption, minority rights, and economic liberalization. This occurs at a time when EU concern about further enlargement has required the Croatian government to firmly demonstrate its commitment to implementation. *Accordingly, Croatia's national democratic governance rating remains at 3.50.*

Electoral Process. For the first time in its history, Croatia is trying to create a legal framework that puts limits on the financial fluctuations among state and public companies and political parties. The proposed law, which has yet to be adopted, states that anonymous donations to political parties would be prohibited and puts a limit on donations for individuals and companies, including state-owned

companies. However, the proposed law does not deal with the specifics of financing political campaigns during elections, which is important since this is when political parties spend the greatest amount of money. In 2006, several local reelections took place and were carried out within democratic standards. Also, electoral laws were changed at the local level to allow citizens to vote directly for mayors. *As the draft legislation to create a legal framework for funding political parties, and the revision of local-level electoral laws to allow direct-election of mayors have yet to be adopted, Croatia's electoral process rating remains at 3.25, although ongoing reform efforts raise expectation for future improvement.*

Civil Society. Civil society engagement with the government brought about some success in the passage of the hate crimes amendments to the criminal code in 2006. However, the overall influence of reform-related civil society organizations in Croatia, whether environmental or more human rights-oriented, remains dwarfed by the influence of more reactionary forces like the country's organization of war veterans or the role of the Catholic Church. *The rating for civil society remains at 2.75 owing to the challenges many civil society organizations still face in their efforts to influence the policy process.*

Independent Media. While 2006 saw improvement in the space for critical reporting on sensitive subjects in Croatia, the reality of commercialization, government influence, and the sharp rise in sensationalist journalism weakened media diversity. The overall media picture shows a significant rise in tabloid-style print coverage of sports, celebrities, and lottery games. Serious social, political, economic, and cultural issues have not disappeared completely but are becoming more a framework for advertising than serious focus points. Even though the social climate has changed enough to allow for the opening of mainstream media to sensitive subjects hidden over the past decade, the industry's present massive commercialization has left print media without a respectable or trustworthy image, with television dominated by the national HTV (still the main news source for the majority of the population). *Croatia's independent media rating worsens from 3.75 to 4.00 owing to its failure to develop media standards and the markedly increased commercialization of the media during 2006.*

Local Democratic Governance. Legislation drafted in 2006 to allow Croatian voters to directly choose mayors during the next round of elections should go some way toward improving local democratic governance. However, the country is still running a large and complicated set of regional and local government institutions that are far more expensive than efficient. Constant EU pressure to decentralize has resulted in a larger distribution of duties and responsibilities, but these are almost never followed by a commensurate distribution of resources. During 2006, several local- and county-level reelections took place, all within democratic standards and without significant political changes. *Despite the draft decision to put legislation in place to locally elect mayors, local democratic governance*

remains at 3.75 owing to the slow progress in initiating decentralization processes that work in practice.

Judicial Framework and Independence. In May 2006, the parliamentary Committee for Human and National Minority Rights adopted legislative amendments that introduce the concept of hate crimes into the Croatian criminal code, which represents a key step forward in improving the domestic legal framework. At the same time, the high-profile trial of top-level politician Branimir Glavaš, accused of war crimes in eastern Slavonia, demonstrated many weak points in the domestic judicial framework, which is still struggling to reform to EU standards from its partisan, unprofessional, and wartime beginning. There has not been sufficient progress in developing a functional legal framework; as a result, the judicial system remains one of the country's top problems in negotiations with the EU. *The rating for judicial framework and independence in Croatia remains at 4.25 since little real progress was made in 2006.*

Corruption. During 2006, Croatia did not improve significantly in its fight against corruption, causing the EU to highlight corruption as one of the three most problematic areas in the country's reform. During the year, numerous reports put the spotlight on corruption primarily within local administrations, many sections of the judicial system, police, customs, and public health institutions. The governmental proposal on the Law of Financing of Political Parties is currently one of most important administrative attempts to decrease corruption. How it is implemented will provide an indication of whether the government is serious in its newfound commitment to battle institutional corruption. *However, the corruption rating remains at 4.75 since only limited progress was recorded in 2006, even as public perception of the problem grew substantially.*

Outlook for 2007. It is difficult to predict the domestic impact of the upcoming ruling of the International Criminal Tribunal for the Former Yugoslavia, where several of Croatia's most important generals are accused of being involved in a so-called criminal organization led by President Tudman that aimed at building up a "Greater Croatia." Such a ruling could have a profound effect on the government's legitimacy and the institutions in place today. While the EU and NATO path remains Croatia's key political point of consensus, weariness with what are perceived as ineffective reforms and a reconsideration of the cost of membership could hamper Croatia's pace of reform in the year ahead. Regardless, clear progress in harmonizing the macro-level reforms, whether on economic liberalization and the fight against corruption or through the judiciary, will be needed to convince both citizens and outside observers that Croatia is ready to be considered a more consolidated democratic state.

MAIN REPORT

National Democratic Governance

1999	2001	2002	2003	2004	2005	2006	2007
n/a	n/a	n/a	n/a	n/a	3.50	3.50	3.50

Croatia continues slowly to improve its governmental system, which is generally considered to be functional and democratic. But there are still dozens of gaps in the framework and performance of the government as the country gradually consolidates its democratic practices. These growing pains are due partly to the process of transitioning from a formerly Socialist country and partly to the additional problems related to the legacy of building a state during a time of war.

The current Croatian Democratic Union (HDZ) conservative-led government has continued the democratization process that started after the death of the country's first president, Franjo Tuđman, in 1999. In some ways, especially in the areas of internal security and overall central government strength, the HDZ has produced more results than the liberal coalition of Social Democrats (SDP) during its four years of government following Tuđman's death. After coming to power in 2000, the liberals managed to overcome international isolation, making significant steps in domestic reforms and gaining admittance to international institutions.

However, the SDP government suffered under the constant shadow of domestic protests that threatened to overthrow the civil government. This is possibly explained by the fact that the HDZ is currently controlling extremists much better than the liberal coalition was able to do and also because Ivo Sanader's HDZ, while in the opposition, used extremists against the SDP-led coalition, which is not the case now. Indeed, Prime Minister Sanader has managed to build up a strong state with a centralized structure. Although there are clear reform gaps, the current HDZ-led government performs in a much more centralized way than the previous SDP-led regime.

The main concern regarding the stability of Croatia's governmental system lies in the fact that the largest parliamentary consensus reached after the death of President Tuđman produced the famous Declaration of the Homeland War in 2000. In this statement, almost all political parties united to declare that the Croatian war was a legitimate defense against Serbia's aggression and necessary for the liberation of Croatia, not the conquest of sections of Bosnia and Herzegovina (BiH). The declaration also produced a certain approach to the value system present throughout the state administration, which prioritizes political connections, informal networks, and short-term personal gains over longer-term transparent institution building. Accordingly, those within the HDZ political elite, as well as coalition partners and even the opposition elite, continue to benefit from the patronage system that connects the political and economic spectrums of Croatia.

The relevancy of this legacy grew during 2006 as more public attention was given to indictments by the International Criminal Tribunal for the Former Yugoslavia (ICTY) against several highly ranked Croats (who are currently in custody in The Hague) as allegedly being part of a “joint criminal enterprise” that had the specific aim to create a “Greater Croatia.” If the ICTY’s prosecution manages to prove its accusations, a greater scandal than merely changing Croatian history books can be expected. First, there is no relevant political party in the country—except perhaps the urban-intellectual-based *Hrvatska Narodna Stranka* (HNS) (Croatian Peoples Party)—that can claim in the public record any strong criticism of the HDZ’s involvement in BiH and the way the government was managed in Croatia.

Second, and more important, the country’s current social and political development gives no guarantees that domestic institutions could handle a shift from the image of “father of the nation” to “war criminal” conferred not only on the late president Tuđman, but also on a large group of his close associates, who still hold top political, legal, and economic posts in Croatia. A public reexamination of this sort could ultimately assist Croatia in its long-term democratization process, but the short-term impact could likely be politically destabilizing and threaten to boost nationalist and denial-based public figures.

Since Ivo Sanader’s HDZ managed to return to power, the negotiating process with the EU on potential membership has become the central focal point for domestic political policies. Prime Minister Sanader appears to use EU direct warnings mainly as the bottom line for necessary democratization changes as he balances EU demands and HDZ capabilities. In many ways, the EU has become the most important actor in Croatia’s democratic transition. However, the current status of negotiations with the EU regarding Croatia’s eventual accession is much slower than Sanader was promised and the country has been expecting. Accordingly, EU fatigue on the side of Croats regarding the demanded reforms could be a concern in the year ahead if the EU does not provide concrete assurance of membership.

All major political parties have continued their previously adopted agendas, and no significant shift in ideology or programs was recorded during 2006, even as parties maneuvered to position themselves for parliamentary elections later in 2007. As in many countries, the political party names do not actually correspond with the stated agendas. For example, the “Social Democrats” (SDP) are very close to a liberal ideology, while several “liberal” parties (Croatian Social-Liberal Party, Liberal Party, and so on) are basically nationalist-oriented. The “populist” party *Hrvatska Narodna Stranka* (HNS) is in fact a group of generally urban-based intellectuals; the “party of law” (Croatian Party of Rights) is often connected to pro-fascist ideology; and the ruling “Democratic Union” (HDZ) has the largest portfolio of authoritarian acts and secret deals of any political party in Croatia.

According to the 2006 annual World Bank report,¹ Croatia lacks a business environment that could be called free. For several years in a row, the World Bank has ranked Croatia very low in terms of the country’s overall business environment. This is mainly because the state government in many ways dominates the

economic system, while the legal framework of the business environment is often used as protection for a single favorable producer, seller, and user—the state over clear competition.

Ethnic tension in Croatia remains a concern since Croatian Serbs that remained or have returned continue to experience a challenging existence.² Even though official policies have improved related to minority rights, violence and tension are still common, particularly in the Lika region, northern Dalmatia, and western and eastern Slavonia. In its yearly report on Croatia, Human Rights Watch highlighted this concern by titling the report *Plight of Returning Serb Refugees May Slow EU Bid*.³

Electoral Process

1999	2001	2002	2003	2004	2005	2006	2007
4.25	3.25	3.25	3.25	3.25	3.00	3.25	3.25

The legal framework for funding political parties in Croatia is very weak, and it fails to meet the necessary standards in more than just a declarative way. The financing of political parties and their activities not only corresponds to the workings of the country's political system, but is also at the heart of the fight against corruption. Attempts to correct the situation with new legislation began in 2006, but both the content and passage of this legislation have not yet had the opportunity to show any effective strengthening of the legal framework. The real test will be during parliamentary elections scheduled likely in November 2007.

Since Croatia's independence, the structures of party financing have been chaotic at best, with opaque means of transferring and securing funds. Many citizens disagree with the current practice of financing political parties and assume that much of the taxpayers' money is used illegally for this purpose.⁴

After a decade of internal demands and critique—and more importantly, after critique from the European Commission—Sanader's government finally attempted to construct such a law during the second half of 2006. The proposed legislation states that all anonymous donations to political parties would be prohibited, something new in Croatia. The law puts a limit on donations during a one-year period—1 million kuna (approximately US\$170,000) for companies and 90,000 kuna (US\$15,250) for private individuals. The proposed law also forbids the financing of political parties by majority-owned state, region, city, or municipal companies.

The law has not yet been adopted, and delays have already been criticized by the opposition, since the current period can still be used for collecting financial sources that will go unchecked later. The law also does not deal specifically with the financing of political campaigns during election time, which is important since this is when political parties are most likely to spend the greatest amount of money.⁵ Accordingly, additional legislation that focuses on this portion of party financing has been urged by a number of civil society actors.

With no major elections during 2006, the long-term problem with outdated voter lists did not draw any additional scrutiny or impetus for change. The only other legislative change put forward in draft form was the provision to allow for the future direct election of mayors. Until now, mayors had been chosen by political parties that won or controlled a majority within city parliaments. The provision would not similarly change the way local prefects are elected, even though earlier draft versions of the proposed law suggested direct voting for prefects as well.

During 2006, reelections at the local and regional levels happened in several places, including Dubrovačko-Neretvanska and Požeško-Slavonska County, the city council of Velika Gorica, and the municipal council of Stara Gradiška. Elections were generally carried out in a democratic manner and with voter turnout around 40 percent, similar to previous elections in those areas. The reelections took place because some representatives changed political parties at the local level; even though they kept their mandates, elections were necessary to provide a new mandate to the political party that the representatives joined.⁶

Civil Society

1999	2001	2002	2003	2004	2005	2006	2007
3.50	2.75	2.75	3.00	3.00	3.00	2.75	2.75

The rapid acceleration of nongovernmental organization (NGO) registration continues in Croatia, and it is estimated that more than 20,000 NGOs formally exist. Yet many of them exist as registrations only and have no activities. But however difficult it is to actually count the number of NGOs, it is even more difficult to assess their influence within Croatian society.

According to the national survey taken by the Ivo Pilar Institute in June 2006, around 48 percent of citizens believe that as individuals they do not have any influence on decisions regarding social or political issues at the local level. Citizens are even more skeptical of their influence on important decisions at the regional (61 percent) and national (63 percent) levels. The same research states that around three-quarters of those surveyed express a generally positive opinion regarding NGOs, with a quarter not having an opinion on NGOs, and citizens with a generally negative stand regarding NGOs are now very rare.⁷ This attitudinal shift has come about slowly over the past five years—while now, perhaps not seen as particularly effective in their respective agendas, NGOs are at least no longer viewed as potential “enemies of the state” by the state and public media, as was sometimes put forward during the Tuđman years.

Probably the biggest success for the entire NGO scene was the adoption of the amendments that introduced the term *hate crime* into the Croatian criminal code during 2006. The amendments were presented by two human rights-oriented NGOs called Iskorak and Kontra, and pressure to follow through on their passage was key for the eventual government adoption. These groups, as well as other

relatively powerful human rights-oriented NGOs like the Helsinki Committee (Hrvatski Helsinški Odbor), B.a.b.e. (Budi Aktivna, Budi Emancipirana—Be Active, Be Emancipated), the Dalmatian Committee for Human Rights (Dalmatinski Komitat Za Ljudska Prava), Altruist, and so on, are also more or less successfully continuing the tradition of the strong human rights NGO scene built during the 1990s, even as funding for these types of activities is becoming more difficult to secure. Yet the involvement of strong advocacy groups in more detailed research aimed at government policymakers remains low or takes place on an ad hoc basis.

Environmental groups have continued their activities but remain small players, at least at the local level, even though the environment is one of the country's most important assets as a tourist destination. For example, the environmental NGO coalition Zagora's Bells (Zvona Zagore) from the rural Dalmatian area has been protesting over the past two years against the building of a large recycling center in the mountainous Lecevic area north of the city of Split. According to the coalition, the recycling site should be moved to another location given "the potential for groundwater contamination." The chemical used in the recycling process in this mountainous rural area could pollute the drinking water used by the overpopulated urban areas below it. However, despite independent scientific studies to this effect, media campaigns and appeals to local and central government officials have led to no noticeable change in government policy.

The largest and by far most influential Croatian NGO is the veterans' organization HVIDRA (Hrvatski Vojni Invalidi Domovinskog Rata—Croatian Military Invalids of the Homeland War). HVIDRA is an umbrella group that unites many local and subregional organizational wings, with constant changes within its leadership. Since it is well funded by the government, HVIDRA has changed the perception of NGOs in Croatia and could be influential in determining the ultimate stability of the political system. In the recent past, HVIDRA was the base of the so-called Headquarters for the Protection of Values of the Homeland War, and this set of actors was influential in weakening the Ivica Račan-led government as it began its Hague cooperation. The main political objectives of the Headquarters for the Protection of Values of the Homeland War remain the complete refusal of cooperation with the ICTY and the dismissal of all domestic legal cases related to war crimes allegedly committed by the HV Hrvatska Vojska (Croatian Army) members. Both HVIDRA and the Headquarters for the Protection of Values of the Homeland War claim that the state should be given to those who defended the "homeland" during the war. Under the HVIDRA umbrella, several veterans' groups that are quite radical still exist and are ready to defend certain political agendas outside of the normal security services command and control.

Croatia has a relatively strong trade union scene that is historically well organized and popular among citizens. The lead union is the SSSH (Savez Samostalnih Sindikata Hrvatske—Union of Autonomous Trade Unions of Croatia), which was founded in 1990 and has about 500,000 members. The other two big unions, the NS (Nezavisni Sindikat—Independent Union) and the HUS (Hrvatska Udruga Sindikata—Croatian Trade Union Association), are followed by several smaller

union groups. The SSSH, traditionally the most aggressive union, is perceived to be close to the ideology of the Center-Left. The HUS is close to center-right values, while the NS has remained in the middle.

The Catholic Church is a dominant actor in Croatian civil society. During 2006, the Catholic Church continued its strong influence on both the state and society, but not necessarily consistently in the vein of reconciliation. For example, during the hate crimes incidents near Zadar in 2006 where a number of Serb returnees were threatened and had property damaged, the local priest sided with a group of ethnic Croats who were provoking Serb returnees. Several months later, when former Slavonian warlord Branimir Glavaš was imprisoned, the local church served him holy mass. The Catholic Church is also aggressively pushing its particular brand of conservative, religious educational programming for elementary and high schools, making it difficult for students not of the Catholic faith to opt out of this religious influence and training.

Independent Media

1999	2001	2002	2003	2004	2005	2006	2007
5.00	3.50	3.50	3.75	3.75	3.75	3.75	4.00

The Croatian media are subject to market rules. But since the domestic market is not free from state and political influences or immune to corruption, it would be difficult to conclude that the media are more independent and diverse than other parts of society. Far from the 1990s, the Croatian media are no longer mouthpieces for the nondemocratic regime, but the media have retained many of the ills that affect other transitional countries.

When looking at the media's overall framework and environment, observers note an improvement in the willingness and ability of Croatia to practice critical journalism, but the day-to-day reality is still well below European standards. For instance, when discussing the physical attacks on Serb returnees in Croatia, a prominent human rights advocate from the Croatian Helsinki Committee, Žarko Puhovski, states that stopping media propaganda from depicting all Croatian Serbs as guilty would improve the general image of Croatian Serbs.⁸ Few of the country's media could claim that they carried out this type of balanced reporting in 2006.

According to the Organization for the Security and Cooperation in Europe (OSCE) mission in Croatia, the general climate for public debate continues to improve, and national media have become more critical and have progressively begun to report on sensitive issues such as war crimes committed by members of the Croatian army and the return of refugees.⁹ However, in its annual report, Reporters Without Borders stated that laws regarding media freedom in Croatia (as in other EU candidates Romania and Bulgaria) remained well below European standards.¹⁰ According to the South East European Media Organization, the media environ-

ment in Croatia still raises concerns, since journalists are working under the pressure of politicians and are exposed to violence, threats, court proceedings, and jail sentences. On the other side, there are no powerful corrective elements within the country, such as effective laws that protect investigative journalists. During 2006, for example, Drago Hedl, a journalist from Osijek who has written about a local politician's involvement in war crimes for over a decade, had to delay his court testimony for the war crimes case being tried in the Croatian courts for several months because of death threats.

By far the most influential media outlet in Croatia is the state-owned national television, HTV (Hrvatska televizija—Croatian Television), which earns around 40–50 percent of its revenues from mandatory subscription fees and the rest through commercials. HTV serves as the primary source of information for an estimated 70–90 percent of Croatians, 50 percent of whom obtain their news from the station's nightly broadcast. The subscription obligates every Croatian household with a television set to pay, without the right to claim that HTV broadcasts are not viewed. Refusal to pay the HTV subscription can bring additional fee penalties as well as potential criminal charges. The strong position of HTV highlights the overall dependency of Croatian journalism on the state, which besides HTV owns the largest national news agency, HINA (Hrvatska Izvještajna Novinska Agencija—Croatian Informative News Agency), and the daily paper, *Vjesnik*, and has stakes in many other smaller local media.

Deregulation of TV channels occurred several years ago, allowing two other non-state-owned national television stations, Nova and RTL, into the national market. But in practice, they can hardly compete with the much stronger HTV. The existence of the two other national television broadcasters only occasionally forces HTV to be more critical in its reporting on the government's activities and state administration. Likewise, the level of professional journalism at Nova and RTL is not much different from that at HTV. Most of the professional staff members at Nova and RTL came from HTV and have the same professional history of acquiring positions through political patronage.

The official government voice can be heard most clearly through the work of the national news agency, HINA, which is under complete control of the state administration. A scandal at the end of 2006 regarding the installation of the new editor in chief provoked the opposition (the SDP) to call for a dismissal of the government.¹¹ Prime Minister Sanader was accused of intervening in the process of establishing HINA's new editor in chief, even as he requested that the board follow set procedures for the selection (something apparently not followed to the letter of the law). Regardless, the incident demonstrated the importance that the two main political parties placed on having the "right" person at the head of HINA.

The most influential print media house is Europa Press Holding (EPH), which is owned by the German conglomerate WAZ (Westdeutsche Allgemeine Zeitung). EPH owns several daily and weekly papers, while the Austrian Styria owns the best-selling daily, *Večernji List*, and the best-selling tabloid, *24 Sata*. EPH and

Styria compete heavily in sports, celebrity news, commercials, advertising, and erotic materials, while journalism is publicly perceived as being a second or third priority. This has created a situation where the previous overt political control of print media has morphed into corporate control, changing Croatian print from black to yellow, with Styria closer to dark yellow and EPH wavering at light yellow.

According to Viktor Ivančić, editor of the *Feral Tribune*, the internationally awarded Croatian paper, journalism as a profession has become subordinate to advertising companies that control thematic areas by paying or not paying for ads. And at this point in Croatia, there are no corrective elements balancing financial interests and the interests of the public. The average Croatian paper receives 50–60 percent of its earnings through advertising, but the respected *Feral Tribune* makes less than 5 percent of its earnings from ads.¹²

Local Democratic Governance

1999	2001	2002	2003	2004	2005	2006	2007
n/a	n/a	n/a	n/a	n/a	3.75	3.75	3.75

Though a small country, Croatia has a large and complicated regional structure, with 20 counties, 120 cities, and 420 municipalities. The system of regional counties was developed in the early days of independence, and since then there has been a never-ending discussion regarding their number, geographic definition, and legal identity. Counties did not exist before 1990 and were probably developed partially to stop the activities of political parties not close to Tuđman's HDZ.

For example, during the 1990s, when the opposition controlled Dubrovnik County, many important competences were shifted to the city administration; likewise, Split County gained more powers when opposition parties controlled the Split city administration. This practice did not stop with the death of President Tuđman but rather continues in smaller ways. For instance, the city administration of Dubrovnik is still stronger politically and economically than the county-level administration, suggesting that the HDZ holds stronger positions in the city than in the county. While the political situation has stabilized somewhat over the past few years, administrative functions at the regional and local levels remain unclear to the average citizen.

In general, these systems duplicate similar city and national administrative functions and have unclear coordination structures in between. Both regional and local government offices are highly dependent on funds from the central state administration and are often used as a political testing ground for the national Parliament. Also, government offices at the local and regional levels are often seen as a way to reward loyal local-level party politicians. Often, the large administration's function is to satisfy the socioeconomic concerns of those in office, while citizens' needs are a secondary priority.

Beginning with discussions in 2005, and owing partially to greater pressure to demonstrate local governance, the government put forward a new set of laws and regulations in 2006 that would allow direct voting for mayors and county prefects. The government sent the Parliament a draft law and it was adopted, but only partially, which meant that mayors would be elected directly while the method for choosing county prefects would remain the same. Making the mayor more accountable to people at the local level may eventually help to improve accountability in general, but overall the convoluted local government system continues to provide less rather than more local government control.

A clear example of the anarchy that can result from these dual and multiple competences may be found in the process of local urban and environmental development plans. Several incidents and some larger demonstrations occurred during 2006 when the State Ministry for Ecology and Building decided to destroy many houses that were built without legal papers. Illegal housing is widespread in Croatia, especially along coastal areas. Lack of financial resources in local administration offices and the complicated administrative network that connects local, county, and central government offices have produced a chaotic situation where some local areas have been left without urban plans for more than a decade. Accordingly, several local administration offices have been issuing building permits without the legal right to do so and even collecting donations to develop urban plans that would help local people build houses.

EU pressure to decentralize according to accession criteria (and to gain in theory a better and more responsive government) has resulted in a larger distribution of duties and responsibilities on paper, but these are almost never followed by a commensurate distribution of resources either on paper or in practice. Local and regional administrations are in many cases overwhelmed with citizens' needs and demands, but without decisions from the central state administration, almost nothing can be done.

Many advise that Croatia should be organized into not more than four counties. Current negotiations with the EU sometimes go so far as to suggest a two-sector division, one coastal and one continental. However, no grand plan has yet been determined. Every two or three years, the national government and local administrations launch new programs to increase the functionality of cities, municipalities, and counties, while the country is involved in several international aid programs that are attempting to increase the level of local government management and public engagement, but the results remain limited and slow.

In April 2006, extraordinary local elections were held in several places where local and regional representatives could not agree on constituting local councils. This affected the counties of Dubrovačko-Neretvanska and Požeško-Slavonska, as well as the city council of Velika Gorica and the municipality of Stara Gradiška, after several local representatives decided to change their party affiliation but keep their mandates. This provoked the government to put in place an order to clarify that political mandates belong to people, not to parties.

Judicial Framework and Independence

1999	2001	2002	2003	2004	2005	2006	2007
4.75	3.75	3.75	4.25	4.50	4.50	4.25	4.25

During 2006, amendments were introduced to prosecute hate crimes in Croatia, and there was some level of reform throughout the judicial system. But the courts in general continued to function with selective justice and lacked the overall political will to properly address the legal rights of citizens. The Croatian Constitution declares protection for fundamental political, civil, and human rights, but in practice the whole judicial system is slow, corrupt, and often partisan. The judicial system remains one of the country's top problems in negotiations with the EU, and progress in developing a functional legal framework has not been sufficient despite years of attempting to tackle an overhaul of the judiciary.

In May 2006, the amendments that introduce the term *hate crime* into the Croatian criminal code were adopted by the parliamentary Committee for Human and National Minority Rights by a majority of votes, while committee members from the HDZ abstained. This is a late but significant step for the domestic legal framework. However, these amendments have yet to be put into practice, since many supporting laws and regulations have to be changed in order to act on them. In addition to continued attacks on ethnic Serb minorities, this legislation will likely be tested in other areas of social difference. For example, during the summer of 2006, other hate crimes related to homophobic physical attacks on tourists in coastal areas of Dalmatia¹³ caught the headlines and concern of foreigners and those in the tourist industry. How this will translate into a proactive government response and use of the new legislation remains to be seen.

Incorporating the concept of hate crimes into Croatia's criminal code was highly welcomed by the OSCE¹⁴ since no other country in the region has yet to manage such a change. According to Iskorak, one of two NGOs that were most active regarding this issue (the other is Kontra), crimes committed against persons because of personal characteristics or beliefs are rarely sanctioned in a proper manner. Violent acts perpetrated by police and security forces are treated as misdemeanors instead of criminal offenses, whereas crimes against national minorities are criminal offenses.¹⁵ Croatia has a complicated system of more than 200 courts, which statistically outnumbers the common standard compared with its number of citizens. This large, poorly run system is far too slow for the needs of common citizens and is often misused by the state administration for its own purposes. The current judicial system reflects social and political problems that occupied the country in the last 15 years. In the early days of Croatian state independence (1991–1993), many experienced judges were thrown out because of their political connections to authorities from the former Yugoslavia or because they were of Serb nationality. This purge was followed by the wide employment of individuals connected to or recommended by the Tuđman-led HDZ. Many of the new judges were not experienced enough to oversee the legal system in difficult war times.

More complications came about during the first and second waves of privatization (1991–1993 and 1993–1997). In both instances, the judicial system, as well as the entire state administration, did not pay proper attention to the legality of privatizations but rather followed high-level political orders to take care of the “paperwork.” Even without mentioning the courts’ reputation for denying many rights to citizens of Serb nationality or to Croats who did not support President Tuđman, the judicial system came to be perceived as the “third hand” of the ruling HDZ and lost any credibility that it had tried to build during the late 1980s.

With its combined record of human rights cases, domestic war crimes cases, and legally questionable privatizations, the judicial system has a tough legacy to overcome. The highly anticipated domestically conducted war crimes trials of Generals Mirko Norac and Rahim Ademi continue to be prepared under tough scrutiny. Efforts at reform from the top and the much discussed technological improvements, training of judges, and so forth have had a limited effect, but the political will to deal with all of the current issues is still lacking. After the death of President Tuđman, the judicial system stepped into the twenty-first century with a backlog of over one million unsolved or partially solved cases, and some of these are quite compromising for today’s judges.

A fresh example that demonstrates the dysfunction of the Croatian judicial system is the case of Branimir Glavaš, a current parliamentarian and one of the founders of the HDZ in the Slavonia region. Starting in 2006, Glavaš came under investigation for war crimes that happened in the beginning of the 1990s, but he was not imprisoned until November owing to threats made against witnesses. Even though independent media published many of these witness testimonies more than a decade ago, the investigation did not begin until Glavaš left the ruling HDZ and formed his own local party, which took away many votes that traditionally went to the HDZ. A similar situation can be found in the state prosecution, though here more political will has been displayed. Despite pressure from many hard-liners, the current chief prosecutor, Mladen Bajić, has reopened a number of cases that his predecessors did not want to deal with, but again the court system has been slow to process these.

Corruption

1999	2001	2002	2003	2004	2005	2006	2007
5.25	4.50	4.50	4.75	4.75	4.75	4.75	4.75

During 2006, Croatia did little institutionally to improve its fight against corruption, which is widespread throughout the state administration and public institutions. In current EU negotiations, the EU points to corruption¹⁶ as one of the three most problematic areas in Croatia. For the second year in a row, Transparency International rated Croatia 3.4 on a scale of 0 to 10, with 0 being most corrupt, in its Corruption Perceptions Index, above most of the former Yugoslav countries in

the region, but below most of its Central European EU neighbors. A number of different reports suggest that corruption is the most obvious within the local administration, many sections of the judicial system, police, customs, and public health institutions. For example, according to a 2006 survey taken by Zagreb's office of Transparency International, more than 40 percent of complaints from local citizens regarding corruption were connected with the judicial system.¹⁷

The government made a key effort in 2006 with a proposal for the Law of Financing of Political Parties, but overall, prosecution of corruption-related crimes has been slow. For example, Croatia has lacked a proper mechanism for fighting money laundering for more than a decade. In the last nine years, only two people have been sentenced to prison for this kind of illegal activity. The government office for fighting money laundering established in the Ministry of Finance claims that more than 140 cases (since 1997) have been reported, but owing to a lack of cooperation with other institutions, these have resulted in a low level of investigations and results.

To understand the widespread corruption in Croatia, as well as the government's inability to fight it, it is useful to keep in mind the concept of "ideological corruption." In the case of Croatia, this refers to the creation of many parallel institutions or systems of management and protocols based primarily on a hard-core nationalist system of values rather than any stated policy or regulations. Ideological corruption is most obvious in the judicial system and at the regional level of administration.

Historically, many criminal cases, from war crimes to suspicious privatization deals, that were widely reported in the independent media have never been investigated or prosecuted. For example, in 2006 questionable deals related to the privatization of the pharmaceutical company PLIVA and business deals at the shipbuilder Brodosplit were prosecuted not through the court system, but rather through specially appointed state-level commissions, which by the end of the year had yet to produce any findings.

By the end of 2006, there were several statements from top-level politicians (some of the closest associates of the late president Tuđman) regarding Croatia's system of parallel institutions. For instance, former minister of foreign affairs Mate Granić¹⁸ confirmed the existence of a parallel system within the Ministry of Defense. However, further public statements or actions related to this statement have yet to happen. Several large corruption scandals in 2006 backed the theory that attempts from state officials to fight corruption were never efficient since the state itself has been involved in corruption from the 1990s to the present. During the fall of 2006, President Stipe Mesić stated to Reuters that he believed the country had finally gained enough political will and organizational capacity to fight corruption, figuratively comparing corruption with an octopus that hangs over the whole state, sucking its blood.¹⁹ However, the president was responding mainly to one particular corruption scandal that involved funds from the 1990s and primarily former HDZ governments.

Based on knowledge of the crimes that have been publicly reported, a good portion of organized crime groups in Croatia appear to be connected with or come from the war veterans' population or other individuals who once served within the Ministry of Defense. Owing to many unclear war events, especially in the ethnic Croat territories of Bosnia and Herzegovina, some war veterans continue to use their political and law enforcement connections for illegal activities. The trafficking of humans, illegal drugs, and weapons is often connected with illegal organizations that are built around a society of former soldiers, especially around fragments of security and intelligence services developed during the 1990s.

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- ¹ Doing Business 2007: Reforms Make a Difference, World Bank, September 6, 2006, <http://web.worldbank.org>.
 - ² Pupovac, Milorad, July 25, 2006, <http://www.vecernji-list.hr/newsroom/blackchronicle/598293/index.do>.
 - ³ Human Rights Watch: Croatia: Plight of Returning Serb Refugees May Slow EU Bid, September 1, 2006, <http://hrw.org/english/docs/2006/09/01/croati14114.htm>.
 - ⁴ Transparency International Croatia: Priopćenje za medije—Građani žele čiste račune u političkoj areni [Media Statement: Citizens Ask for Transparency in Political Arena], July 7, 2006.
 - ⁵ GONG, http://www.gong.hr/hr/Downloads/Osvrt_na_Nacrt_financiranje_GONG.pdf.
 - ⁶ In Velika Gorica, the coalition of SDP-HNS-HSLs won 38.17 percent, followed by HDZ with 34.63 percent and DC 10.09 percent. In Duborvačko-Neretvanska, the county coalition HDZ-HSLs won 32 percent, followed by the independent list of Stipe Gabrić Jambo with 20 percent, the coalition SDP-HSU with 16 percent, coalition HNS-SHUS with 12 percent, and HSP with 6 percent. In Požeško-Slavonska county, SDP won 42.16 percent, followed by HDZ with 22.91 percent, HSS with 7 percent, and independent list Antun Lovrić with 6.5 percent. At Stara Gradiška, HDZ won with 40 percent.
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 - ⁸ Puhovski i Pupovac o izvješću Human Rights Watcha (Puhovski and Pupovac about HRW report), September 9, 2006, <http://www.index.hr/clanak.aspx?id=326346>.
 - ⁹ OSCE Mission to Croatia, Media Freedom, <http://www.osce.org/croatia/13152.html>.

- ¹⁰ Reporters Without Borders: 2006 annual report, *Europe and the Former Soviet Bloc*.
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- ¹⁸ Repovi proslosti: M. Granić o pljački u MORH-u:Kriminala bilo zbog paralelnog sustava (Debts from History; M. Granić About Criminals Within MoD, There Were Criminal Activities Because of a Parallel System) November 4, 2006, *Večernji List*.
- ¹⁹ President Mesić in statement to Reuters, October 13, 2006.