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Effectiveness of EU Conditionality in the Western Balkans: Minority Rights and the Fight Against Corruption in Croatia and Macedonia

Gitta Glüpker *Koç University*

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Abstract

EU candidate countries must prove their respect for democracy and the rule of law to be eligible for EU membership. The Commission administers their accession processes following the principle of conditionality. This paper examines how domestic conditions and different aspects of the conditionality principle affect policy outcomes. It reviews the arguments made in the literature on EU conditionality and applies them to the policy areas of minority rights and the fight against corruption in Croatia and Macedonia. Both countries have been subjected to the Commission's conditionality while their democratic achievements differ substantially. Thereby, the two countries offer a fruitful ground to evaluate the lessons drawn from the 2004-07 enlargement. While previous studies have remained quite unclear about the relative importance of domestic and EU-related determinants of effective conditionality, I argue that domestic influences vary strongly across the researched policy areas. In comparison, the political-legal instruments of the Commission show clear impacts on policies in candidate countries. Material incentives offered by the EU are only effective within the early phases of the accession process.

Keywords

EU enlargement; conditionality principle; minority rights; corruption; Croatia; Macedonia

Enlargements belong to the milestones in the history of the European Union (EU). At the same time, they have become recurring events as after the application of more than 25 countries the only accession in sight is the Croatian one. Whether accession candidates practice the same values of liberal democracy as EU member states has been a pressing point of discussion among politicians and the European public for decades. In 1993, the European leaders established the Copenhagen criteria stating that 'Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities....' (European Council 1993: 1)

Candidate countries have to comply with a catalogue of demands which are regularly reviewed by the European Commission. The conditionality principle foresees support and progress towards accession only for candidates which conform to the EU demands. The years prior to the 2004-07 enlargement has clearly shown that the conditionality principle alone does not lead to the same results: candidates varied greatly in their responses to EU pressure for reforms. In regards to the concrete factors which shape the effectiveness of conditionality, there is a considerable amount of research based on the 2004-07 enlargements and on Turkey which suggests various determinants. They are either located in the field of domestic politics of the candidates or at the EU level.

This paper assesses the role of domestic and EU-related factors for effective conditionality in Croatia and Macedonia. It addresses how far the lessons from the 2004-07 enlargement are valid for recent candidate countries from the Western Balkans. Firstly, it presents a short literature review to identify proposed determinants for effective conditionality. The paper continues with a brief presentation of the selected cases, Croatia and Macedonia, and the policy fields of minority rights and the fight against corruption. The performance of Croatia and Macedonia in these policy fields is presented based on information from Transparency International, the Minority Rights Group International (MRGI) and the International Crisis Group. To start with, domestic determinants of effective conditionality are investigated. Secondly, aspects of the Commission's conditionality strategy which have been identified as relevant in the existing literature are analyzed in terms of their influence on the two policy areas in Croatia and Macedonia. While previous studies have remained quite unclear about the

relative importance of domestic and EU-related determinants of effective conditionality, I argue that domestic factors are strongly dependent on the respective policy fields. In comparison, the political-legal instruments of the Commission show clear impacts on policies in candidate countries. Material incentives from the EU are only effective within the early period of the accession process. Over time, they lose their influence on developments in the researched policy areas.

THEORETICAL FRAMEWORKS

The principle of conditionality serves as the basic guideline for the Commission which administers the applications for EU membership. Countries must fulfil the Copenhagen criteria and a set of enlargement principles to be eligible for pre-accession assistance (Kochenov 2008: 21). The eventual EU accession depends on the adoption of the *acquis communautaire* (Kochenov 2008: 39). In the case of non-compliance, the EU foresees limited responses: beyond the denial of rewards, the most severe effort is the suspension of the existing agreements (Schimmelfennig et al. 2003: 496). The conditionality principle was developed in reaction to the number and nature of candidate states in the 1990s and to the growing complexity of EU law (Kochenov 2008: 50). Its legal enforcement stems from a 1998 Council Regulation¹ which made the allocation of financial assistance dependent on progress for the application and enlargement criteria. Existing research on the EU's conditionality suggests that the prerequisites for its effectiveness are located both on the domestic level of candidates and on the EU-level. Belonging to those who emphasize the importance of EU-strategies, Dimitry Kochenov (2008) describes a hierarchy of legal-political instruments which vary according to their effectiveness. The Commission administers accession processes by evaluating the progress of candidates and allocating assistance to them. It selects the combinations of legal-political instruments to be employed and the degree of pressure to be exerted on candidates. According to Kochenov, the Commission's choice is crucial 'to bring about various levels of compliance' (Kochenov 2008: 79). If political representatives at the highest level articulated the "absolute imperative" for candidates to undertake reforms, this is most promising to result in the suggested changes. A lower level of pressure follows from the discussion of an issue in all documents related to the progress evaluation of the candidate country. An acknowledgement of the issue in the progress reports and under the short-term priorities of the accession partnership is a weaker way to press for changes. A still lesser effect can be expected from the treatment of the issue in the progress reports and the non-prioritized areas of the accession partnerships. The weakest pressure is created by the discussion of an issue in the progress reports only (Kochenov 2008: 79-80). In brief, Kochenov (2008) indicates that the relevance of the Commission's representative or the document who or which articulates the need for policy changes affect conditionality effectiveness.

Another factor related to EU strategies stems from the "reinforcement by reward" logic (Schimmelfennig et al 2003: 496). Schimmelfennig repeatedly argues that material incentives are crucial for democratization (2003 et al: 514; Schimmelfennig 2005: 828-829). Especially in domestic contexts which are unfavourable to liberal reforms, material incentives create a "lock-in-effect" that eventually leads to the establishment of liberal rules (Schimmelfennig 2005: 828-829; see also Vachudova 2005: 106-107). Thus, a second variable for the following analysis is the size of material assistance granted by the EU to candidate countries. Milada Anna Vachudova argues that the EU's "leverage" (Vachudova 2005: 4, 106) over candidate countries and the degree of domestic political competitiveness determine compliance with EU expectations. Political competitiveness is crucial because it delimits the room of national governments to evade a substantial compliance with EU demands to their own advantages (Vachudova 2005: 14). If the opposition has scrutiny over state institutions and if a political turnover through elections is possible, half-hearted reforms and rent-seeking are more costly for the government. In this context, a government will tend to conform to the EU's expectations. This logic

applies especially during political and economic transformations: following the breakdown of an old regime, the next ruling elite has vast influence on the new rules and multiple opportunities to gain advantages at the expenses of those who are excluded from government. If the first government originates from strong pro-liberal forces, an establishment of liberal democratic rules is more likely (Vachudova 2005: 13 - 17). As soon as political competitiveness is in place, the reformation of the old communist party becomes important to uphold the competitiveness for the future (Vachudova 2005: 19).

Consequently, Vachudova's work points at two pillars of political competitiveness: a strong pro-liberal opposition at the outset of regime change and a re-orientation of the post-communist parties. Support for Vachudova's view on party orientations is provided by an argument of Schimmelfennig on party systems. He differentiates between liberal party systems where the major parties are all reform-minded, mixed party systems where a part of the major parties are reform-minded but others follow nationalist-authoritarian policies and anti-liberal constellations where all major parties reject liberal policies as expected by the EU. In the first case, a smooth transition to liberal democracy is performed due to the low political costs for the government; in the last case, transition does not materialize and EU conditionality remains ineffective. In the mixed constellation, a stop-and-go transformation is likely due to the struggle between the major parties' convictions. With some delay the above-mentioned "lock-in-effect" leads to the establishment of liberal rules (Schimmelfennig 2005: 828-829). Thus, the following analysis considers the political competitiveness in candidate countries and the orientation of major political parties.

Finally, a determinant for effective conditionality can be derived from Franck Schimmelfennig, Stefan Engert and Heiko Knobel (2003). They point at the domestic costs of compliance for national governments: if the 'EU conditions negatively affect the security and integrity of the state, the government's domestic power base, and its core political practices for power preservation' (Schimmelfennig et al. 2003: 498), compliance will become less likely. The importance of the respective policy area in terms of public sensitivity and party politics constitutes a third domestic factor to be taken into account.

ANALYTICAL FRAMEWORK

This paper conceptualizes effective conditionality as the introduction of policy changes by candidate countries which were previously demanded by the Commission. Former studies have detected a number of factors which allegedly shape the effectiveness of conditionality. The research results are mostly based on case studies of countries of the 2004-07 enlargement and on Turkey. The question arises whether the proposed determinants are equally useful to explain the effectiveness of conditionality on more recent candidate countries and which determinants may be the most relevant ones.

Comparing the cases of current candidate countries should give some insights in this matter. In order to examine the relation between the proposed variables and effective conditionality in depth, the analysis will be restricted to Croatia and Macedonia. These two countries share a similar past: they were both former SFRY (Socialist Federal Republic of Yugoslavia) members and experienced sudden regime break-downs. Both signed Stabilization and Association Agreements (SAA) with the EU in 2001. However, they followed quite different developments which resulted so far in substantially different outcomes. Croatia applied for EU membership in 2003. Macedonia followed one year later with its application. In 2004, Macedonia's SAA entered into force and Croatia received its status as a candidate. Due to deficient cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY), Croatia's accession negotiations began only in October 2005. In the same year its SAA entered into force. Macedonia received the candidate status in December 2005. While Croatia is an acceding country

since January 2012 with the date of accession set for July 2013, the official negotiations with Macedonia have not begun yet.

Two policy areas have been chosen to analyze the effectiveness of conditionality on Macedonia and Croatia in depth: minority rights and the fight against corruption. This choice was made for three reasons: firstly, they are directly related to the basic expectations towards candidate countries formulated in Article 49 of the Treaty on the European Union (TEU): 'Any European State which respects the values referred to in Article 2 and is committed to promoting them may apply to become a member of the Union...' Article 2 TEU lists the 'respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities'. Secondly, the two fields were problematic on the accession agenda of both countries while, thirdly, they were not genuinely affected by particular problems which shaped the smoothness of the general accession process of Macedonia and Croatia respectively. If this study aimed at analyzing the overall effectiveness of conditionality, it should pay more careful attention to Macedonia's disagreement with Greece over its official name, Croatia's border dispute with Slovenia and the problematic cooperation of Croatia with the ICTY. By basing the study on two clearly delimited policy fields, the effects of these special issues on the dependent variable should be restricted to a minimum. Thereby, conclusions on the effects of the variables specified above are possible.

Recent accounts of established international organizations such as Transparency International, the Minority Rights Group International (MRGI) and the International Crisis Group will serve to evaluate the progress made in the areas of corruption and minority rights both in Croatia and Macedonia. The paper's emphasis lies on the period from 2001 marked by the signature of the SAAs. As the literature review has shown, the suggested determinants of effective conditionality either belong to the realm of domestic politics of the candidate countries or to the strategies that the European Commission employs. Regarding the first group of variables, three hypotheses could be derived.

H₁: The more competitive the political system of a candidate country is, the more responsive this country will be to reform demands expressed by the Commission.

The Polity IV project of the Centre for Systemic Peace regularly evaluates political competitiveness. The respective variable, labelled XRCOP, captures the competitiveness of executive recruitment for Croatia and Macedonia since 1991. Additionally, the frequency of turnovers in governmental coalitions in both countries since their independence is taken into account.

H₂: If all major political parties are supportive of the EU membership bid of their country and of the required policy changes, conditionality will be more effective. If the major political parties are divided over the question of EU membership, responsiveness to conditionality will be weaker and policy changes are less likely to occur.

For this hypothesis, information on party orientations of the major parties in each country serves as a basis. It is difficult to evaluate party positions on corruption because an, at least rhetorical, consensus on corruption's turpitude is to be expected. Therefore, the analysis on this aspect will focus on the stance of the parties on the EU accession process in general and on minority issues.

H₃: The more sensitive required policy changes are for the perceived integrity of the state and the power preservation of the ruling party, the less responsive the government will be to the reform pressure exerted by the Commission.

Sensitivity of required policy changes is the least measurable aspect of the following analysis. Information can be derived from works on party orientations and studies on

public opinion. Therefore, secondary literature and Eurobarometer surveys are employed to understand this dimension of effective conditionality.

Regarding determinants of effective conditionality which are related to the strategy employed by the Commission, two hypotheses are under scrutiny:

H₄: The more relevant the Commission document which pressures for policy changes in a candidate country, the more likely the targeted government will react.

In order to evaluate the reform pressure exerted by the Commission, the SAAs for Croatia and Macedonia and their accession partnerships from 2004, 2006 and 2008 are analyzed regarding criticism on the fight against corruption and minority rights. The volume of criticism in each document and the attribution to short-term or mid-term in the accession partnerships is the main interest of this exercise. Additionally, an MRGI evaluation (Bokulic and Kostadinova 2008) of the consistency in Commission's progress reports on minority rights has been taken into consideration.

H₅: The amount of material assistance which the Commission allocates to a candidate country stands in positive relation to the responsiveness of the country.

As it is difficult to attain figures from comparable records across different time periods and countries, figures from the year 2000 onwards will be taken into account. Additionally, it was impossible during the research for this analysis to determine the exact support for measures in the fight against corruption and for minority right; therefore, the overall yearly support from the main EU programs will be considered.

PERFORMANCE IN THE FIGHT AGAINST CORRUPTION

Transparency International's Corruption Perception Index (CPI) may serve as one of the most objective instruments to trace the development of Croatia's and Macedonia's performance in the area of corruption. Their scores from 1999 onwards, displayed in Table 1, show that corruption flourished in Croatia especially before 1998.² This happened due to a power vacuum following the SFRY's end which elites used to support their clientelist networks (Vachudova 2009: 46). From the beginning of Transparency International's observations on Croatia to until 2001/02, the country made initial progress. Then perceptions of corruption increased until 2006.

Table 1: CPI scores for Croatia and Macedonia (Transparency International 2010a; numbers in brackets present the country's position on the international ranking)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Croatia	2.7 (74)	3.5 (51)	3.9 (47)	3.8 (51)	3.7 (59)	3.5 (67)	3.4 (70)	3.4 (69)	4.1 (64)	4.4 (62)	4.1 (66)	4.1 (62)
Macedonia	3.3 (63)	.	.	.	2.3 (106)	2.7 (97)	2.7 (103)	2.7 (105)	3.3 (84)	3.6 (72)	3.8 (71)	4.1 (62)

A clearly positive turn occurred between 2006 and 2007 when Croatia reached scores above 4.0. Both the major 2007 investigation "Operation Maestro" against the Croatian State Privatization Funds and a growing activity of the Office for the Prevention of Corruption and Organized Crime as a whole (European Commission 6 November 2007:

50) may have contributed to this change. Since 2009, Croatia kept a stable CPI score of 4.1 which belongs to its best CPI-evaluations. Nonetheless, this is still below the scores of most EU countries. Furthermore, an improvement of 1.4 points on a 10-point scale presents a rather small step for a period of more than a decade.

Table 1 also displays Macedonia's performance in the fight against corruption. The country initially scored better than Croatia (3.3) but during the ethnic crisis of 2000-2001, the situation deteriorated. From 2003 onwards Transparency International's assessments improved, and from 2004 to 2006 they marked stagnation (at 2.7); in 2010, Macedonia eventually caught up to Croatia with a score of 4.1. The Foundation Open Society Institute in Macedonia (FOSIM) suggests some explanations for the comparably high perceptions of corruption in Macedonia during the 2000s. The problems faced by business elites, citizens and state institutions during the liberalization process in the 1990s offered both opportunities and incentives for corruption at a low level (FOSIM 2004: 135); and weak administrative capacities played an important role in this regard (Vachudova 2009: 46). In Macedonia, on the level of "grand corruption" (Budak 2006: 38), it is claimed to be closely related to the ethnic situation. This link accounts for the increase of corruption between 1999 and 2003: the repression of Albanian societal segments from the SFRY-era onwards and the escalation of tensions in 2000-01 may have given the necessary incentives for using access to resources for particularistic interests (Hislope 2001).

In conclusion, Macedonia entered the 2000s with a perceived level of corruption comparable to Croatia. Then the situation in Macedonia deteriorated to an extent that Croatia, despite its own growth of corruption until 2006, performed steadily better than Macedonia. Only recently, the countries are both on the same level of corruption. This level constitutes their so far biggest achievement in the fight against corruption but is still below European standards.

PERFORMANCE IN THE AREA OF MINORITY RIGHTS

In Croatia, the biggest minority are ethnic Serbs. Their share of the overall population was 4.5 per cent according to the 2001 census. Bosnians constitute 0.47 per cent of the overall population. Albanians accounted for 0.3 per cent and citizens with Roma origin for 0.47 per cent (MRGI 2003: 4). Ethnic relations are mainly problematic between Croats and Serbs. In the SFRY, Tito's "policy of full ethnic equality" (MRGI 2003: 8) suppressed many ethnic tensions; they broke out with the declaration of independence by Croatia in 1991 against the preference of the Serbian SFRY leadership. In 1995, the Erdut agreement between the Croat government and the Serbian authorities regulated the future integration of Serbian communities into the Republic of Croatia. However, the agreement was not fully respected by Croat authorities (MRGI 2003: 10, 11). Additionally, the Roma in Croatia suffer from long-standing discrimination (MRGI 2003: 13). In the SFRY, poverty, social exclusion and the absence of a common standard language prevented their benefitting from the comparably generous Yugoslavian laws on minorities (MRGI 2003: 8, 13).

After the end of the Tudjman era, Croatia introduced a Constitutional Law on National Minorities in 2002. As the MRGI reported in 2008, 'Croatia has a generally good legal framework for the protection of minorities. However, implementation of this law has been patchy, often due to lacking political will.' (MRGI 2008) The dialogue between regional administrations with the Councils of National Minorities and the appointment of minorities to jobs in the state bureaucracy has improved. Notwithstanding, the private sector employment of Serbs and their representation rate in the bureaucracy remain low. Access to the judiciary and the enforcement of property rights following the wars of the 1990s remain problematic (MRGI 2008). The situation of the Roma minority continues to be problematic in all areas. A National Programme for Roma has been

introduced in 2003 but it 'has been extensively criticized for its lack of concrete input from the Roma community. As the Programme is also very poorly funded, it remains questionable whether it was conceived as a genuine attempt to integrate Roma. (MRGI 2008). In the education sector, agreements on common history textbooks were reached. The use of minority languages remains unsettled.

In Macedonia, the biggest minorities are Albanians (25 per cent) followed by Turks (4 per cent), Roma (3 per cent) and Serbs (2 per cent) according to the 2002 census (Republic of Macedonia 2005: 34). The main social cleavage consists in the ethnic separation between Macedonians and Albanians. Although Tito's ethnic policies applied to Macedonia as it did to Croatia, the Albanian community suffered from discrimination and repression in the 1980s (Hislope 2001: 11). After the independence of Macedonia in 1991, Albanians demanded their recognition as the second constituent nation of Macedonia. The introduction of Albanian as the official language, the right of education in the mother tongue on all levels, a proportionate public representation and greater local autonomy belonged to their further expectations (Hislope 2001: 34). In 2001, the ethnic divide escalated into an armed conflict between the Albanian National Liberation Army (NLA) and Macedonian security forces (Willemsen 2002: 734). The Ohrid Framework Agreement, signed in august 2001, settled the conflict and laid the foundation for a new coexistence of the two groups. In return for the disarmament of the NLA, the Macedonian state recognized Albanian as a second national language, agreed to a stronger representation of Albanians in public positions and to decentralization reforms.

According to a recent report by the International Crisis Group, the Ohrid Framework Agreement has been implemented but Albanians still think the process 'has been too slow and has not translated into a real commitment to create a multi-ethnic state in which they have equal decision-making power.' (International Crisis Group 2011: 14). Albanians have entered more posts in the bureaucracy but majorly for positions without authority (International Crisis Group 2011: 15). Reactive developments are reported for the education sector where a disagreement is ongoing about the revision of historical textbooks which, after an extension of parts on Albanian history, shortened these chapters in a 2008 revision (International Crisis Group 2011: 18). Regarding several uncompleted commitments from the Ohrid Framework agreement, the International Crisis Group finds that frustration and more radical political attitudes among Albanians are on the rise (International Crisis Group 2011: 20).

In summary, Croatia which looks back at a long ethnic war during the 1990s managed to settle most of the legal issues for minority rights at the beginning at the 2000s. At that point in time, Macedonia began to face ethnic conflict after having been historically less charged with ethnic violence. Guided by the Ohrid Framework Agreement, Macedonia undertook legal reforms. According to reports of international organizations, more substantive gaps in the guarantee of minority rights seem to remain in Macedonia than in Croatia.

DOMESTIC FACTORS AND EU CONDITIONALITY

H₁: The more competitive the political system of a candidate country is, the more responsive this country will be to reform demands expressed by the Commission.

Political competitiveness is one of the measures of the Center for Systemic Peace's Polity IV project. The project included both Macedonia and Croatia from 1991 onwards. Polity IV data distinguishes between selective, elective and dual modes for the recruitment of executive members. For the first category, examples are 'rigged, unopposed elections; repeated replacement of presidents before their terms end; recurrent military selection of civilian executives; selection within an institutionalized single party; recurrent incumbent selection of successors; repeated election boycotts by the major opposition

parties, etc.’ (Center for Systemic Peace 2011: 21). In contrast, elective patterns of executive recruitment are defined as ‘competitive elections matching two or more major parties or candidates.’ (Center for Systemic Peace 2011: 22)

According to the Polity IV data, Croatia lacked political competition between 1991 and 1998. In those years, Macedonia’s modus was categorized as dual, i.e. as a mix of competition with selective elements. While Croatia developed from a completely uncompetitive system during to 1990s over a dual system from 2000 to 2004 to a competitive system from 2005 onwards, Macedonia passed from dual to competitive as early as in 2002 (Center for Systemic Peace 2010). An additional look at the turnovers in government supports this observation; turnovers in government constitute a core element of Vachudova’s concept of competitiveness. The first change of political rule for Croatia occurred in 2000 when the post-communist party, the Social Democratic Party (SDP) came to power for the first time since the country’s independence. It remained in power until 2003. Since then, the Croatian Democratic Union (HDZ) is in office. With the end of the Tudjman era in 2000, coalition constellations frequently changed. For Macedonia, the patterns of government coalitions support the argument based on Polity IV data that political competitiveness has been slightly stronger than in the case of Croatia. Macedonia always had coalition governments unlike Croatia which was dominated by one party until 2000. Coalition constellations changed for the first time in 1996. Unlike Croatia’s HDZ, the nationalist oriented Internal Macedonian Revolutionary Organization–People’s Party (VMRO-DPMNE) remained in opposition during the first years.

In conclusion, Macedonia reached a high level of political competitiveness three years earlier than Croatia. Its experience with changing government coalitions is even longer. While anti-communist, nationalist forces dominated Croatian politics in the first decade after the SFRY’s break-down, their Macedonian equivalent came to power seven years after the country’s independence.³ To estimate the influence of these developments on anti-corruption policies and minority rights, it is indispensable to look at the chronology of significant changes in the two policy areas and the rise of competitiveness. The temporal comparison shows that the significant improvement of minority rights occurred both in Macedonia (2001-02) and Croatia (1990s and 2002-03) before political competitiveness became manifest (2003 and 2005 respectively). Additionally, the perceived corruption in Croatia increased until 2006, unhindered by the greater competitiveness.

H₂: If all major political parties are supportive of the EU membership bid of their country and of the required policy changes, conditionality will be more effective. If the major political parties are divided over the question of EU membership, responsiveness to conditionality will be weaker and policy changes are less likely to occur.

Croatia’s main political parties are the Croatian Democratic Union (HDZ), which represents an ‘anti-communist umbrella group mobilizing on the basis of nationalist and populist appeals’ (Jou 2010: 100), and the leftist Social Democrat Party (SPD) which emerged from the former communist party. Until the year 2000, Croatia stood under the dominance of the HDZ and its leader Franjo Tudjman. The Croatian sociologist Pusic describes the party’s anti-democratic attitude from those years: ‘Some of the nationalists who headed the HDZ had been persecuted by the communist regime, but that experience did not make them into democrats. Advocating democratic changes and implementing such democratic institutions as free multiparty elections helped them come to power, but democracy was not their goal or the focus of their program.’ (1998: 116) Regarding Croatia’s relations to the EU, the HDZ’s position was mixed. On the one hand, the party demonstrated hostility, based on the alleged deficient EU support for Croatian independence and the EU’s perception of Croatia as an Balkan country which was understood as exclusive to being European (Jovic 2006: 89) On the other hand, the

HDZ supported the EU membership perspective rhetorically (Haughton and Fisher 2008: 449).

Concerning the rights of minorities, the HDZ under Tudjman promoted a public discourse based on the alleged threat of various 'others'. In terms of minorities, these were the ethnic Serbs (Haughton and Fisher 2008: 441-442). Following Tudjman's death, the social democrat SDP won the 2000 general elections. The "reformed communists" (Jovic 2006: 86) opened a new narrative on EU affairs. They led away from the former hostility to an EU-friendly position. Policies were designed to improve the situation of minorities. Dejan Jovic argues that these changes were triggered by the emerging EU-membership perspective, observations on other EU candidate countries, and by the deterring development of non-EU candidate Serbia (2006: 92). Soon after, the failure of the government to extradite the military officials Gotovina and Bebetko (Jovic 2006: 97) to the ICTY created uncertainty over the SDP's commitment to Croatia's EU membership plans. A substantial shift in the political landscape occurred in 2003 with the HDZ's victory at the general elections. Some forces within the HDZ had identified a need for political realignment with the 2000 electoral setback. These forces, represented by the new prime minister Ivo Sanader, committed themselves to a pro-EU course and to cooperation with the ICTY (Jovic 2006: 88, 98). Sanader presented himself as a reformer who eschewed positive references to Tudjman, extremist coalition partners and who entered a government coalition with the Independent Democratic Serb Party (SDSS) (Jovic 2006: 88, 99).

In Macedonia, the political arena has been dominated since the country's independence by three major actors which are arranged along a communist-post-communist divide and along ethnic lines (Willemsen 2002: 731-732, 751-752). The Social Democrat Union of Macedonia (SDSM) remained in power after the break-up from the SFRY until 1998. It continued the moderate policies towards ethnic minorities in Macedonia that it had inherited from the SFRY era. From 2004 to 2006, the SDSM led a coalition government which committed itself to the EU accession process of Macedonia, submitting the country's application for EU membership in 2004 (Willemsen 2006: 93). It also initiated a number of relevant reforms required by the SAA. Generally, the SDSM is considered as the moderate alternative to the VMRO-DPMNE in a party system that is mainly divided over issues of nationalism and ethnicity (Willemsen 2006: 88, 95).

The second major party, the VMRO-DPMNE, distinguished itself as a hard-liner on ethnic and nationalist issues (Willemsen 2006: 84) during the 1990s under the leadership of its founder Liubčo Georgievski (Willemsen 2006: 95).⁴ Georgievski led the first two VMRO-DPMNE governments from 1998 to 2002. He defended a model of ethnic partition of Macedonia opposed to the maintenance of ethnically mixed communities protected by the Ohrid Framework Agreement (Georgievski 2003 in Bieber 2004: 10). During his term in office, the widely peaceful coexistence of Macedonians and Albanians developed tensions which ended with the Albanian insurgency in 2000, bringing the country to the brink of civil war. The Albanian parties constitute the third strand in the Macedonian party system. Until 1998, the Party for Democratic Prosperity (PDP) represented the Albanian population in Macedonia. It complied with the policies of the SDSM, based on material benefit calculations (Hislope 2004: 18-19). From 1998 to 2002, the Democratic Party of Albanians (DPA) took over the representation of Albanians in the government. The DPA was less open to compromise with its coalition partner than its predecessor. It successfully demanded a number of pro-Albanian policies in the coalition agreement which later supported the NLA's insurgency (ibid: 20; Willemsen 2006: 84).

An important shift in the orientation of the VMRO-DPMNE and the Albanian political segment occurred after the VMRO's defeat at the 2002 general elections. Nikola Gruevski took over the party's presidency and initiated a political reorientation towards the centre, thereby leading away from the former nationalism and towards softer positions on minority rights (Willemsen 2006: 95). As for the Albanians, the less radical DUI won the elections and was included in the new government (Willemsen 2006: 96).

For the first time since the independence, all major parties joined a softened stance in ethnic issue in 2002, at least until recently. In 2011, International Crisis Group reported that despite the government's official commitment to Macedonia's EU accession process, a lack of reforms prevented the opinion of accession negotiations (International Crisis Group 2011: 2). In the area of minority rights, the VMRO-DPMNE conducted policies which hindered ethnic reconciliation, illustrated with projects which stressed Macedonian nationalism to an inappropriate degree (International Crisis Group 2011).

In conclusion, cross-party support for the EU accession process and for minority-friendly reforms emerged in Macedonia in a sudden step after the Ohrid Framework Agreement of 2001. In Croatia, a part of the political spectrum was supportive to the EU membership but in 2001, doubts arose whether any party was substantively ready to undertake the necessary actions for the accession process. Only in 2003 with the reorientation of the HDZ, both major forces in Croatia credibly supported both the EU accession process and, linked to it, the rights of ethnic minorities. Therefore, the initial hypothesis holds for Macedonia: following the reorientation of the nationalist VMRO-DPMNE in 2002, the situation of minority rights and the corruption levels improved. However, in Croatia's case the orientation of political parties seems meaningless: a common support for EU conditionality among the major parties occurred only in 2003. At that time, the major problems for minorities had already been resolved whereas corruption continued to flourish for some more years.

H₃: The more sensitive required policy changes are for the perceived integrity of the state and the power preservation of the ruling party, the less responsive the government will be to the reform pressure exerted by the Commission.

In competitive systems, the relevance of political issues and the costs of policy changes for governments can be estimated most efficiently with opinion polls. The higher the public support for a policy is, the higher are the costs which a government pays for failing with the policy. Public opinion on EU-accession processes can be best measured with the Standard Eurobarometer surveys. Respondents are asked to indicate their position on the EU membership of their country. The following section assumes that political costs for conditionality responsiveness increase with the share of respondents who think that EU membership would be a bad thing for their country. Since October 2004, Eurobarometer surveys regularly reports whether Croatians consider EU membership a good or a bad thing for their country. "A good thing" has never gathered more than 35 per cent of respondents. Since 2008, less than a quarter of all interviewees were positive about EU membership. In comparison, the share of respondents who consider EU membership as a bad thing has risen from 24 per cent in 2004 to 37 per cent in 2009. In Macedonia, the share of supportive respondents has always accounted for at least two thirds of the survey sample. Nonetheless, since Macedonia's first participation in the Eurobarometer surveys in October 2007, the percentage of those who claim that EU membership would be a good thing decreased from 76 per cent to 66 per cent, to the benefit of both those who reject EU membership and those who are undecided. Compared to 24 per cent to 39 per cent of respondents who rejected EU membership in Croatia, the respective group in Macedonia has never gathered more than 9 per cent of all answers (European Commission 2012).

On minority issues and corruption, there are no comparable surveys for Croatia or Macedonia. However, the historical developments during the 1990s and 2000s which have been reflected in the sections above allow some assumptions. In Croatia, sensitivity for ethnic issues should be lower than in Macedonia due to the earlier settlement of its minority issues. As ethnic conflict has occurred more recently in Macedonia, the domestic costs for reforms about minority rights may be higher there. Regarding corruption in Croatia, Bejakovic observes that the SDP-led government in 2000 took for the first time a pro-active stance in the fight against corruption (Bejakovic 2002: 129). Additionally, public awareness on corruption should have grown with the opening of Transparency International's office in Zagreb in 2000. The organization launched a variety of measures

to inform the public on the subject (Bejakovic 2000: 150). At the same time, Croatia did not lack numerous media reports on corruption. However, people expected no consequences for the responsables (Bejakovic 2000: 152). Therefore, a mid-level awareness on corruption which increased clearly around 2001 seems an adequate estimation of Croatian public sensitivity to the subject. This is supported by an analysis of the World Value Survey on Croatia from 1995 and the South East European Social Survey from 2003. The share of survey respondents who believed that almost all civil servants were involved in bribery and corruption had increased between 1995 and 2001 from 14.7 per cent to 23.4 per cent (Stulhofer 2003: 84).

For the Macedonian public sensitivity on corruption, a low awareness of the issue has been reported due to the ethnic issues in the country which attracted most of the public attention (Hislope 2004: 18). Secondly, Hislope argues that corrupt exchange patterns between coalition partners were the kit which kept the ethnically mixed governments together (2004: 6). In this light, domestic costs for anti-corruption measures were initially high in Macedonia. A stronger public awareness of its turpitude only developed after the settlement of the ethnic issues with the Ohrid Framework Agreement in 2001. An indicator for this development was the 2002 general election when the VMRO-DPMNE lost because its government was perceived as entirely corrupt. Consequently, the SDSM introduced anti-corruption measures and took a more active stance (Willemssen 2006: 94). Although it is difficult to compare the development of domestic costs of anti-corruption policies for the Croatian and Macedonian governments, it can be assumed that a rise of public sensitivity set in a bit earlier in Croatia than in Macedonia. Croatian executives and international organizations became active in this area at a time when Macedonia was dealing with a domestic ethnic conflict.

In conclusion, the three trends of public sensitivity on the EU accession process in general, on minority issues and on corruption should be weighed against each other. This is nearly impossible regarding the lack of respective surveys. However, it can be observed that both in Croatia and Macedonia, the costs for the governments to undertake changes in the areas of minority rights and corruption decreased due to the re-orientation of major parties, the beginning activities of international organizations and the shifting attention of the media away from ethnic conflicts to problems of corruption. In Macedonia, these changes set in with a delay compared to Croatia in both areas. A counter-tendency can be found for the recent years according to the Eurobarometer surveys. They indicate for both countries that the share domestic costs for general compliance with EU conditionality rises. These findings approve the initial hypotheses. More political outcomes in the researched policy areas were congruent with a lower sensitivity of the public and of the political parties in the area of ethnic issues and a higher awareness on corruption. Only the decreasing general support for EU membership found by the Eurobarometer surveys does not support this trend. However, this is a more recent trend which appeared years after the major reforms on corruption and minority rights had been introduced. Additionally, the general attitude may be less determining for government policies than the public opinion on the relevant policy issues.

EU-RELATED DETERMINANTS

H₄: The more relevant the Commission document which pressures for policy changes in a candidate country, the more likely the targeted government will react.

The pressure which the Commission put on the candidate countries in the SAA and the Accession Partnerships from 2001 onwards has been analyzed for this paper by counting the number of different demands that were directed towards Croatia and Macedonia in the two policy areas in the documents (Publications Office of the European Union 23 June

2004, 22 September 2004, 22 July 2005a, 22 July 2005b, 04 February 2006, 25 February 2006, 16 February 2008, 19 March 2008). For Croatia, a multitude of 13 different questions were articulated over time regarding the 'fight against corruption'. Most of the issues which were raised once were taken over by later partnerships. Requirements towards improvement were mentioned in the SAA (European Commission, 28 January 2005, Article 4) and in the subsequent documents. Between 2004 and 2008, the number of demands increased from nine to ten. As Transparency International's CPI indicates improvements in Croatia since 2006, the Commission's conditionality strategy seems to be effective. However, Croatia's overall process towards accession compared to the high number of remaining deficiencies could put the effectiveness at risk on the long run: for a country that satisfies the Commission's expectations and to whom conditionality is applied consistently, it would be expected to have a broad range of demands in the beginning of the pre-accession process and a reduction of criticism over time. This is not the observation for Croatia in the area of corruption. Kochenov issued a similar diagnosis. He warned of a detachment of the Commission's monitoring from the advancement of the overall accession process (Kochenov 2008).

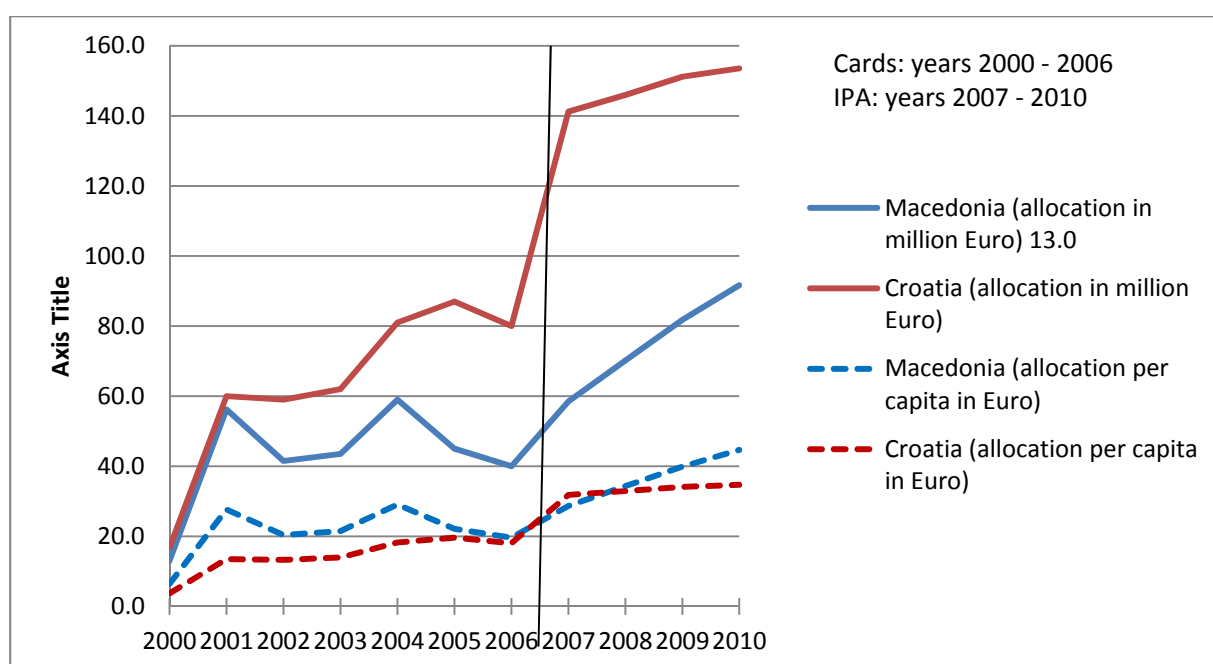
For Macedonia, the SAA from 2001 included the cooperation with the EU in the fight against corruption (Council of the European Union 2001, Article 78). Over time, the Commission expressed 18 concrete expectations in its accession partnerships. From 12 questions in 2004, their number sunk to nine in 2008. Simultaneously, short-term prioritized concerns decreased. As in the case of Croatia, the pressure via political-legal instruments seems effective for this policy area.⁵ For policies on 'minority rights' in Croatia, the Minorities Rights Group International (MRGI) analyzed the Commission's progress reports in 2008. Regarding the variable of interest, the pressure along the hierarchy of legal-political instruments, these reports stand below the accession partnerships. The MRGI compared the reports' content with the observations by other international organizations and found that the Commission's reports lacked completeness and qualitative assessments (Bokulic and Kostadinova 2008: 19). This observation suggests that the Commission left a part of the reports' effectiveness potential unexploited through these inconsistencies as they suggested a lack of attention to the subject. An analysis of the higher ranking SAA and the Accession Partnerships shows similar patterns. While respect for minority rights was not covered by Croatia's SAA (European Commission 28 January 2005), the Commission expressed criticism in the partnership documents from 2004 onwards. Out of the 10 demands that were identified across the European Agreement and the two Accession Partnerships, once raised demands have been upheld in later documents. The increase from seven to eight issues from 2004 to 2008 and a particular rise of short-term priorities lead to the impression that Croatia did not fulfil the Commission's expectations so far. For the same time period from 2004 onwards, no particular improvements in Croatia's minority rights have been reported. This supports the impression from the regular reports that the Commission does not use this instrument's potential for effectiveness to its fullest.

Similar to Croatia, the MRGI criticized the Commission's progress reports on *Macedonia* for omitting relevant aspects of minority rights. The unnoticed issues which were found for Croatia are missing for Macedonia as well, but the list for Macedonia contains several additional elements (Bokulic and Kostadinova 2008: 24). These gaps in the reports are reflected by the SAA, the European Partnership of 2004 and the Accession Partnerships of 2006 and 2008. The SAA did not include any reference to the right of ethnic minorities (Council of the European Union 2001). The overall demands towards Macedonia have slightly decreased from eight in 2004 to seven in 2008; the short-term priorities doubled from three to six. As reported above, the situation of minorities in Macedonia deteriorated with the VMRO-DPMNE government which is in power since 2006. Against this background it seems that the Commission's criticism remains ineffective for Macedonia's minority rights.

H₅: The amount of material assistance which the Commission allocates to a candidate country stands in positive relation to the responsiveness of the country.

The following analysis relies on information from the European Commission on allocations from the programs CARDS (Community Assistance for Reconstruction, Development, and Stabilisation), PHARE (Programme of Community Aid to the Countries of Central and Eastern Europe, formerly Poland and Hungary: Assistance for Restructuring their Economies) and the IPA (Instrument for Pre-Accession Assistance) to Croatia and Macedonia since 2000.

Figures 1: CARDS and IPA allocations to Croatia and Macedonia (Central Office for Development Strategy and Coordination of EU Funds 2009, per capita allocation calculated according to Eurostat 2012)



The CARDS program includes the main funds from 2000 to 2006 (European Commission 30 October 2010). Croatia was supported by CARDS until 2004; afterwards it shifted to pre-accession assistance from PHARE (Central Office for Development Strategy and Coordination of EU Funds 2009). In 2007, the Instrument for Pre-Accession Assistance was released (European Commission 14 February 2012, 02 December 2011).⁶ Figure 1 presents the annual amounts from the CARDS program and from the IPA for each country.⁷ The solid graphs displays the total annual figures while the dotted graphs represent the annual allocations per capita. For the given purpose, the overall tendencies of the graphs and the comparison between Croatia and Macedonia are relevant. For both countries, the allocations were strongly raised for 2001, the year when the SAAs were signed. In the case of Macedonia, the allocations declined following 2001 and then, together with Croatia's allocation, they reached a new climax in 2004. A divide in absolute figures between Macedonia and Croatia began in 2001, presumably with Macedonia's internal ethnic conflict and the consequently delayed accession path. Figure 1 shows that Croatia received up to 50% more annual allocations than Macedonia from 2007 onwards.

For the hypothesis on material incentives, a comparison of the allocation trends with the performance in the areas of minority rights and the fight against corruption is insightful. Following the increase of allocations to Croatia from 2002 to 2005 and Macedonia from 2002 to 2004, corruption levels in Macedonia and minority policies in both countries experienced the strongest improvements. Later on, however, lower allocations and new increases with the IPA's launch seem detached from the developments in the policy areas. This suggests that material assistance has an important effect in the initial phase when candidate countries are in the process of substantive improvements. Later on, material incentives lose their effectiveness. A reason for the failure of financial allocations to drive further improvements may lie in practical failures of the financial programs. For the area of minority rights, a MRGI report argues that 'neither the CARDS nor the IPA programs have succeeded in consistently addressing minority issues and supporting CSO [civil society organization] groups representing minority issues.' (Ferrari and Liaquat Ali Khan 2010: 3) Furthermore, the integration of minority groups into the planning and implementation of the programs was lacking, so that these often proved ineffective or not sustainable after the end of EU funding. Furthermore, the MRGI argues that many CSOs might not be able to apply for grants as their size exceeded the capacities of the groups or because linguistic barriers impeded an application (Ferrari and Liaquat Ali Khan 2010: 3). Addressing these weaknesses might enable the Commission to exert effective conditionality via material incentives over a longer time period.

CONCLUSION

The preceding sections have delivered an account of factors which influence the effectiveness of EU conditionality for democracy and the rule of law. Their role for the recent candidate countries Croatia and Macedonia has been tested in the areas of minority rights and anti-corruption policies. The results can be of particular use for further research on conditionality because they are based on recent experiences in the Western Balkans. This region bears a complex importance for the EU. With its policies, the EU tries to strengthen its global perception as an international actor and to compensate for its lack of influence in the region during the 1990s. Vachudova (2005) rightfully warns that the Western Balkans has the potential to discredit the entire logic of the EU's conditionality principle if the EU should fail here. While previous studies have remained quite unclear about the relative importance of domestic and EU-related determinants of effective conditionality, the results from the given case studies suggest that domestic factors determine effective conditionality differently across the researched policy fields. In comparison, the political-legal instruments of the Commission have a clear impact on policies in candidate countries. Therefore, they should be used as coherently as possible. This has not always been the case for Croatia. Material incentives provided by the Commission are only effective at an early stage of the process; later on their influence decreases.

To summarize the insights of this paper, political competitiveness as suggested by Vachudova (2005) has been important for Croatia and Macedonia only to a limited extent for the researched policy areas. Minority rights significantly occurred both in Macedonia and Croatia before political competitiveness became manifest. Additionally, perceived corruption in Croatia increased until 2006, despite the greater competitiveness which had been evolved in the political system. The second hypothesis derived from Schimmelfennig's work on political orientations (2005) holds for Macedonia: following the reorientation of the nationalist VMRO-DPMNE and the SDSM in 2002, the situation of minority rights and corruption levels improved. However, in Croatia's case the orientation of political parties seems meaningless: a common support for EU conditionality by the major parties emerged in 2003. At that time, the major problems for minorities had already been resolved whereas corruption continued to flourish for some more years.

Among all domestic determinants, the domestic costs of compliance are found to determine effectiveness of conditionality the most. Major policy changes in the researched areas were congruent with a lower sensitivity of the public and of the political parties for ethnic issues and a greater awareness on corruption. Regarding legal-political instruments of the European Commission, this paper shows that these instruments are more influential in the area of anti-corruption policies than for minority rights. A lack of clear benchmarks in the area of minority rights which result from the fact that the Commission has no relevant competency towards the actual member states (Sasse 2005) is a possible explanation for this divergence. For material incentives offered to candidate countries, the results for Croatia and Macedonia suggest that they have an important effect in the initial phase when candidate countries are in the process of substantive improvements. At least in the areas of minority rights and the fight against corruption, later changes in financial allocations do not affect the policy areas anymore. Criticism from the minority rights sector suggests that this might be changed by improving the programming and application phases of financial programmes.

In conclusion, political competitiveness, which was crucial for conditionality towards candidates in Central and Eastern Europe (Vachudova 2005), played a less prominent role in Croatia and Macedonia. Schimmelfennig's argument on party orientations (2005) could not be broadly embraced for the given cases either. The study reconfirms the special importance of domestic costs of compliance which governments face during the EU accession process. Effects of legal-political instruments employed by the Commission depend on the respective policy areas. Material incentives seem to make a difference at the initial phase of the accession process whereas they lose their importance later on.

¹ Council Regulation No. 622/98 Official Journal of the EU, L 85/1, 1998.

² The CPI has been published annually since 1995. Since 1999, Croatia and Macedonia have been included in the evaluation; Macedonia was not covered between 2000 and 2002. It is based on experts' surveys from a variety of independent organizations. It applies categories of 0 (for the most corrupt) to 10 (for systems clean from corruption). The figures in brackets indicate the global rank of the country whereby the number of assessed countries varies considerably between 1999 and 2010 (Transparency International 2008).

³ Besides the insights on political competitiveness, the analysis shows that Croatia departs from the typical path of liberal democratization as suggested by Vachudova (2005). Although the opposition to the communist regime won the first elections after the SFRY's breakdown, the new HDZ-government did not lead to a democratization of the country.

⁴ The fact that all government coalitions, including those led by the VMRO-DPMNE, have so far included Albanian parties cannot be seen as an indicator for the parties' stances on ethnic issues. As Robert Hislope explains, the ethnically mixed coalitions were the result of corrupt exchange patterns between the parties to secure their material provision and political influence (2004: 6).

⁵ Alternatively to real policy progress, the decreasing criticism could result from political constraints or simple ignorance of facts as Gwendolyn Sasse (2005) suggests, after examining the Commission reports prior to the 2004 enlargement.

⁶ It was impossible to identify for this paper the exact sums which were particularly granted to anti-corruption policies and for minority rights as the respective documentation, if accessible at all, is dispersed. Therefore, the figures in Figure 1 include the overall financial assistance from CARDS and the IPA. Measures for the fight against corruption and minority rights issues were included in these programs.

⁷ Before 2000, Croatia benefitted from the programmes PHARE and OBNOVA; however, for most of the 1990s the country was suspended from PHARE assistance as it did not fulfil the requirements, inter alia in the area of minority rights (Republic of Croatia 2005, Sanader 1999: 8). In contrast, Macedonia received assistance from PHARE during the 1990s. It got additional funding from OBNOVA and ECHO (Delegation of the European Union to the Former Yugoslav Republic of Macedonia 2009).

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