

CROATIA'S NEOLIBERAL TRAJECTORY: THE APPLICABILITY OF VARIEGATED NEOLIBERALISM IN THE CROATIAN POSTSOCIALIST CONTEXT

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ABSTRACT: *Using a loose theoretical framework of variegated neoliberalism, this paper attempts to conceptualize the applicability of neoliberalism to a postsocialist context, focusing on the case study of Croatia. I begin with an overview of concepts of neoliberalism and how outcomes of economic reform are shaped by society, followed by a brief introduction to Croatia's historical and social setting. The analysis first examines the ways that market-reform is politically impeded, illustrated by empirical case studies of tourism and the privatization of public utilities; and second, the ways in which the neoliberal process has been contested by counter neoliberal discourses, using examples of culturally embedded ideologies of nationalism, the moral lens, and anarcho-syndicalism. The primary emphasis of this paper is the postsocialist era, but given the influence of Croatia's candidacy to the European Union on market-reform debates, the paper will include such debates.*

Keywords: *variegated neoliberalism, postsocialism, Croatia, embeddedness, privatization*

INTRODUCTION

More often than not, we look for common themes in the real world from which to abstract generalized conclusions, explanatory theories or prescriptive models. Neoliberalism is no exception to this, although geographers, along with other key social scientists, have played a significant role in countering this through contestations of neoliberalism or more nuanced understandings of the role of space in defining neoliberalism (Pickles, 2010). Within this realm, there has been a great deal of work that has covered the concepts associated with neoliberalism, which I use in its loosest conceptualization through Tickell and Peck's (2004: 1) overarching, yet simple reference to neoliberalism as "the political project to visualize free market utopia...the downsizing of nation states that enlarges the space for private accumulation, individual liberties, and market forces." Authors have attempted to conceptualize constructions of neoliberalism (Peck, 2004), and the operations of neoliberalism in developed countries (USA, UK, Spain), developing countries (India, China, South East Asia; Amsden, 1990; Ong, 1991) and less developed nations (Ferguson and Gupta, 2002). Further works have been written on the significance of capitalist changes in the postsocialist countries after the collapse of socialism in 1989, including the ways in which postsocialism has created a distinctive space for neoliberal reform (Pickles, 2010; Smith and Timar, 2010).

I take these concepts further to investigate the ways in which the increasingly dominant process of neoliberalism has been characterized and shaped by the existing social setting in postsocialist Croatia, a country that has recently undergone extensive social, economic and political transformation following the disintegration of the Socialist Federal Republic of Yugoslavia (SFRY). Using a loose theoretical framework of variegated neoliberalism, I will attempt to conceptualize the applicability of neoliberalism to a postsocialist context, focusing on the case study of Croatia as represented by the literature and empirical studies of tourism and the privatization of public utilities. The proposed accession of Croatia to the European Union (EU) influences its position in relation to market-reform. Debates surrounding Croatia's proposed accession will therefore be included within the overall discussion. However, whilst recognizing that both economic and political motives are at play, the primary focus of this paper is to the economic motivations and consequences.

This paper begins with some theoretical ground work on concepts of neoliberalism and how the outcomes of this process are shaped by society. This will be followed by an introduction to Croatia's historical and social setting. Then, the analysis will proceed in two sections, first the ways in which market-reform is politically impeded, illustrated by case studies of tourism and the privatization of public utilities; and second, the ways in which this process has been contested by counter neoliberal discourses, using examples of culturally embedded ideologies, such as nationalism, the moral lens, and anarcho-syndicalism as forms of counter hegemony.

The Kingdom of Yugoslavia formed in 1918, and underwent a few name changes before becoming the Socialist Federal Republic of Yugoslavia (SFRY) in 1963. In the 1990s, Yugoslavia began to disintegrate, and Croatia gained independence in 1991, followed by four years of civil war. As a repercussion to the longstanding political dominance of socialism and in a process of nationalist, anti-socialist and anti-'Eastern' 'othering' (Krajina,

2009, Sakaja and Stanic, 2011), immediately following independence Croatia followed a strong nationalist sentiment, further characteristics of which will be discussed in the analysis of ways in which counter neoliberal discourses have emerged in the socio-cultural context. Associated and integrated with this transformation has arguably been a rise of what could be characterized as neoliberal reform: marketization, market-oriented privatization and deregulation (or reregulation). Simultaneous to this process of postsocialist transformation, there has also been an ongoing preparation for EU accession. Bearing in mind the difficulty of differentiating between those processes which are often cases inextricably intertwined, this discussion revolves around both 'de-socializing' policy as a consequence of postsocialism and active preparatory, particularly economic, policy for EU accession.

NEOLIBERALISM: A THEORETICAL OVERVIEW

Discussion of neoliberalism first requires some theoretical ground work and navigation within a chaotic, politicized sphere, which "is far from a monolithic, undifferentiated project" (Tickell and Peck, 2004). There are a few important points to acknowledge. Firstly, neoliberalism should be seen as a process rather than a taken-for-granted 'natural' end result. Second, this process is not necessarily "predetermined by some 'hidden hand' of international market forces", but rather it should be seen as a politically motivated economic outcome. Finally, there are many approaches to the process of neoliberalism, and "economic geographers have long opposed flat earth conceptions of neoliberal globalization", in particular, these blanket applications have been criticized for being based on "unmediated market hegemony, cultural homogenization, institutional convergence and the associated 'one best way' in corporate governance, economic regulation and social policy" (Tickell and Peck, 2004). Furthermore, neoliberal motivations can take place within contradictory 'scalar politics' as shall be elucidated further on (Swyngedouw, 2007). I take an interpretation of Peck's variegated theoretical stance, in which there is no single 'higher power,' no single trajectory and neoliberalism comes in many varieties to be shaped by the existing social context in which neoliberalism operates (Peck, 2004). Peck further argues that "there are, of course, many varieties of this 'neoliberal model' which can only be defined in relatively abstract terms, since even the United States represents a 'case' rather than the model itself" (2004:393). In the context of this case study, there are certain guidelines as outlined by the EU, for example, certain levels of competition, flow of goods, tariffs and such, although I stress that this is just one form of many possible neoliberal trajectories that Croatia chose to follow.

These forms of variegated neoliberalism relate well to Polanyian theories of embeddedness, which are particularly relevant in the Croatian context. Polanyi argues that economic interactions are deeply embedded within society to form a 'Market Society' (Polanyi, 1944). In this case, since social contexts differ widely, the application of neoliberalism could result in uneven and varied political and economic outcomes. Furthermore, the social setting provides a starting point which can prove productive and counter-productive to the introduction of market-based policy. Productive in that the social setting may be conducive to neoliberal policy, but simultaneously counter-productive by instigating barriers or protest, characterized by Polanyi as double movements. This will be further explored in the section on social contestations of neoliberalism.

A further point that is often left out of neoliberal discourse which Rose (1994) emphasizes and Peck (2004) summarizes is that "neoliberalism \neq deregulation." The hegemonic neoliberal discourse emphasizes the deregulation of the market in which processes of reducing state intervention lead to the "absentee state," yet in reality the role of nation-state *government* is being renegotiated in relation to supranational *governance*, tantamount to a rescaling of governance. In the Croatian context this becomes more relevant with the introduction of EU accession. The EU renegotiates the role of the state by defining particular policies, and the enforcement of such policies. In some key areas the EU will mediate policy, e.g. trade, and movement of goods and people and membership assumes acceptance of these based on member agreements. Yet nation-states withhold power in other areas of domestic policy, with the caveat of relinquishing some sovereignty by assuming EU law overrides national law in particular instances. Thus the EU can require the nation-state to adopt a particular policy, which in one way weakens the nation-state but also reinforces it through nation-state responsibility for enforcing such rules, effected through processes of governmentality. The EU does not micro-manage nor does it replace nation-state, there are some forms of regulation and enforcement which are absolute, but it is up to national and local levels of government to abide by these policies, so it really is a form of reregulation and renegotiation of power, rather than deregulation.

CROATIAN POSTSOCIALIST CONTEXT: PHASES OF REFORM

The start of Croatia's neoliberal trajectory and the unraveling of socialism arguably begins with Croatia's declaration of independence in June 1991 from the SFRY. Following the declaration of independence begins *phase one* of market reform (1991 – 1999), characterized by slow privatization and perceived by the public as riddled with

corruption and nepotism, under the ultra-nationalistic regime of Franjo Tudjman and his party the Croatian Democratic Union (HDZ). During this phase, which I define politically under the Tudjman regime and economically by slow privatization, the government formed the Croatian Privatization Fund (CPF) 1991, as an “independent legal entity responsible for management of the privatization process in Croatia” (CPF, 2012). The Croatian Competition Agency (CCA) was created in 1997 pursuant to the Croatian Competition Act (1995), which mainly limited market concentrations conducive to monopoly and prohibited cartels. During this phase, not only was the process of privatization non-transparent, the process was not very successful given that market competition stagnated (Ballinger, 2006). Following Tudjman’s death in December of 1999, a new government was formed under a coalition led by Social Democratic Party (SDP) in 2000, characterized as *phase two* of market reform under a new political regime. This prompted a reorganization of the Croatian Privatization Fund to promote “increased foreign investment, structural adaptation of the economy to standards of the EU and increased legal transparency” (Ballinger, 2006:12). EU candidacy status was gained by Croatia in 2004, thus is included in this phase.

STATE LIMITS TO PRIVATIZATION: POLITICAL CONTESTATIONS

This section will discuss some of the ways in which neoliberalism is either supported or contested through state limitations, in relation to two case studies, the privatization of public utilities, and the privatization of tourism. Through the following sections I attempt to underline issues related to the following questions: *How are postsocialist reforms and policies neoliberal in nature? Why is the social context conducive or counter-productive to the introduction of neoliberal reform? How does the case of Croatia support the variegated neoliberalism thesis?*

The Case of Privatization of Public Utilities

In attempting to answer these questions, first I will examine the privatization of public utilities in Croatia. Cuckovic et al. (2011) provide an in depth analysis of the privatization of public utilities, using case studies in the telecommunications, oil and gas industries. As Cuckovic et al. (2011) note: “public enterprises in these sectors [telecommunications, oil and gas] were usually the most valuable parts of the state portfolio.” By selling off and privatizing public enterprises this serves as a double edged sword of shrinking the state, by reducing the state’s responsibility to provide utilities but also *restricting* the ability to provide welfare service by tying the hands of the state with decreasing revenue. In addition, through the sale of corporations in such industries, political ties become privatized ties. The firms are partially disembedded from the state politics and society, although this depends highly on the portion of the corporation that is sold. In some cases, for example in the privatization of Croatian Telecom, Cuckovic et al. (2011) observe that with the transference of the firm to foreign ownership, there were strong attempts to remove political influence “from top management” (2011:24). However, in other cases such as the privatization of INA, Croatia’s largest oil company, the state withheld “large state holding” and exerted strong political influence, “by having members of the political nomenclature in the supervisory and management boards,” almost akin to a developmental state model (Cuckovic et al. 2011:24). The Croatian government would sell state-owned companies in order to proceed with processes of privatization, but in doing so, the state would either keep a percentage of ownership or keep state officials on the board, such as in the case of INA, giving the impression of privatization whilst retaining political control. This mostly occurred during *phase one* under Tudjman’s nationalistic regime, representing a counter-productive element of the Croatian social setting to neoliberal reform. Although socialism had collapsed, due to existing ethnic tendencies, socialism was replaced with a form of political nationalism that was also not particularly favorable to neoliberal policies. Further elements of these nationalistic tendencies will be discussed in the section on counter neoliberal discourses.

As mentioned, a new democratic government formed in 2000, which ushered in *phase two* of privatization, which was narrowly preceded by the Croatian Telecom Privatization Act of 1999. This started a slow transition to market economy by allowing a sale of shares (limited to 35%) in public communication firms. This was followed by the Croatian Telecom Privatization act (2001) allowing for an increase in foreign ownership (to 51%), enabling a foreign majority shareholder position (Ballinger, 2006). At this point, trade comprised of 4.4% of Croatian GDP in 2004 which increased to 9.3% in 2008 (WTO, 2009) noting an increase in trade between Croatia and EU states which coincided with Croatia economically and politically aligning itself with the EU. In 2003 the Croatian Competition Agency (CCA) was restructured to align with EU requirements, and in 2004 Croatia gained EU candidacy status. Associated with these reforms were attempts to deregulate the state and replace government with governance. This included the formation of independent, autonomous (and supposedly separate from state) regulatory bodies set up to monitor and regulate the market. On the basis of the Croatian Competition Act of 1995 the CCA was formed in 1997, and on the basis of the Regulation of Energy Activities Act (2004) the Croatian Energy Regulatory Agency (HERA,

2012) was created in 2004 (Cuckovic et al., 2011). The purpose of these agencies was to effect a separation between market mechanisms and government control. In reality, however, the CCA, for example, worked in tandem with the Ministry of Economy, with the need for approval from both parties when faced with decisions such as price levels of oil and gas, thus the industry was influenced heavily by political actors. Despite these agencies being introduced with the intention to decouple the market from the state, in reality, they often worked in line with state interests, hinting at more politicized technocratic regulation. On the other hand, though this may have been the case for the early 2000s, more recent developments have seen further restructuring, e.g. the Croatian Competition Act of 2010 made the CCA more accountable to EU regulation as conditional to Croatia's pending EU accession. This was meant to allow the pricing to be more determined by the "market" than by the government, thus decoupling the state from the market, weakening the state control of prices.

Although the introduction of private enterprises in formerly public utilities has brought positive elements such as increased efficiency, innovation and improvement in technology, evidence shows that neoliberal reforms are often accompanied by social repercussions. In Croatia's case many of these effects were negative, representing a further disembeddedness from the market, including redundancies that exacerbated unemployment, and increased prices of utilities that were previously subsidized (Cuckovic et al., 2011).

Privatization of the Tourism Industry

Under the socialist government of the SFRY, tourism was of the most developed sectors of the Yugoslavian economy, attracting tourists from across Europe and continuing an inherited Habsburg tradition of spas and health tourism. However it later broke away from elitist tourism in favor of domestic tourism (Ballinger, 2006.) Distinct from other socialist states, Yugoslavia abandoned full social ownership and opted for social rights over land with some private ownership, which allowed early introduction of foreign business partners. In the more recent context, according to Ballinger's (2006) account of privatization within the tourist industry, the process of privatization in Croatia has also been distinctly different from other postsocialist states, for example, whilst in other countries nation-state control was diminishing, in Croatia, president Tudjman held a strong grip on the process, the state remained a dominant shareholder and sought to control foreign investment, which consequently deterred many foreign investors. During *phase one*, small firms were completely privatized but large enterprises remained in the divided ownership between the state and the Croatian Privatization Fund (Ballinger, 2006). Within this time, tourism experienced decreases due to the civil war which discourage much international and domestic tourism.

However, although the historical context presented in many ways an 'ideal' space for neoliberalism, the transition from socially owned land to privately owned land was riddled with ambiguities and forms of disembeddedness and consequential disenfranchisement of local people. This is no surprise when taken from the perspective of land as a 'fictitious commodity' which asserts that because land value is not in line with the rational laws of the market, to include land in the "market mechanism means to subordinate the substances of society itself to the laws of the market" resulting in further disembedding and potential social unrest and reactionary double movements (Polanyi, 1944:75). These types of problems associated with land privatization can be seen across the postsocialist world (Russia, Hungary, and Romania) and beyond (sub-Saharan Africa etc.) (Hann, 2007). The common thread to such processes is that locals often become suspicious and unsupportive of such efforts. In one particular case of privatization as detailed by Ballinger (2006) through interviews conducted during field work, a number of hotels were purchased from former state enterprises by a Spanish company Sol Melia. Locals objected to the way the hotels were run, and yet when the hotel complex was purchased by a privatized Croatian tobacco company, local people still found reasons to be unhappy with the hotels, thus demonstrating a case of opposition to neoliberalism (or privatization) and demonstration of particular class conflicts, as opposed to any xenophobic grievances, an alternative framework used to explain local objection to privatization. These objections, which resurfaced when the now Croatian-owned hotel attempted to purchase land adjacent to the hotel, were partly due to the intention of the hotel to take control of the adjacent land and restrict local access to parks and some of the islands near the coast. It is through this process that local townspeople became disembedded from the market, and were precluded from further economic decision making. In addition, local townspeople feared they would become less welcome "to enjoy what they see as their natural resources – sun and sea" (Ballinger, 2006:18).

COUNTER-NEOLIBERAL DISCOURSES

There is evident contestation of market-reform along the neoliberal trajectory from the state, in the form of desire to proceed with process of privatization, but unwillingness to completely relinquish control. Simultaneously,

there is also strong counter neoliberal discourse that comes in many forms. Here, I will discuss three forms of contestation of neoliberalism: the moral lens, nationalism and anarcho-syndicalism.

Remnants of Socialism: the Moral Lens

Socialism is a political project that has been applied in different forms, such as what Kornai (1992) theorized as classical, revolutionary and reform socialism. SFRY has been characterized as reform socialist state which means it was based on gradual transformation, as opposed to revolutionary socialism which is radical, rapid and spontaneous. However, socialism is often accompanied by an inherent dominance of socialist economic ideals (state controlled market, central planning and others) which are most often accompanied by deeply embedded ideologies that penetrated the public mind through state-controlled media and education. The indoctrination of socialist ideals resulted in the formation of certain moral lenses, in particular viewing capitalism as 'selfish', 'wrong', or even 'criminal'. These were often subscribed to, not just because they were the dominant ideologies, but because they were also a way of justifying a life of shortage. With the introduction of neoliberal market reform, the cultural ideologies of socialism remained embedded within society. When socialism collapsed, although capitalist and nationalist tendencies were promoted in the Croatian public sphere, they were often not upheld in the private sphere (Leutloff-Grandits, 2006). According to Ballinger's (2006) account of *phase one* of privatization within the tourist industry, the process was strongly associated with corruption, and public opinion was dominated by the association of the market activities with "immorality, criminality, and illegality" (2006:11). The process may have indeed been corrupt, but this strong public 'disgust' was partly enabled by the embedded cultural ideologies, resulting in market interactions shaped by historical trajectories that continue to shape socio-political contexts.

On the other hand, the persistent prohibition and taboo of capitalism during the socialist era upheld a certain allure and exoticization of the 'West', associated with capitalist ideals of consumption, materialism, and freedoms (private, cultural, religious). Ethnographic accounts suggest that in this world of shortages, capitalist ideals became representations of wealth and luxury, both detested and desired. The void left by the collapse of socialism could easily be replaced with the 'American dream' and its capitalist, consumerist underpinnings (Kaneva, 2007).

The Ambivalent Role of Nationalism

Following the disintegration of the SFRY, due to the backlash against the oppression and political dominance of socialism, the atrocities of ethnic conflict in the Balkan war, and in a process of 'othering', a discourse of nationalism resurfaced in Croatia. Placing this within neoliberal debates, the break from socialism produced favorable economic conditions for neoliberalism, since market capitalism is arguably in direct opposition to socialist ideology. However, although there was a space for neoliberalism, as an ideological opposition to socialism, in the current context the prevailing nationalist sentiment resulted in counter-neoliberal discourse. The neoliberalist project is not just about increasing the role of the market, but also shrinking the state, which conflicted with the highly nationalist sentiment at the time (Leutloff-Grandits, 2006). Furthermore, when EU accession is thrown into the equation, this nationalism becomes even more relevant. Part of the allure of EU accession is to associate culturally, economically, and political with Europe, the West, and capitalism in opposition to the Balkans, the 'East' and socialism., thus would be perfectly in line with the sentiments in Croatia at the time. However, after the Balkan war (1991-1995), and the consequential disintegration of SFRY, due to the political and economic reasons that led to the war which are both complex and less relevant to the discussion here, the rise of nationalism and the subsequent political reconfigurations led to an article of Croatia's constitution that clearly prohibits Croatia from joining any union with its previous Yugoslav counterparts, this includes the prohibition of Croatia joining any economic or political union with Slovenia, Serbia, Bosnia and other states of former Yugoslavia (Hayden, 2000). One of the ex-Yugoslav state, Slovenia, is already an EU member country and both Croatia and Serbia are candidate countries with proposed EU accession within the next five years. Therefore, for arguably higher neoliberal political and economic purposes, Croatia will be going against its own constitution and will join a union with its Yugoslavian counterparts, Slovenia and Serbia, a fact that has been conveniently set aside in current negotiations. In some ways, this point really exemplifies the hegemony of neoliberalism and political association with Europe, since the accession of these countries to the EU strongly undermines the constitutions and renegotiates the role of the state, in favor of a larger neoliberal political project of reregulation, epitomizing Rose's concept of replacing governments with governance, but also hinting towards what Swyngedouw described as a rescaling of 'networks of interest', in which contradictory scalar politics may be at play on national and regional levels (2007).

In the case of the privatization of tourism, it is unclear if nationalism played a significant role in the resulting local contestation to a Spanish company Sol Melia purchasing a number of hotels. On the one hand, locals could have been unhappy with the foreign enterprise controlling local land, however, the locals could have been equally disenfranchised by the general privatization of what was seen as local, public land and resources (Ballinger, 2006).

Despite these contestations to neoliberalism, Croatia still wholeheartedly participates. This is not just a postsocialist phenomena, Ong (2006) argues that discourses within nonwestern capitalist states (mainly focused on South East Asia) are dominated by opposition to and criticism of capitalist and neoliberal hegemony. Yet simultaneously, “despite such criticism, Asian governments have selectively adopted neoliberal forms in creating economic zones” (2006:1). Asian developmental states still participate in the neoliberal markets which they oppose, with the general consensus that ‘there is no other choice’ other than to adopt neoliberal policy. The way these states navigate this is by carving a niche in the world market and capitalizing on particular strengths. Similar things could be said regarding contestation of neoliberal policy in Croatia, many are opposed yet they participate whole heartedly, cleverly capitalizing on their strengths, advantages and resources, such as tourism as discussed.

On the other hand, in a country that is highly regional, ethnically diverse, and divided into 429 municipalities, regionalism cannot be ignored (the country has a population of 4.4 million and is under 22,000 square miles). Regionalism plays a strong role by countering nationalist discourses, and both countering and supporting neoliberal discourses. For example, Istria has strong connections towards Italy (it was occupied by Italy until late 20th century), so it was prepared for trade influences, foreign direct investment, economic development and marketization due to these preexisting ties (Bell, 2011). With these existing allegiances to Italy, the area became less prone to counter neoliberal discourses of nationalism. This is partly due to the thesis that regions can gain increased access to power if able to tap into EU resources. Moreover, as mentioned before, under socialism public/private spheres although overlapping were also divided so certain tendencies such as nationalism could be promoted in this public sphere, but not necessarily filtered into the private sphere (Leutloff-Grandits, 2006) making it increasingly difficult to assess to role that nationalism plays in countering or supporting neoliberal discourse and process.

Finally, as one of the dominant neoliberal political, economic and cultural forces on Croatia, the EU has a major role. In addition to the political prestige of European and Western alignment, joining the EU for Croatia will open its borders; and encourage free trade, free movement of goods and people, privatization, marketization, foreign direct investment and competition. Yet, in this respect, the EU presents an ingrained paradox of some sorts, a free space for trade within its borders and yet heavily restricted movement of goods and people through its external border. In attempting to implement free-trade, the end result is regionalist policy which is in fact protectionist and counter-productive to free-trade (e.g. Bhagwati, 1992; Apeldoorn, 2009).

Anarcho-Syndicalist Anti-Capitalist Opposition

As just demonstrated, neoliberal projects can often be accompanied by conflicting and chaotic conceptualizations of neoliberalism, which have in the case of Croatia materialized in the form of anti-capitalist anarcho-syndicalist opposition to neoliberal market reform (Razsa, 2007). The activists the author collaborated with “described themselves as anarchists and identified with militant mobilizations against neoliberalism in Chiapas, Seattle, Prague and Genoa.” The protests of these activists took different although mostly grassroots forms including antinationalist graffiti and vandalism, ‘socialist camps’ with “workshops on migrant rights,” “a Europe without borders,” “resistance to neoliberal global capitalism” and generally alternative ways of living, either off the grid, squatting, unconventional styles of dress and alternative forms of consumption (Razsa, 2007).

In contrast with prevailing public nationalist sentiment in opposition to neoliberalism as described in the previous section, these anarcho-syndicalist activists were both “transnational and antinationalist” (Razsa, 2007). These movements were in opposition to nationalism, protesters fought for transnationalism, and participated in “movements of movements – which consisted of transitional networks of collaborative production that included new media and communications, circuits of travel and reciprocal hospitality. This is not too dissimilar to the transnational networks described by Wainwright and Kim (2008), which were also predominantly based in Seattle. The Croatian forms of resistance were most likely tied in with these transnational networks, although the Korean protests in Seattle were more focused to particular trade agreements, whilst Croatian resistance was arguably more diffuse. Therefore, protests in a way supported transnational cooperative efforts that have been part of neoliberal discourse, but contested the capitalist underpinnings to these transnational organizations (WTO, WB, IMF, etc.) These transnational desires of the activists were tied in with seeking a Europe without borders, which points to some of the previously mentioned contradictions of the EU, a space of free trade within the union and high barriers to outside the union. Activists supported neoliberalism by supporting concepts of free movement of goods and people, and yet simultaneously condemned other factors associated with neoliberalism, such as capitalism, materialism, free trade in the form of WTO agreements, which may have been objected to due to dynamic and shifting power relations, which although not always, were often in the favor of ‘Western’ economic or political motives.

Growth and Indicators of Success of Neoliberal Market-Reform

Despite the slow and contested process of denationalization as shown by the case studies of telecommunications, oil and gas, tourist industry privatization, overviews of the marketization process show significant movement along this neoliberal trajectory. Within five years of the war, Croatia earned a ranking of 3.0 on the IMF's market liberalization index (IMF 2000 cited in Vasilevski, 2007). The IMF's market liberalization index, on a 1-4 scale with 4 being most liberalized, is based on transition to capitalism indicators as dictated by the European Bank of Reconstruction and Development, including levels of privatization and restructuring; market liberalization and competition, and financial market reform. They are important to show how postsocialist states are transitioning to neoliberal, marketized, privatized states. At the same point in time, EU accession states were more liberalized, with Hungary at 3.7 and Poland at 3.5; meanwhile among the lowest ranking states were Vietnam at 1.9, and Bosnia and Herzegovina at 1.8 (IMF, 2000). Croatia's relatively higher status on the market liberalization index was accompanied by fluctuations in unemployment and an increase in GDP per capita (Vasilevski, 2007). Between 1990 and 2008 there was a steady increase in GDP per capita (from approximately \$2000 to 16,000 US\$), although between 2008 and 2013 it is clear the global financial crisis affected the economy, decreasing or at most keeping steady the GDP (current levels are at \$14,000 per capita). Between 1990 and 1997 unemployment actually decreased from 13% to 9%, which may seem contradictory given that Croatia was a socialist state. This may be due to Croatia being a reform socialist state rather than a revolutionary socialist state as discussed earlier in this paper (Kornai, 1992). What could be more expected was the increase in unemployment between 1997 and 2008 (from 10% to 16%) which coincided with the market reforms of phase two. This does not however explain the subsequent decrease, yet again, of unemployment to below pre-war levels (in 1990 unemployment was 14%, in 2008 it was at its lowest point between 1990 and 2013 at 8%) (WEO, 2012). Therefore whilst GDP shows a positive story of neoliberal reform leading to increase in GDP, the economic parameters of unemployment are rather ambiguous. Another potential measure of success or failure of this process in terms of the populace is the GINI coefficient which measures income inequality (100 is perfect income inequality). Data shows an increase in income inequality from 1990 to 2010, when it increased from 22.4 to 33.7. Also shown is that Croatia has a more equal distribution of income than both the US and UK in 2000 (data is not given for 2010) (World Bank, 2012).

Some supporters of neoliberalism might suggest that the marketization process has many successes to speak of within the Croatian context, including a consistent increase in GDP. However, this must be kept within social context - Croatia had just been at war for over four years, the economic damage and stunting of economic growth was disastrous, thus the recovery process would have taken time, to acknowledge that the purported successes of the neoliberal policy may be partly the result of economic growth following civil war. The data also suggests that such reforms despite being successful in their own right, do not necessarily improve the wellbeing of the population. Income distribution has become more unequal, unemployment has increased somewhat and the prices of previously nationalized goods have increased, particularly in the utilities sector (Cuckovic, 2011).

CONCLUSIONS

It is clear that Croatia is on a strong neoliberal trajectory that has gone through phases of market reform, the most current of which is transition to EU member status. Theories of variegated neoliberalism contribute to a framework for embedding market interactions in social relations. This paper has shown that the process of neoliberalism can be shaped by the social setting – in this case a postsocialist, Croatian context, by modifying the ways in which it is applied. In some ways the socialist setting is conducive to market reform, (anti-socialist rhetoric, exoticization of capitalism, regionalism). However, neoliberalism can be just as easily contested from different actors in different scales. The state promoted neoliberalization in the form of privatization, marketization and reregulation, and yet in the *phase one* of these market reforms, the state itself impeded such activities – both in the context of privatization of public utilities and tourism. Furthermore, these processes can be contested through overarching counter-neoliberal discourse, of which three were chosen that exemplified this: the moral lens, nationalism and anarcho-syndicalism. Neoliberalization is an ongoing process, and reactions to neoliberalization have taught us that attempts to disembed market interactions from society will most often result in ecological, social and political double movements. These should be understood as natural to the process of neoliberalism and offering contributions to the rich diversity and variegation of neoliberal applications in different circumstances.

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