

Croatian International Relations Review

The Struggle of Benchmarking and Ranking Gender Equality: The Case of the European Institute for Gender Equality

Veronika Valkovičová

The Rise of Direct Democracy in Croatia: Balancing or Challenging Parliamentary Representation?

Hrvoje Butković

Albania's Transformation since 1997: Successes and Failures

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The Struggle of Benchmarking and Ranking Gender Equality: The Case of the European Institute for Gender Equality

Veronika Valkovičová¹

Abstract

The aim of this article is to explore the conceptualisation of benchmarking, ranking and good practice sharing tools within European Union gender equality policymaking. In the first part, the article looks at these soft law measures applied within intergovernmental cooperation. Stemming from the extensive body of literature, the study approaches these measures as a form of scientific knowledge, which is diversely applied within policymaking. Next, the article directs various points of criticism at these policymaking tools through different variables that may hinder knowledge use. The second section of this article further focuses on the Open Method of Coordination and the role of the European Institute for Gender Equality (EIGE) in relation to gender equality policies. The empirical part of this article is focused on the criticism of EIGE's External Evaluation Report and the different conceptualisations of scientific knowledge use which are presented within this audit document. As such, this article aims to contribute to a new conceptualisation of the technocratic tools of benchmarking, ranking and good practice sharing within the highly ideological area of gender equality policies.

KEY WORDS:

knowledge use, benchmarking, ranking, good practice sharing, gender equality policy, EIGE

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Introduction

The last two decades of the 1990s and 2000s have been particularly prolific in terms of the establishment of new European Union agencies whose aim is to provide services and conduct operations which cannot be carried out by the more traditional EU institutions (i.e. within the European Commission or the Council of the EU). The decentralisation of tasks to EU agencies also gave increased legitimacy to the creation of new "information agencies", which differ from other organisations of this kind as their task is to provide information, communicate data and manage networks of stakeholders (von Bogdandy and von Bernstorff 2009: 1048). Such is also the case of the European Institute for Gender Equality (EIGE), which officially launched its operations in 2010 and has ever since been devoting its capacities to the agenda of gender equality by providing comparable data and evidence-based advocacy. As the agency's single programming document for the years 2016–2018 clearly states, the aim of the agency is to "[...] provide high quality research and data to support better informed and evidence based decision-making by policymakers and other key stakeholders working to achieve gender equality" (EIGE 2016: 3). Within its efforts, EIGE produces benchmarks, rankings and good practices by gathering mostly statistical data, which is transformed into tangible reports and EU-wide policy analysis.

Nevertheless, the tasks and the agenda of the information agencies never appeared as simple ones. It is true that not only did an agency such as EIGE get the birth right to communicate efficiently with EU-level stakeholders, but it seems that the true problems arise when national stakeholders are approached. Benchmarking and ranking of EU Member States (EU MS) and their development with regards to gender equality seem to be thoroughly embedded in the agenda of this agency.

When exploring the application of benchmarking and rankings within various intergovernmental cooperation processes of EU Member States, the theory extensively points to various abilities which are retained by these knowledge-based tools. As we will show in this article, decades of research on the topic of knowledge use within policymaking prove that there is more to knowledge use than the conventional (instrumental)

perception. Within this contribution, we shall present the extensive body of literature on the topic of benchmarks, rankings and indicators in relation to intergovernmental cooperation. We argue that the use of social science knowledge (mostly in the form of statistics) provides various incentives which can be used by political actors. This, however, is often not acknowledged by the auditors of such complex and volatile political institutions such as the EU information agencies, who often approach knowledge use in an essential and instrumental manner. In their work, Verloo and van der Vleuten (2009) claim that the effect of reputation and performance can be better assumed in less technical and more ideological areas (e.g. gender equality). However, this nature of gender equality policies has to be taken into account when benchmarks and rankings are being scrutinised as applied tools.

For this particular reason, this article makes use of the available source – an external audit report, put together by two private consultancy companies, consisting of over 90 interviews with relevant stakeholders of EIGE. The External Evaluation Report of EIGE is used in order to look at the challenges and often denounced defects of the agency. However, the aim of this paper is also to criticise the External Evaluation Report for its deficient methodology and simple assumptions, which means the report provides only a limited view of EIGE's work.

While the title of this article, "The Struggle of Benchmarking and Ranking Gender Equality", foresees its conclusions, it also calls on its readers to engage in some crucial reflections of the benchmarking processes. Some literature points in particular to the polity discourse of the EU bureaucracy, which seems to perceive the EU Member States actors' motivation as the main obstacle to not achieving the benchmarks set at the EU level. This discourse retains the frame that benchmarking and ranking gender equality is a worthless effort, which can only be achieved when adjusted to the motivations of national stakeholders and can be only assured with the "shadow of hierarchy".² Yet rarely do we have the opportunity to scrutinise the measures applied and analyse the key actors' perceptions of these tools. This article provides a small ray of light onto the technical matters of benchmarking and ranking tools within gender equality policies. However,

² The shadow of hierarchy can be described as the inability to introduce a credible threat (Saurugger and Trepan 2015: 61).

as will be clear from the outcome of this contribution to the academic literature, the area requires further elaboration, also for the sake of a managerial division of labour among EU institutions.

This article stems from the approach of discursive-sociological institutionalism, which combines the benefits of both discursive and sociological institutionalism (Lombardo and Forest 2015). As Sylvia Walby (2011) argues, EU gender equality policies need to be viewed from the perspective of political actors. Yet it is also relevant to study the discursive power dynamics connected to gender equality policymaking (van der Haar and Verloo 2016: 2).

Benchmarking, ranking and good practice sharing in the context of European Union gender equality policy

A considerable amount of research has so far been produced on the topic of applying benchmarking in the public sector. Since the 1970s, when the idea of competitiveness became a routine component of the political vocabulary, benchmarking became one of the major tools applied within the New Public Management paradigm (Egeberg and Trondal 2016: 4). Stemming originally from the Japanese and American production industry and its managerial strategizing in the 1950s (Lerner and Le Heron 2006: 215), benchmarking and ranking gained further importance with the rise of what Sara Ahmed (2007: 590) denounces as the “audit culture”, which views measuring and comparing performance as essential no longer only within the production cycle, but also in public administration.

Furthermore, in the 1990s, the Organisation for Economic Cooperation and Development (OECD) became a pioneer in promoting benchmarking practices and setting specific indicators for economic and social development among its member states in order to foster growth.³

3 It is important to mention that among the first organisations which promoted the use of ranking and indexing in the context of intergovernmental cooperation was the non-governmental organisation Freedom House in 1972. The first produced index was named Freedom in the World and ranked countries worldwide based on their citizens' enjoyment of human rights (Homolar 2015: 854).

Norman Fairclough (2013) concludes that the case of benchmarking and ranking practices being adopted to help assess the effect of national and international social and economic policies can also be perceived as an example *par excellence* of the re-contextualisation of economic and business discourses within the political field. As such, the first indicators of intergovernmental cooperation were constructed within the essentially numerical area of the economy. Sanderson (2002), for example, claims that it was most notably the necessity of scientific rationality which led to the adoption of this neoliberal perception of public administration.

The academic literature on the topic of soft law measures and knowledge-based tools such as benchmarking, ranking and good practice sharing applied within the policymaking of the European Union has been widely recognised. The paradigm of New Public Management (NPM) is often pronounced for its application of the performance tools for measuring and comparing used in the production industry in relation to policymaking, which began to happen in many Western countries in the 1980s. This neoliberal paradigm has also been identified by Bruno (2009), who maps it within EU policymaking and as such focuses on the adoption of the Open Method of Coordination (OMC).

The OMC was originally adopted with respect to social protection policies at the Lisbon summit in 2000 (Bruno, Jacquot and Mandin 2006: 525). While many perceived the adoption of this mechanism as a symbolic shift in EU policymaking, it needs to be stressed that the main features of the mechanism were inspired by the Luxembourg process of 1997 and the already functioning European Employment Strategy (Dehousse 2003: 5). Isabelle Bruno (2009) sees the 1990s as the breaking point between the traditional community method and the emerging idea of competitiveness. According to her, the aim of the proposed policymaking tool was to create harmonisation by comparing and learning through a bottom-up process. Thus, EU Member States were expected to reach the same destination by following individual paths and establishing a mutual learning process. It is therefore clear why the measures of benchmarking, ranking and good practice sharing happen to be referred to as the soft law tools of public policies.

Since the first talks concerning the OMC, the political strategy foresaw the adoption of guidelines and directions, qualitative and quantitative indicators, specific goals and periodical monitoring (Dale 2006: 175). The method was described as “open” due to its ability to stay decentralized, thus staying in line with the principles of subsidiarity and good governance. As Dehousse (2003) maintains, the main strengths of the newly adopted mechanism were its flexibility, decentralisation and the ability to create procedural routines fit for national objectives.

While the Lisbon Summit of 2000 foresaw the adoption of the OMC primarily within the area of social protection, the method is currently applied in other areas, such as information society, research, company policy, social policy, education, social exclusion and protection, as well as with respect to the environment (Dehousse 2003: 6). It is important to stress that gender equality policy originally developed within the antidiscrimination agenda of the Amsterdam Treaty of 1997 and under the community method. Nevertheless, the methods of OMC currently also find their application within areas such as gender-based violence and gender stereotypes (Kantola 2010: 18).

The application of benchmarks and rankings for gender equality in relation to EU policies relies on guidelines and indicators developed by the Council of the EU and the European Commission. The procedure of indicator-identification can be traced back to 1998, when the Council set up the first benchmarks based on the Beijing Platform in Action⁴ (Verloo and van der Vleuten 2009: 176).

The technocratic tools of benchmarking and ranking also gained further importance after the Treaty of Lisbon and in particular with the strengthening of the position of gender mainstreaming within EU gender equality policy (Hubert and Stratigaki 2011: 173). Sylvia Walby (2011) simply assesses gender mainstreaming as the process of improving mainline policies by making visible the gendered nature of assumptions, processes and outcomes. In practice, this requires sufficient and comparative data, which is then incorporated into the policymaking process. Gender mainstreaming is often perceived as a harmonious

4 Both the European Commission and the Council are currently, to a great extent, aided by one of the agencies – the European Institute for Gender Equality (EIGE) – which will be considered in later sections of this paper.

process, which, in order to be successful, requires critical data on an organisation's particular aspects of life. According to Benschop and Verloo (2006: 22), there is an attempt to present gender mainstreaming as a de-politicised process.

Nevertheless, a new approach stemming from the notion of OMC and gender mainstreaming has been witnessed within the last decade of EU gender equality policies. This has been marked by the advent of the two waves of "agencification" in the 1990s and later in the early 2000s (Wonka and Rittberger 2010: 730). Within the second wave, information agencies such as the European Institute for Gender Equality (EIGE) and the Fundamental Rights Agency (FRA) which have been devoted to providing evidence-based input into EU and EU Member States policymaking. While the two agencies are rather new, both have been particularly prolific in producing EU-wide research on the topics of fundamental rights and gender equality, which is presented as a particular form of observatory monitoring, as opposed to regulatory monitoring (Sokhi-Bulley 2011: 687). Both of these agencies are also, according to Wonka and Rittberger (2010), under greater control from EU institutions (as opposed to, for example, regulatory agencies), since their areas cover justice and home affairs, which are under closer scrutiny by the EU Member States.

The work of EIGE will be further elaborated on in the later sections of this paper. What we consider relevant within this context, at this point, is to familiarise the reader with the theoretical foundation of this paper, stemming from the (at this point) classical and extensive literature on the topic of scientific knowledge. Hereby we will also focus on the various conceptualisations of the abilities knowledge-based tools such as benchmarking, ranking and good practice sharing retain within intergovernmental and national policymaking. We will thereby perceive benchmarks, rankings and good practices as a particular form of quantitative and qualitative social science knowledge which needs to be approached from the perspective of knowledge transfer within policymaking.

The use of scientific knowledge and the abilities of benchmarking, ranking and good practice sharing

The use of scientific knowledge has been puzzling political scientists since the adoption of the NPM paradigm. Already in 1974, Hugh Heclo and Aaron Wildavsky (1974) argued that policy analysis should shift from its simplistic conflict-oriented perspective to the analysis of knowledge use and learning within policymaking. The attention of the scholars studying this area of political science has been mostly devoted to scrutinising political actors' use of policy analysis provided by scientific agencies, NGOs and think tanks. As Nancy Schullock (1999: 227) simply asks in her study, "If policy analysis is so rarely used, then why do we produce so much?". As the author points out, the problem with knowledge in policymaking is not that the policymakers refuse to understand its value or that the analysts do not know how to engage with the stakeholders properly. What Schullock claims to be problematic is that these actors (as well as other scholars) do not understand policy analysis for what it, according to her, is: a legitimising democratic tool, a framing instrument and a tool of bounded rationality.⁵ As such, Schullock was among the first scholars who called for the abolishment of the conventional understanding of scientific knowledge use within the production industry. However, already in 1976, Karin Knorr argued that decades of research have proven that scientific knowledge plays only a limited part in policymaking. This claim has also been supported by the American analyst of public policies Robert F. Rich, who brought a new perspective on knowledge use through his study of the US federal system. Contrary to the then popular assumption, Rich argues that within policymaking, "[knowledge] utilisation may not be necessary an outcome, but a process" (Rich 1997: 13). Within his study, Rich (1997: 12) came to a number of conclusions about the use of scientific knowledge within policymaking:

1. Information is collected for various reasons within policymaking. This does not have to necessarily include the aim to use knowledge directly (instrumentally);

5 Bounded rationality is explained as the use of specific tools in the form of a framework which allows political actors to achieve their preferred outcomes while staying firmly within their own preferences (Paster Florenz 2005: 147).

2. The use of knowledge may have some negative or unintended consequences;
3. It may be fully rational for the political actors to ignore the knowledge which has been provided to them.

As Caplan et al. (1975) have already pointed out, knowledge utilisation can be measured depending on how we conceptualise the use. Furthermore, within this context, Carol H. Weiss (1979) also argues that the knowledge provided by the social sciences and applied within social policy has to be approached differently than the knowledge produced by the natural sciences. This is simply because social science knowledge is not so much produced to be compelling and authoritative as to drive direct implementation, as would be the case in a highly technical area. Karin Knorr (1976) argues that the use of social science knowledge within policymaking has to a large degree been affected by an engineering model taken from the natural and technical sciences. Within this model of technical development, scientific knowledge is not expected to pose any significant dilemmas within policymaking, as it is based on objective scientific data. This, however, is often not the case for social science knowledge within the area of social and welfare policy.

Benchmarks, rankings and good practices have various aims within policymaking, as we could argue in line with Rich (1997). This is proved by a vast amount of literature which focuses on the use of these tools, in particular within the context of social and welfare policies. The literature generally provides examples of eight abilities which these knowledge-based tools attain; however, the list is not exhaustive and the area calls for further case studies.

1. Ability to transform complex social phenomena into tangible means of quantification, extrapolation and simplification (in e.g. Engle Merry 2011). Authors Bruno, Jacquot and Mandin add that “[c]oncepts such as freedom, development and democracy, which academics routinely describe as essentially contested, appear as fixed unproblematic and reified categories” (Bruno, Jacquot and Mandin 2006: 526). As such, the open concept of gender equality can be filled with tangible meanings and simple quantifications, which can be translated into simple aims. Author Stefano Golinelli also adds that

"[...] as such, indicator-based arguments cannot be easily resisted – they command deference in a way data rarely does" (Golinelli 2016: 3). Author Sokhi-Bulley (2011: 686) sees the process as the one which ultimately defines "progress". However, as opposed to this understanding of these tools, authors Plantenga and Hansen (1999) and Alexandra Homolar (2015) have been rather sceptical, since they believe that socio-economic policy can hardly be defined in terms of "input and output", as national particularities can be overshadowed by the need for simplification.

2. Ability to present information as a form of expertise. Within this context, knowledge-based tools are also perceived as a form of scientific input as the data stems from qualitative and quantitative research of the social sciences (Schrefler 2010: 309). This is often perceived as the traditional – instrumental – understanding of knowledge use within policymaking. A so-called "scientization" of social activity is particularly pronounced at the international level, where the values of rationality and universality are highly valued (Rosga and Satterthwaite 2009: 6). Already in the 1970s Karin Knorr (1976) suggested that the utilisation of scientific knowledge by policymakers is tied to an expectation that complicated political decisions will be replaced by scientifically derived objectives. Authors Broome and Quirk (2015: 6) grasped this feature and perceive it as a specific type of resource of political actors. In his study, Peter Haas (1992) also argues that the control over knowledge and information is an important dimension of power and that the diffusion of knowledge can lead to new patterns of behaviour.
3. Ability to provide policymakers with framing possibilities (Bruno 2009: 274). As such, these tools also allow particular actors to act legitimately, according to a certain kind of rationality and motivation. Authors Desmarais and Hird (2013) argue that the use of knowledge may serve some organisations, as a tool in the public justification of the chosen policy and, as such, help with the so-called ideology-planning (Knorr 1976: 11). This has been termed as the abovementioned concept of bounded rationality, which can even lead actors to shallowly adopt some policies and practices, a practice also known as "window dressing".⁶

⁶ Window dressing describes a situation whereby instead of assessing the real implementations, actors predominantly focus on the scorecards and the presentation of flawless numerical data (Verloo and van der Vleuten 2009: 179). The practice is sometimes also referred to as gaming (Espeland and Sauder 2007: 76).

4. Ability to create epistemic communities⁷ and networks of actors which perceive specific issues in particular ways. According to Golinelli (2016), well-established indicators of benchmarking and ranking are able to socialise actors into particular webs of meaning and discourses. As the author Renaud Dehausse concludes, “[t]he emphasis is placed on developing common interpretations of situations, common values and techniques through an interactive learning process” (Dehausse 2003: 12).
5. Ability to stimulate conversation about particular issues (Broome and Quirk 2015). Furthermore, within their work, Karin Knorr (1976) and Carol H. Weiss (1979) also point to the fact that knowledge use within policymaking can function as a form of substitution, whereby knowledge about a specific issue is produced and disseminated by the political actors in order to simulate that the problem is dealt with, while in reality, there is little happening within this area.
6. Ability to foster the transmission of particular truths. Referring to the works of the French philosopher Michel Foucault, John Morrissey (2013: 798) points to the ability of benchmarks, rankings and good practices to foster the transmission of a “normalising truth”. As tools of states’ normative self-governance in the context of intergovernmental cooperation, benchmarks and rankings are viewed as “[...] normative visions and agendas regarding what transnational actors should look like, what they should value, and how they should behave” (Broome and Quirk 2015: 9). As Peter Triantafillou (2007) or Bruno, Jacquot and Mandin (2006) point out, benchmarking is a policymaking tool, which draws on comparisons and standardises knowledge of the governed subject. As such, the process of benchmark identification suspiciously mirrors the process of Foucauldian normalisation, which includes comparison, differentiation, hierarchisation, homogenisation and exclusion (Espeland and Sauder 2007: 72). As such, some chosen indicators of the benchmarking and ranking practice may mean preference is given to some indicators over others.
7. Ability to “name and shame” (Verloo and van der Vleuten 2009: 178). Verloo and van der Vleuten assume that the application

7 Peter Haas (1992: 2) understands epistemic communities as networks of professionals with recognised expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge.

of benchmarks and rankings in the context of intergovernmental cooperation necessarily operates with the concept of reputation, which functions as a metaphor for the implementation of particular policies. Within this context, we can again recall the works of Michel Foucault, as the states are the subjects of the international "gaze"⁸ (Foucault 1998: 173), which presents them either as those that are "doing a good job" or those that are "laggards" (Héritier 2002: 2). Wendy Larner and William Walters assume with regards to Foucault's work on governmentality that it is the interaction with "others/other states", which regulates the behaviour of the governed subject: "[...] by affecting, for example, their sense of good and bad conduct, what is acceptable or unacceptable in particular contexts, and so on" (Larner and Walters 2006: 20). However, this effect may have a number of negative features which are directly connected to the process of hierarchisation. As authors Broome and Quirk (2015) conclude, measuring something according to a pre-set range of indicators also creates an environment where some societal features are simply viewed as better than others. This in some cases may lead to an orientalist discourse when, for example, measuring the economic or democratic development outside of Europe or the north American context (Soki-Bully 2011: 685).

8. Ability to foster knowledge use as a form of democratic practice (James and Jorgensen 2009; Schulock 1999). Apart from the aforementioned understanding of the use of knowledge and knowledge-based tools, some of the authors also stress that knowledge may be an important factor in fostering the process of policymaking by promoting the use of scientific knowledge as a particular feature of democratic systems and their decision making.

Along with these eight abilities retained by the benchmarking, ranking and good practice sharing tools, scholars have also been interested in providing a viable critique of their use within policymaking, and, as such, also look at their inabilities. This will be more directly outlined within the next section.

8 As the author wrote in his seminal work *Discipline and Punish*: "[...] the precondition of applying a discipline is a disposition which coerces through the gaze: an apparatus which allows the tools of observing" (Foucault 1998: 173).

Criticism and the limits of the knowledge-based policymaking tools

As we stated in the first sections of this article, the use of benchmarking, ranking and good practice has been used in the context of intergovernmental cooperation since the first attempts piloted by the OECD and the international non-governmental sector in the 1990s. This, however, also means that scholars of political science and public policy analysts have had almost three decades to scrutinise these tools and form a critique based on their observations. Within the study of EU's OMC, questions concerning its effectiveness have been raised since the adoption of the conclusions of the Portuguese Council Presidency in 2000 (Walby 2011: 160). Furthermore, soft law tools such as benchmarking, ranking and good practice sharing are constantly criticised for not producing tangible results (Lombardo and Forest 2015). As explained at the beginning, one of the aims of this study is to look at the hypothesis that this may be because of the lack of ability to conceptualise the different meanings and abilities of these tools when it comes to scientific knowledge use in policymaking.

As a crucial part of studying benchmarking, ranking and good practice sharing, the interest of some authors shifted to the different barriers of policymaking, which may hinder the use of scientific knowledge provided by them. Within the perspective of Saurugger and Terpan (2016), there are various factors which may be of use when explaining the non-compliance with knowledge-based tools such as benchmarking, ranking and good practice sharing. Despite the fact that the authors do not inform us about how they understand non-compliance, they spell out a number of variables with negative effects:

1. Actor-centred variables: These variables may be defined by the lack of political support for the applied measures, as well as the presence of strong (or numerous) veto players – actors whose agreement is necessary for a change in the status quo. Within this type of variable, it is also necessary to include the aforementioned questions of actors' motivations⁹ and the concept of bounded rationality. Furthermore,

⁹ Carol H. Weiss (1979: 428) also suggests that decision makers tend to view social science research through their previous beliefs.

Dale (2006) also points to the questions of agency and thus criticises these tools for being limited to the governmental experts familiar with the particular type of knowledge.¹⁰

2. Structural and actor-centred variables: These variables depend upon the political, institutional or paradigmatic structures of the national policies. As such, scholars mostly refer to these structures as generating a "misfit" between the EU and the EU Member States' policies. Furthermore, it has already been established that the so-called misfit may be grounded not only in formal, but also in informal rules and national discourses (Havlík 2010: 250).
3. Absence of the shadow of hierarchy: The shadow of hierarchy can also be defined as the inability of EU measures to introduce a credible threat. It is therefore argued, that without viable constraint, policy learning can have only limited effect on national policies.
4. Absence of policy linkages: This variable operates with the assumption that there are no possibilities for national actors to link soft law measures to another already implemented measure. This can be perceived as a form of institutional or organisational misfit.

We can look upon the variables spelled out by Saurugger and Tarpan as a form of institutional shortage. It is clear that within their classification, the authors focus primarily on the limits of structures' and actors' political rationality. This particular approach is very salient with regards to the actors' behaviour within the theories of rationalism and constructivism.

Furthermore, within the literature on the topic of scientific knowledge use in policymaking, James and Jurgensen (2009: 148) also identify the so-called informational variables, which are related to the way scientific knowledge is communicated by key actors.¹¹ It has been pointed out that in case of actors' hostility towards these measures, it is usually the actors

10 This in essence may mean that other actors who are not familiar with the topic may find it hard to make use of the expertise presented to them. Claudio Radaelli also points out that: "the domestic policy makers involved in OMC processes are few and not pivotal in the development of domestic policy. This has something to do with the natural division of labour inside government departments" (Radaelli 2008: 250).

11 Carol H. Weiss (1979) was also among the first political scientists who highlighted that the mode of communication among policymakers is one of the core features which can foster the use of scientific knowledge within policymaking. Mitton et al. (2007) highlight the necessity that knowledge provided within policymaking be timely and also based on viable relationships among experts and decision makers. The authors' study also suggests that dissemination strategies are a necessity in order to effectively communicate particular information in a conflict-ridden environment. Within this context, both formal and informal relations among the actors are a condition *sine qua non*.

themselves who are blamed, as it is a question of their motivation, thus they are deemed to be the cause of the national non-compliance. Essentially, it is still rather unusual to scrutinise the nature of the tools themselves and analyse their flaws (Bruno 2009: 277). Here we can also draw on the work of Lorna Schrefler (2010), who conceptualised the variables of scientific knowledge use in a similar manner. The author's contribution to this area rests on her perception of issue saliency and problem traceability, both of which she understood as strong factors.¹²

At this point we have presented the reader with the contemporary development of EU gender equality policies as well as the theoretical basis of knowledge-based tools and their use within policymaking. We will now proceed to put the work of the European Institute for Gender Equality within this context.

European Institute for Gender Equality (EIGE) and its agenda

While the creation of the first EU agency devoted solely to gender equality was launched by the European Commission in 2005, the first reference can be traced back to the Swedish Presidency of the Council of the EU in 1999. The Council Presidency conference devoted to the topic of gender equality explicitly called for the creation of a knowledge centre which would aid in developing gender mainstreaming approaches and methodologies (Hubert and Stratigaki 2011: 171). Furthermore, in December 2000 the Nice European Council called directly for the establishment of an institution which would help Member States share experiences, enable the pooling of resources and which could help raise awareness of the topic of gender equality.¹³

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- 12 The author understands problem traceability as the availability of scientific solutions available and known to policy makers. Issue saliency, on the other hand, is related to the question of how resonant the issue is within the political and media discourse (Schrefler 2010: 316).
- 13 Consequently, two feasibility studies were conducted by the European Commission (2002) and the European Parliament (2004) in order to identify the main needs of the policymaking process which could be fulfilled by the established agency.

Agnès Hubert and Maria Stratigaki (2011) claim that the objectives of this agency can be best described by the arguments which supported its inception. The authors argue that the foremost objective of the feminist experts invested in the foundations of this organisation was to provide verifiable and reliable data which would be grounded in expertise. As such, the institution would aid the process of mainstreaming gender policies at the national and EU level. While the debate over the mandate and agenda posed severe issues concerning the subsidiarity boundaries and duplicity of tasks, the European Institute for Gender Equality (EIGE) was officially established through a regulation of the European Parliament and the Council in 2006.

The Founding Regulation No. 1922/2006 of the European Parliament and the Council establishing EIGE includes provisions on the tasks which are foreseen within the agenda of the institution in relation to its stakeholders.¹⁴ It is clear from the main provisions (Article 3) that the aim of EIGE is to provide the data for the benchmarking and ranking procedures. The agency is to "[...] collect, analyse and disseminate relevant objective, comparable and reliable information as regards gender equality, including results from research and best practice communicated to it [...]" (Regulation No. 1922 2006: 11). The information is gathered from various national sources. Bal Sokhi-Bulley (2011: 700) views this as a form of panopticism, whereby EU Member States "confess" by subjecting themselves to the gaze of the experts. In order to acquire a form of standardization of data, the agency will "[...] develop methods to improve the objectivity, comparability and reliability of data at European level by establishing criteria that will improve the consistency of information [...]" (Regulation No. 1922 2006: 11). The concept of the knowledge economy is hereby also supported by the provision which allows the institute to "[...] set up and coordinate a European Network of Gender Equality, involving centres, bodies, organisations and experts dealing with gender equality and gender mainstreaming in order to support and encourage research, optimise and use of available resources and foster the exchange and dissemination of information" (Regulation No. 1922 2006: 11). Hereby, we can observe the aim of the feminist experts invested in the establishment of EIGE to foster

14 EIGE's stakeholders include institutions and agents at the international and national level. The international stakeholders naturally include EU institutions (such as the European Commission, European Parliament, but also other agencies, United Nations or the Council of Europe). The national stakeholders are a diverse group consisting of NGOs, equality bodies, national human rights institutions, as well as relevant ministries.

the functioning of epistemic communities at the EU policymaking level, as well as at the national level. However, not only is EIGE to function as a research centre, it also retains a number of tasks which adhere to those of a think tank: “[...] in order to raise EU citizens' awareness of gender equality, organise, with relevant stakeholders, conferences, campaigns and meetings at European level, and present the findings and conclusions to the Commission” (Regulation No. 1922 2006: 11). This would also contribute to the effort of minimising bureaucratic and political bias (EIGE 2015: 15). The tasks spelled out in the Founding regulation are linked to the necessity to “[...] ensure that the information dissemination is comprehensible to the final users” (Regulation No. 1922 2006: 12).

Four years after the adoption of the regulation, EIGE officially launched its operations. While being governed by the Management Board of EU Member States representatives, EIGE also relies on its Experts' Forum, which functions as its advisory body. It is important to take into consideration that although the agency has been in operation for only six years, it has already managed to pilot a number of successful projects. The monitoring of the Beijing Platform in Action can be considered among the most important projects conducted so far. Since 2010 EIGE has published eight reports¹⁵ mapping the critical issues of the Beijing Platform in Action, which had been fed into the policymaking process of the Council of the EU (most notably via the work of the EPSCO Council). The agency was thus directly involved in drafting the indicators for the Council Presidencies, which establish the minimum standards with respect to achieving gender equality in a number of areas (EIGE 2016: 5). It is clear from the outline of this practice that the main aim of the set-up of the Council's gender equality indicators is to translate complex phenomena into tangible numerical information (Broome and Quirk 2015: 7). The agency also set up an online database of Beijing indicators “Women and men in the EU”, which provides information on the indicators to the public in an interactive and comprehensive manner.

Furthermore, the agency has also invested considerable effort into establishing the Gender Equality Index, which was launched in 2013. The aim of the index is to set policy standards in six core areas (work,

15 The reports included the following topics: violence against women, gender gap in pensions, part-time work and self-employment, reconciliation of work and family life, women in power and decision making, effectiveness of institutional mechanisms, decision making in media and organisations, climate change.

money, knowledge, time, power and health) and two satellite domains (intersecting inequalities and violence). By assigning EU Member States with scores between 1 and 100 (where 1 signals total inequality and 100 signifies full equality), the index is able to create a simple ranking of how far the EU Member States have progressed on the road to equality. While the agency does not have a mandate to monitor individual EU Member States and their potential breaches of antidiscrimination legislation, the adoption of the Gender Equality Index and its normative approach may be perceived as a form of "observatory monitoring", which functions as a new governance tool (Sokhi-Bulley 2011: 687).

Quite clearly, the dissemination of the gathered knowledge belongs to the secondary agenda of EIGE. The agency has extensive links to various national and EU organisations – including NGOs, national equality bodies and the academic community – to which it is bound by the regulation to provide technical assistance. In order to set an example, EIGE encourages national organisations and stakeholders to adopt gender mainstreaming processes via its promotion of established methods and tools (EIGE 2015: 17). Nevertheless, while the ties with EU organs such as the Council or the European Parliament are established by the regulation, the agency may find itself struggling to establish more stable formal and informal ties with the institutions present at the national level. In order to help the agency carry out its task, the agency is obliged to "[...] cooperate with organisations and experts in the Member States" (Regulation No. 1922 2006: 12). The questions concerning the efficiency of the agency are of course extensively recognised. Even the founding regulation of the organisation foresees an instrument of further evaluation when it calls for an independent external evaluation to assess the impact of EIGE.

This paper will now approach its primary aim of scrutinising the ultimate tool of organisational management – the audit report of the External Evaluation of EIGE, which was prepared by PPMI and Deloitte in 2015.¹⁶ In this section, we analyse the primary shortcomings of EIGE's agenda, which were identified within the audit report. Further on, we focus on the recommendations given by the external consultancy companies.

16 It is important to highlight that the New Public Management (NPM) paradigm, which appeared in western European countries in the 1980s and 1990s brought a variety of new principles applied within this sector (Malíková et al. 2013: 30).

The External Evaluation Report of EIGE

The establishment of the European Institute for Gender Equality by the founding regulation included a condition of an external audit assessment of the objectives and the agenda of the agency. The external audit, which was conducted by the private consultancy companies PPMI and Deloitte, was conducted five years after the official launch of the agency's operations in 2010. Its main aim was to analyse the mission and the objectives of the organisation with regards to its deliverables and outcomes. Within the report, the agency is presented as an institution aiming to become a knowledge research centre for gender equality issues:

[t]his is fulfilled through collection, interpretation and dissemination of objective, timely, reliable and comparable information [...], promotion, development and fostering of cooperation and networking, development and testing of tools, models and methods of gender mainstreaming, provision of technical assistance and best practices [...], increasing visibility for gender equality through campaigns, seminars and workshops [...]. (EIGE 2015: 4)

The aim of the External Evaluation Report is therefore to look at this agenda and assess its efficiency via an examination of the processes in place.

The data collected for the purposes of the report come from desk research of relevant documents, interviews, surveys, case studies and social network analysis. Altogether, 95 interviews were conducted with the staff of EIGE, EIGE's governing bodies, as well as national and EU-level stakeholders, staff of the European Commission, European Parliament, interest and non-governmental organisations, governmental bodies responsible for gender equality and research institutions. The report is divided into five sections,¹⁷ which are followed by the main conclusions and recommendations.

Among the main successes of the agency, the report identifies the

¹⁷ These include: Relevance and Sustainability; Governance and Efficiency; Effectiveness; Impact and Added Value; Coherence and Coordination.

Gender Equality Index (46% of the respondents), the work of the agency on the topic of gender based violence (34% of the respondents), and the Beijing Platform in Action reports and indicators (29% of the respondents). These projects are grounded in the systematic collection and processing of quantitative and qualitative social science data. Their effectiveness was identified as the ability to fill important data gaps, provide useful analysis and novel interpretations of data (EIGE 2015: 73). The networking and exchange practices of EIGE were generally assessed as not very efficient and not in line with the needs of major stakeholders. This was expressed as there being a lack of systematization and uneven production of good practices within the agency's agenda (EIGE 2015: 7).

When asked about the various ways national and EU-level stakeholders make use of the deliverables of EIGE's work, in most cases, they identified the use of the presented data in day-to-day policy making, when drafting strategies and other policy documents, as well as in informing other stakeholders about the state of gender equality development (EIGE 2015: 9). Nevertheless, stakeholders and institutions which directly work in the area of gender equality (i.e. national agencies or equality bodies) make the most use of EIGE's deliverables and are mostly aware of EIGE's work and agenda (EIGE 2015: 26). Furthermore, these actors also expect a more direct involvement of EIGE, further support and advice from the agency (EIGE 2015: 10). According to some stakeholders, the agency should be able to monitor progress and conduct gender impact assessments (EIGE 2015: 26). One of the crucial findings of the report is the fact that none of the key stakeholders who directly work within the area of gender equality questioned the importance of the agency's work and deliverables (EIGE 2015: 27). It was the group of rather distant stakeholders, such as the social partners and the media, who view EIGE's work more critically and who are not always able to see its usefulness.

In-depth analysis of the gathered data seems to be of the highest importance to the national stakeholders of EIGE. Based on the interviews with the stakeholders, the report recommends that EIGE improve its outputs and deliverables by tailoring these to the special

needs of the stakeholders: “[...] producing policy briefs based on detailed reports to increase the attractiveness and usefulness of the outputs to policymakers” (EIGE 2015: 76) It is also recommended that the agency create a feedback mechanism within its activity areas, which would directly provide the agency with information on needs and enable it to respond quickly to the changing environment (EIGE 2015: 76). This is put directly in contrast with the finding that the main obstacle, as identified by most EIGE employees and EIGE's management bodies, was the lack of (financial and staff) resources of the agency (EIGE 2015: 10). Furthermore, while some of the enquired stakeholders requested more targeted and country-specific data, other stakeholders identified EIGE's reports as lengthy and too technical to appeal to non-specialized audiences (EIGE 2015: 52).

Change in the political priorities of EU Member States is seen as the main concern within gender equality policymaking. Furthermore, when asked about the main struggles in promoting gender equality policies, the questioned stakeholders identified the following main issues: lack of data and monitoring, lack of involvement of men, absence of gender mainstreaming, stereotypes, lack of interest and commitment of political actors (EIGE 2015: 31). Moreover, the gender mainstreaming outputs of EIGE were identified as the least useful by the stakeholders (21%). This is identified within the report as a result of lack of awareness of these outputs among the stakeholders (EIGE 2015: 51).

To conclude the overview of the External Evaluation Report, it is important to note that this audit document lacks further analysis. A further overview of the stakeholders would be needed in order to assess the opinions of the stakeholders based on their type of institution/organization or even the EU Member State they are affiliated with. This would allow us to assess their needs and would provide us with a more detailed view of the barriers they face when promoting gender equality policies within their respective agendas.

Discussion and conclusion

The External Evaluation Report of EIGE published in 2015 and conducted by PPMI and Deloitte provides public policy scholars with interesting incentives. As an example of a valued organisational audit document, it was able to trace the signs of knowledge use among EIGE's stakeholders at the EU and national level. Conducting interviews and gathering relevant data from the involved stakeholders has proven a costly and timely endeavour in measuring the impact of knowledge use by policymakers (Staroňová 2014: 283). Nevertheless, while the report serves organisational rather than research purposes, it also proves that information can be gathered and can provide a valuable insight into the assessment of the new information agencies of the EU.

Unfortunately, the data provided by this report is not sufficient to give us a deeper insight into the knowledge use occurring at the national level. Within the first sections of this paper we have argued that the knowledge-based tools of benchmarking, ranking and good practice sharing attain various aims and as specific tools they also have different capabilities. This does not seem to have been taken into account by the external audit, which focused simply on the conventional (instrumental) knowledge use within policymaking and thus acknowledges the complex process of knowledge use on a limited scale. The most visible reference to the aforementioned abilities of benchmarking, ranking and good practice sharing is presented within the report by the European Women's Lobby (EWL). When asked about the role of EIGE in EU and national policymaking, the non-governmental umbrella organisation representatives stated that they perceive the trend and agenda-setting role of the agency to be the most crucial (EIGE 2015: 69). It is thus clear that the EWL also perceived the "framing possibilities" of the agency, which are present in Isabelle Bruno's conceptualisation of the OMC and Broome and Quirk's idea of an institution which can stimulate conversation about given issues. Furthermore, several stakeholders also identified that EIGE's main aim is to ease political and bureaucratic bias by providing clear and simple data (as reflected in ability no.1: ability to transform complex social phenomena into tangible means of quantification, extrapolation and simplification). However, we consider the simple response of most stakeholders as the

"use of the presented data in day-to-day policy making" (EIGE 2015: 9) as simply unsatisfactory. Since this shallow analysis does not provide us with answers to the core questions – i.e. what are the abilities of the benchmarking, ranking and good practice sharing tools delivered by EIGE – this paper calls for further and more nuanced case studies at the EU MS level.

The overview of EIGE's deliverables seems to be the most valuable part for this paper. It is clear that various stakeholders perceive EIGE's deliverables in different ways. The ones who make use of EIGE's deliverables the most are stakeholders who work directly within the area of gender equality. These are also the actors who are the most familiar with EIGE's outputs. However, it is also clear that while some of the stakeholders want more in-depth and targeted analysis, others find EIGE's reports too technical. This set-up can prove particularly problematic within national structural settings and raise the question of who the target national stakeholders of EIGE are. It is clear that the deliverables of EIGE are most easily grasped by actors working within the gender equality epistemic communities. On the other hand, actors who are not directly engaged with gender equality policies find these tools harder to grasp. This supports Dale's claim (2006: 175) that the tools of benchmarking and ranking limit themselves within the expert groups of national administrations, who then find it difficult to communicate them to others – the less-aware stakeholders. We believe this may be one of the reasons why less engaged stakeholders (such as social partners and the media) approach EIGE's tools more critically. This brings us to one of the structural and actor-centred variables and questions of the theoretical part of this paper: Who are the actors involved with benchmarking and ranking tools at the national level and is their engagement enough to cause policy change at the national level?

Another incentive of the audit report is the analysis of the stakeholders' perception of the issues which hinder the gender equality policies. The majority of stakeholders identified these as informational variables (lack of data and monitoring), actor-centred variables (lack of involvement of men, lack of interest and commitment of political actors) and structural variables (absence of gender mainstreaming) (EIGE 2015: 31). This needs to be taken into account when criticizing the tools of benchmarking, ranking and good practice sharing promoted by EIGE. This is also due to

the fact that the agency is at this point working on its own ability to open its own windows of opportunity.

The next question raised with regards to the application of soft law tools within gender equality policymaking is the usage of good practices. It is estimated within the report that national stakeholders rarely make use of EIGE's collection of good practices. This was explained as a product of a lack of systematic promotion by the agency. Nevertheless, it needs to be stressed that EIGE has developed an interactive online tool where visitors to the website can search through various good practices, which are divided according to specific criteria. This leads us to question, not the promotion of EIGE's projects, but rather the interest of national stakeholders. We can assume, as Adriene Héritier (2002) does, that if the application of measures such as good practices were not costly in the first place, it would have occurred already. Therefore, we can assume that while the promotion and adoption of good practices seems to be a soft law measure *par excellence*, it turns out to be rather costly for national actors. Nevertheless, it is apparent that the application of EIGE's collected good practices by national stakeholders requires further assessment and would benefit from being the object of further studies.

The focus of the report on the instrumental use of knowledge within policymaking also provides us with one more crucial incentive. Within the report, social science knowledge and the tools of benchmarking, ranking and good practice sharing are approached as a form of technical data which should be used instrumentally by key stakeholders. This assumption ignores the works of the aforementioned Carol Weiss (1979), who claims that within social and welfare policymaking, social science knowledge proves more problematic than the simple knowledge of natural sciences. The logic of the external audit also ignores the works of Robert F. Rich (1997), who claims that scientific knowledge may not only have different aims in the context of policymaking, it may also be perfectly rational for actors not to make use of this knowledge.

The mosaic of this complex issue is also obscured by the particular nature of the policymaking area. Gender equality policies are an area of policymaking which is understood as highly ideological (Verloo and van der Vleuten 2009: 179), yet since numerical data conveys the aura

of complete scientific objectivity, it is expected that the scientific data within this area will be perfectly technocratic and depoliticised. This is of course a false assumption, as we have already pointed out in relation to ability no. 6 – to foster the transmission of particular truths. As John Morrissey (2013: 803) writes, the process of identifying indicators is highly political, as it prefers some practices over others and creates a form of normalisation. As Verloo and van der Vleuten (2009: 181) write, “[...] what is not measured, does not exist”.

It is clear that the efficient and constructive criticism of EU gender equality policies requires a new perspective in the new era. Furthermore, it is also apparent that the simple assumption that the work of EU information agencies is not efficient is not grounded in a nuanced and case study approach. The institutions fostering gender equality policies at the EU and national level have to be aware of the complexities of scientific knowledge use, in particular within the area of gender equality policymaking, which proves rather conflict-ridden for a number of EU Member States.

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The Rise of Direct Democracy in Croatia: Balancing or Challenging Parliamentary Representation?

Hrvoje Butković

Abstract

In 2010 the Croatian Constitution was changed to lower the requirements for the implementation of direct democracy at the national level, in order to save the referendum on Croatia's EU membership from possible failure. Since then, Croatia has witnessed a sharp increase in people's initiatives that have managed to block a number of the government's reform proposals. Therefore, the newly discovered appeal of direct democracy in Croatia has created a new environment for the operation of its representative democracy. Starting from theoretical notions, this paper analyses the practice of direct democracy in selected transitional countries, which could be instructive for Croatia. In its central part, the paper explores the obstacles that stand in the way of the efficient implementation of direct democracy in Croatia.

KEY WORDS:

direct democracy, referendums, initiatives, transitional countries, Croatia

Introduction

It is difficult not to acknowledge the potential of direct democracy in terms of empowering citizens, breaking political deadlocks, and further democratizing the political system, despite the frequent criticism levelled against it of being a tool for achieving populist agendas. There have been, however, almost as many experiences with direct democracy as there are democratic countries in the world, which makes the task of transferring best practices from abroad difficult. Furthermore, direct democracy may introduce instability into a political system and could easily be hijacked by interest groups using it as a veto instrument against the implementation of reforms. Therefore, the application of direct democracy in countries with a short democratic history often walks a thin line between being advantageous and disadvantageous for the political system.

The aim of this paper is to analyse how direct democracy has been implemented in Croatia in the period since its independence.¹ Additionally, the paper examines the reasons behind the growing application of direct democracy in Croatia since 2010 and discusses perspectives on how to use it more efficiently in the future. It argues that direct democracy represents a useful instrument for improving the overall democratic quality of a given political system. However, it also stresses that direct democracy should be limited in such a way that it clearly serves as a supplement to representative democracy and not as a tool for its institutional weakening.

In terms of methodology this paper primarily relies on a qualitative analysis of secondary sources such as academic articles and books. However, it also uses statistics on different referendums and legislative provisions. The method of comparative analysis is also applied with respect to the practice of direct democracy in selected transitional countries. Throughout the article, particular attention is paid to the chronology of events in order to determine the causes and effects of particular developments.

¹ The first draft of this paper was presented and debated at the workshop "Rethinking Representation? The Changing Environment for Parliamentary Democracy", held at the Institute for Advanced Studies in Vienna in March 2015. The event was organised within the project "PADEMIA – Erasmus Academic Network on Parliamentary Democracy in Europe", financially supported by the European Union's Erasmus+ Lifelong Learning Programme. IRMO was a partner institution on the PADEMIA project.

The paper comprises five sections. Following the introduction, the next section analyses from a theoretical perspective the concept of direct democracy and its relationship to representative democracy. It presents definitions of the most important terms as well as other insights that are important in order to better understand the parts that follow.

The subsequent section examines the practice of direct democracy in Hungary, Lithuania, and Slovenia. These countries were chosen due to the similarities of their socio-economic conditions with those in Croatia and because of their rich and distinctive experiences with the implementation of direct democracy. Out of all new EU member states, direct democracy in Slovenia has the strongest influence on the political system, which is why its experiences are relevant for this paper. The Lithuanian practice is important due to the fact that out of all the new EU member states the country's legal system recognises the amplest variety of the different instruments of direct democracy. Finally, Hungary was chosen because the importance of direct democracy for the country's political system has drastically changed on more than one occasion in the past 25 years.

The main section is reserved for the analysis of direct democracy in Croatia. It shows that for Croatian political elites the strengthening of direct democracy was never a goal in itself. Rather, this development in Croatia merely represented an inevitable technical side-effect of the EU accession process. The section examines the changing conditions for the implementation of the referendums and the initiatives (also known as the people's initiatives), which since 2010 have allowed for the successful challenging of a number of the government's reform proposals. It also critically analyses the provisions of the most recent attempt at changing the national Law on the Referendum, focusing on its advantages and shortcomings. Finally, the concluding section sums up the most important insights and conclusions.

Direct versus representative democracy

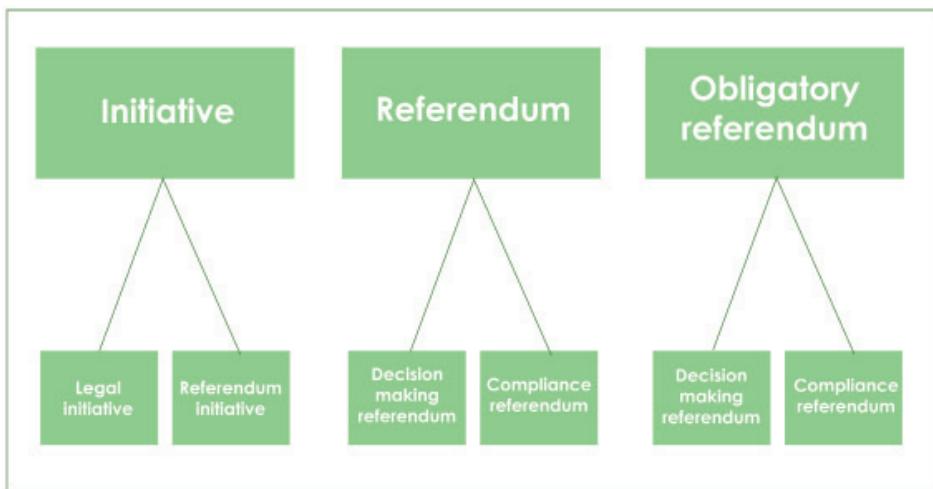
Direct democracy concerns all constitutional and other regulations through which citizens of one country or a sub-national unit are allowed, through voting independently and directly, to decide on a specific political question or to place it on the agenda (Kost 2008: 10). In other words, direct democracy denotes a variety of processes and institutions that guarantee people's direct involvement in political decision-making (Maduz 2010: 1). For Butler and Renney (1978), from the government's perspective there are three principle reasons for using the instruments of direct democracy: (i) constitutional obligation, (ii) increasing the legitimacy of decision making and (iii) transposing difficult decisions to the people in order to avoid being held accountable for their effects.

Having in mind the situation in Switzerland, Vatter (2000) classifies the different instruments of direct democracy by using a two principle criteria. Firstly, he distinguishes whether these instruments are initiated by a simple government majority or by a minority of representatives or citizens. Secondly, he observes whether they use a simple popular majority as a decision rule or a minority veto (*ibid*: 175). Reflecting on the Croatian experience with direct democracy, Smerdel (2013: 164–165) distinguishes referendums: i) according to the size of the political community (state or local referendums); ii) according to the matter which is being decided (whether it is a constitutional referendum, legislative referendum, referendum on association or dissociation, or referendum on other issues); iii) according to the legal nature of the referendum question (obligatory or consultative) and iv) according to who initiated it (a referendum following a decision of a state body or a referendum that is a product of the people's initiative).

According to Jung (2001) and Merkel (2014) there are three principle instruments of direct democracy, depending on the initiation criteria (see Figure 1). The first category refers to initiatives which can be launched through obtaining support from the prescribed number of citizens. The initiatives can further be broken down to legal initiatives (initiated from civil society) and referendum initiatives (initiated by those who govern, usually the opposition MPs). Both legal and referendum initiatives fall

under the category of initiatives, because in each case their initiation depends on the collection of a prescribed number of signatures. The second category is a referendum that can be initiated by the government or the parliament. Thirdly, there is the obligatory referendum, which is launched automatically whenever a decision needs to be made on a prescribed constitutional or some other legal question. The referendums and obligatory referendums can both be sub-divided into decision-making referendums and compliance referendums. The basic distinction between initiatives on one side and referendums on the other will be used as the framework for analysis in the rest of this article, due to its applicability to the circumstances in transitional countries.

Figure 1. Instruments of direct democracy



Sources: Jung (2001) and Merkel (2014), slightly modified.

Reflecting on the effects of the referendums and initiatives, Möckli (1994) notes that while the former has a stabilizing effect on the political system, the opposite is usually true with respect to the latter. In his view, initiatives weaken the positions of political parties and strengthen those of interest groups. Furthermore, they have legitimizing effects on the political system (*ibid*).

As indicated in the definition, direct democracy can be implemented at the national and at the sub-national (local) level, and quantitatively most experiences with direct democracy concern the latter. However, it is not

easy to compare national and local experiences because, at the local level, the range of issues that can be decided through initiatives or referendums is very limited. Furthermore, in terms of content, exercises in direct democracy at the local level tend to be less important (Schmitt 2014: 65).

Direct democracy represents a political instrument that operates within a larger framework of representative democracy and, as such, it covers just a small part of legislative decision-making (Kost 2008: 12; Merkel 2014: 5). Still, the relationship between direct and representative democracy is not free of controversy due to questions concerning legitimacy. As a rule, referendums attract fewer voters than elections, which raises the question of their legitimacy in a situation where the decision taken through a referendum opposes the view taken by the government or the position of its majority in the parliament (Merkel 2014: 8).²

In the given setting the adequate thresholds, in terms of percentage or the number of voters, represents an issue of much significance. This concerns both the minimal number of citizen signatures that need to be collected for the initiation of initiatives as well as the thresholds with respect to the percentage of citizens casting their votes that are required. Concerning the latter, a differentiation can be made between the participation quorum and the acceptance quorum. While the participation quorum prescribes a minimal turnout of voters in order for the initiative or referendum to be considered legal, the acceptance quorum makes the legality of the voting dependent upon the acceptance of a proposal by a certain percentage of voters (Podolnjak 2014: 216). The overall concern with the thresholds is that if they are set too low, there is a legitimacy problem vis-à-vis representative democracy. If, on the other hand, the thresholds are set too high, the flow of innovative bottom-up initiatives could be obstructed (Merkel 2014: 10). The examples that will be analysed in this article will show that participation quorums of 50% or more should be avoided because they make direct democracy almost impossible.

From the classical authors the strongest advocate for direct democracy was Jean-Jacques Rousseau. In his seminal work *The Social Contract*

2 Croatian experiences support this claim. For example, in the 2011 parliamentary elections the voter turnout was 66.57% and in 2015 it was 60.82% (SECC 2011; SECC 2015). Such solid voter turnout can be contrasted with the much lower turnout in the latest national level referendum/initiative. In 2012 the referendum on EU membership had a turnout of 43.51%, while a 2013 initiative on the constitutional definition of marriage attracted 37.90% of voters (SECC 2012; CCRC 2013).

Rousseau prizes a vision of individuals that are directly involved in the creation of the laws that will govern their lives. However, Rousseau's concept of direct democracy is not in compliance with the reality of contemporary states and the modern notion of representative democracy (see Vospernik 2014: 23–25). Among 20th century classical authors opposition to direct democracy was widely shared. Schumpeter (1962) claimed that the average voter lacks the competence and political interest to participate directly in decision-making processes. He also argued that referendums contribute to the polarization of society. An additional claim was that direct democracy leads to policies that could be harmful to minority groups. This argument was often quoted by Sartori (1992) who criticized referendums for their exclusive character. In his opinion referendums leave no space for negotiations and compromises. As such, they represent instruments of majoritarian democracy, which neglect or even endanger minorities.

Contemporary researchers of direct democracy often rightly challenge these classical claims. Referring to the standpoint that the average voter lacks competence, Bowler (2013: 1789) notes that the distinction between representative democracy, on one side, and direct democracy, on the other, is somewhat artificial since most actions within the framework of direct democracy tend to be strongly influenced by MPs. There are studies showing that voters are capable of making reasonable decisions despite all the shortcomings of direct democracy in terms of its effects on efforts to build a consensus and the quality of the deliberations produced throughout campaigns (Lupia and McCubbins 1998). Scholars have presented evidence that as a result of direct democracy political outcomes correspond better with individual preferences (Hug 2004; Frey 1994). Similarly, there are studies showing that more frequent usage of direct democracy causes higher voter turnout, enhances citizen's knowledge of politics (Smith and Tolbert 2004; Kriesi and Wisler 1996), creates a more engaged citizenry (Boehmke and Bowen 2010), and reduces protest behaviour (Fatke and Freitag 2013). Finally, citizens are more likely to be satisfied with how democracy works if there are possibilities for their direct participation in political processes (Bernauer and Vatter 2012). The argument that direct democracy leads to the introduction of policies that could be harmful to minority groups has also been contested. Authors have indicated that, in accordance

with the recommendations of the Venice Commission, many countries exclude such and other sensitive issues from direct voting by citizens (Podolnjak 2014: 211; Kaučič 2014: 75; Council of Europe 2007: III 3).

Still, direct democracy should not be idealised despite all of its possible contributions to the further democratization of a certain political system. It should be kept in mind that the primary actors in direct democratic campaigns are always political elites, civil society groupings or individuals, and not "the people" as such (Merkel 2014: 14). In Switzerland, the cradle of modern-day direct democracy, initiatives and referendums make a significant contribution to political stability. However, direct democracy in Switzerland is much more organized and linked to procedures of representative democracy than is the case in Central and Eastern Europe and other parts of the world, where direct democracy does not have a long tradition (Maduz 2010: 2). A further problem is that revisions of direct democratic decisions are difficult to achieve. In other words, direct democratic procedures lack a correction mechanism that would be comparable with the right of citizens to vote the government out of office (Merkel 2014: 19).³ Last but not least, there are those who claim that an increased use of direct democracy compromises the conditions that facilitate the successful growth of the economy because it bestows interest groups with the power to slow down reform processes (Borner and Rentsch 1997; Merkel 2014: 16).

Direct democracy can strengthen a democratic political system because it can enable the political system to move closer to the democratic ideal. However, in order for citizens' direct voting to be beneficial for democracy it has to be very precisely coordinated with the representative system, which is currently not the case in Croatia and most other Central and Eastern European countries. Furthermore, it is crucial to treat direct democracy as a supplement of representative democracy and to use it for determining only the most important issues.

3 For example, according to the Croatian Law on the Referendum (Art. 8) the decisions reached by means of direct democracy cannot be changed by representative bodies for a year and the voting cannot be repeated for six months. However, the problem lies in the fact that a one-year suspension on a possibility of changing the decision by representative bodies does not apply to referendums on alliances or the dissolution of alliances with other states and to popular initiatives. Concerning referendums on alliances or their dissolution the existing exception is adequate because it is in line with the Croatian Constitution (Art. 142) which indicates that such decisions cannot be changed unilaterally by state bodies. On the other hand, concerning popular initiatives things are not as simple. The inexistence of a one-year suspension poses a dilemma of when a decision reached by means of an initiative could be changed by a representative body. One possible answer is that it may never be changed which could hardly withstand legal scrutiny because that would undermine the power of a parliament to create and change the laws and the constitution. The other answer would be that a decision reached by means of a popular initiative could be changed immediately after its enactment. From a legal perspective this represents a better solution, but it leaves us with the question of what is then the purpose of having such legally binding initiatives in the first place.

Hungary

The Hungarian political system is usually called dualistic because the government and the single chamber parliament do not possess the usual powers over each other. The government has no power to dissolve the parliament, while the parliament has no power to recall individual ministers (Machos 2002). The country has a combined electoral system with a preponderant proportion of majoritarian mandates, which strengthens the position of two big parties (Vospennik 2014: 554). Since the end of socialism the rules for the application of direct democracy in Hungary have been thoroughly changed on several occasion by means of either legislative changes or rulings of the Constitutional Court (*ibid*: 558).

At the beginning of the transition period the conditions for the implementation of direct democracy were rather favourable. The parliament itself could initiate a people's initiative on almost any question as long as one third of its representatives supported the proposal. The decision reached on the referendum bound the parliament for two years. The only (though important) restrictive element in the implementation of direct democracy was a participation quorum of at least 50% (Komáromi 2013: 48).

Throughout the 1990s the Constitutional Court, through its rulings, tried to better regulate the implementation of direct democracy. This activity influenced the 1997 constitutional and legislative changes to the Law on the Referendum, which introduced a more precise system (Vospennik 2014). Through this reform the number of signatures by citizens that had to be collected in order to successfully implement initiatives was increased to 200.000 in most cases. The time span for the collection of signatures was limited to four months when the initiative was started by those who govern and two months when citizens initiate it. The list of prohibited issues that cannot be decided by means of direct citizen voting was enlarged. For example, it was forbidden to hold a referendum or initiative concerning the dissolution of the national and local parliaments, the Law on the

Referendum, the forming of the government, a declaration of war, military interventions, and amnesty. Additionally, a control system for initiatives was established by means of a validation procedure in the National Election Committee. Finally, and most importantly, the 1997 reform replaced the 50% participation quorum with a 25% approval quorum, which resulted in an increased use of direct democracy (Komáromi 2013).

The next significant reform was implemented in 2011 with the clear intention of narrowing the possibility for implementing direct democracy. On that occasion, some forms of initiatives were abolished, such as those that obliged the parliament to discuss problems found to be important by 50.000 citizens. Furthermore, the right of parliamentarians to announce national referendums was restricted, which disrupted the balance of power between the parliament and the government in favour of the latter. Arguably, the most important change concerned the re-introduction of the 50% participation quorum (László 2016; Pállinger 2014).

The 2011 changes could be viewed in the context of a desire to stabilize the political system, at the expense of further democratic developments. Namely, most initiatives used to be initiated or supported by the opposition with the clear intention of destabilizing the government. Only one initiative (from 2004 concerning double citizenship for Hungarians that do not live in Hungary) has not been initiated by a political party (Vospennik 2014: 577). This development corresponds with the classic observation that leaders of political parties tend to favour direct democracy when in opposition but attempt to limit its scope when in power (Frey 2003). Furthermore, it could be concluded that in Hungary after the politically important referendums on accession to NATO (1997) and the EU (2003) the need for preserving the low participation quorum lost relevance (Vospennik 2014: 567–568).

An additional problem in Hungary is that there are no institutional preconditions for developing a dialogue between representative and direct democracy. In case 200.000 signatures are collected, the parliament has to schedule voting on the initiative. However, it cannot issue a counterproposal, and it does not have to make a statement or debate the initiative (Pállinger 2014). The lack of regulations concerning the financing of referendums and initiatives is also problematic (László 2016).

Through the referendum on mandatory migrant quotas held in October 2016 the Hungarian government tried to legitimise its own controversial policy towards migrants within the EU. It is, however, questionable whether in circumstances of widespread anti-migrant sentiments the equality between supporters and opponents of the proposal could have been respected, as recommended by the Venice Commission in its Code of Good Practice on Referendums (Council of Europe 2007: I 2).⁴

Lithuania

The political system of Lithuania represents a unique combination of presidential and parliamentary elements. The president of the republic possesses competences in the domain of foreign policy and has strong influence with respect to choosing the head persons for the numerous governmental bodies. Additionally, the president fulfils an important role in the legislative process; through his/her veto powers, law initiation powers, and the right to demand changes to draft laws (Vospernik 2014: 429). The parliamentary representatives are elected through a combined electoral system with an equal proportion of majoritarian and proportional mandates, but despite this the country has one of the most fragmented party scenes in Europe (Somer 2012: 86). The government is one-sidedly dependent on a single chamber parliament and parliamentarians have massive influence over the government's agenda (Vospernik 2014).

Ever since the country's independence in 1991, the Law on the Referendum has experienced numerous modifications. However, these changes have not led to drastic shifts with respect to the implementation of direct democracy, because the basic parameters have stayed mostly unchanged (Somer 2012). Unlike in some other countries, there are no restrictions on the issues that can be decided by means of direct democracy and a decision reached by the direct voting of citizens cannot be changed in the parliament. Additionally, there are rather favourable conditions for starting an initiative by the opposition MPs. A referendum initiative could be initiated by one fourth of the MPs, and in fact 50% of all implemented initiatives were initiated

⁴ Ultimately, this referendum failed because it could not reach the participation quorum of 50% (National Election Office of Hungary 2016).

by the opposition.

Still, in Lithuania there are many serious obstacles to the efficient implementation of referendums and initiatives, such as the very high threshold for participation and the short time for the collection of signatures (Vospernik 2012). With respect to national level initiatives, in most cases it is necessary to collect 300.000 citizens' signatures (11.4% of the electorate) in three months. Furthermore, there is a participation quorum of at least 50% of voters (*ibid*: 439), which applies to all instruments of direct democracy (see Figures 2 and 3).

In 2003 the high participation quorum caused fear among Lithuania's political class that the EU membership referendum might not pass. Therefore, the participation quorum for the referendums that deal with the transfer of sovereignty to international organizations was lowered to 33%. Ultimately, this action proved unnecessary, because 63% of the total electorate voted in the EU membership referendum and the yes vote took 91%, which is 57% of the total electorate (Somer 2012: 82).

The Lithuanian legal system altogether recognises nine different instruments of direct democracy, but not all forms have been used in practice (Vospernik 2014: 441). Additionally, the success rate is rather poor, because only five referendums and initiatives reached full implementation (CECRL 2016).

Slovenia

The Slovenian political system corresponds to Lijphart's (1999) consensus model of democracy. This implies a high number of effective parties (4.99), comparatively low executive dominance (average duration of the government is 1.7 years), pronounced bicameralism, a rigid constitution, and a strong role reserved for the Constitutional Court (Vospernik 2014: 389). The strength of the country's legislative branch is also visible from the fact that the prime minister cannot replace any of his ministers without the parliament's approval. Additionally, neither the president nor the prime minister possesses the power to dissolve the parliament, whose members are elected through a proportional electoral system (*ibid*: 391).

The 1991 Slovenian Constitution and the 1994 Law on the Referendum envisaged a strong role for direct democracy. They granted the right of ordering a legislative veto referendum via the initiative of one third of the parliamentarians without any participation quorum. Moreover, until 2012 the participation quorum did not apply to any type of referendum or initiative, with the exception of constitutional referendums initiated by one third of the parliamentarians, where the participation of voters was prescribed at 50% (Kaučič 2014). Consequently, it must be stressed that the average turnout for referendums and initiatives is 36.27%, which is almost half that of the average turnout for the parliamentary elections (Vospernik 2014: 414). The number of signatures from citizens that need to be collected for an initiative is not set to be excessively high (40.000 in a country of a 2 million). However, the unfavourable elements refer to the time span provided for collection (30–45 days), and the fact that signatures need to be collected in the offices of the local administration (Kaučič 2014).

The generally favourable conditions for the implementation of direct democracy in Slovenia resulted in 76% of referendums and initiatives being decided in accordance with the wishes of their initiators (Vospernik 2012: 414). In the period between 1990 and 2015, 24 national referendums and initiatives were successfully implemented (see Figures 2 and 3), which is more than in any other transitional country (CECRS 2016). There were 15 successfully implemented initiatives, out of which eight were started by the opposition MPs, underlining the importance of the opposition in the implementation of direct democracy. Therefore, it could be concluded that direct democracy in Slovenia creates a second centre of power that oscillates around the opposition (Vospernik 2014: 419). According to Vospernik (2014: 411), the 2003 NATO and EU accession referendums were among the few that obtained broad support from almost all political parties and succeeded in obtaining high voter turnouts (NATO 60.43%, EU 60.44%).

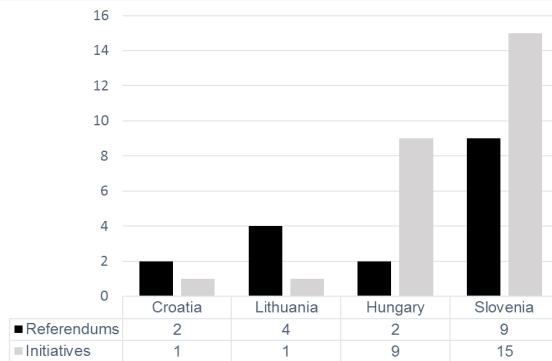
In 2012 Slovenia initiated constitutional changes aimed at re-regulating the implementation of direct democracy. Changes were introduced aimed at somewhat restricting its implementation. Accordingly, the right of one third of the parliamentarians (30 MPs) and of the second house of the Slovenian Parliament to start initiatives vetoing legislative

proposals was abolished (Kaučič 2014: 70). This action was said to be necessary for the coherent application of the principle that only voters should be granted the right to demand direct voting, since they do not directly participate in the legislative process (Podolnjak 2015). For Igor Kaučič this was a welcome move because it limited the possibility of using direct democracy for settling differences between political parties or political differences between the two houses of the Slovenian Parliament (2014: 73).

Legislative referendums and initiatives became conditioned on the participation of at least 20% of voters. More precisely, a quorum of rejection was introduced according to which a law would be rejected through the referendum if at least 20% of citizens voted against it (Podolnjak 2015). Last but not least, certain issues were excluded from being decided through direct democracy, such as laws concerning: urgent matters to ensure the defence of the state, consequences of national disasters, taxes, custom duties and other compulsory charges, state budgets, ratification of treaties, as well as the elimination of unconstitutionality in the area of human rights (Kaučič 2014). However, it must be underlined that all financial and budget laws were not excluded from direct voting but only those precisely listed, which are considered to be crucial for the financial stability of the country (*ibid*).

The implemented constitutional changes did not have drastic effects on the practice of direct democracy in Slovenia, because, in comparison to other countries, the conditions were still rather favourable. However, the adopted higher level of precision is expected to limit the influence of the Constitutional Court, which in the past had frequently intervened in matters concerning direct democracy, claiming that unconstitutional consequences might result (Ribičič 2014: 64).

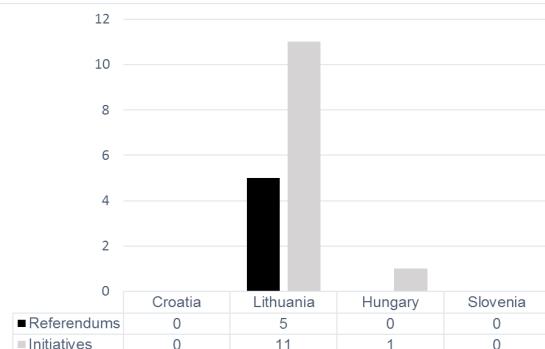
Figure 2. Number of fully implemented national level referendums and initiatives 1990–2015⁵



Sources:

1. SECC - State Electoral Commission of the Republic of Croatia, 2016. Elections/Referendums Archives in Chronological Order, [online] Available at: <http://www.izbori.hr/ws/index.html?documentId=A758299505B80F02C1257C8400606C3B> [accessed 1 December 2016].
2. CECRL - Central Electoral Commission of the Republic of Lithuania, 2016. Previous Referendums, [online] Available at: <http://www.vrk.lt/en/ankstesni> [accessed 1 December 2016].
3. National Election Office of Hungary, 2016. National Referendum, [online] Available at: <http://valasztas.hu/en/ref2016/index.html> [accessed 1 December 2016]; Vospernik (2014: 571).
4. CECRS - Central Electoral Commission of the Republic of Slovenia, 2016. Referendums, [online] Available at: <http://www.dvk-rs.si/index.php/si/arkiv-referendumi> [accessed 1 December 2016].

Figure 3. Number of failed national level referendums and initiatives 1990–2015 due to inability of reaching the prescribed quorums



Sources:

1. see Table 3.
2. CECRL - Central Electoral Commission of the Republic of Lithuania, 2016. Previous Referendums, [online] Available at: <http://www.vrk.lt/en/ankstesni> [accessed 1 December 2016].
3. National Election Office of Hungary, 2016. National Referendum, [online] Available at: <http://valasztas.hu/en/ref2016/index.html> [accessed 1 December 2016]; Vospernik (2014: 571).
4. CECRS - Central Electoral Commission of the Republic of Slovenia, 2016. Referendums, [online] Available at: <http://www.dvk-rs.si/index.php/si/arkiv-referendumi> [accessed 1 December 2016].

5 In cases when voting is carried out on several questions, each question is counted as a separate referendum or initiative.

Croatia's democracy in the age of referendums

A chronology of the national and local referendums

Before going into the details of how direct democracy is implemented in Croatia it is important to set it in a wider context by shortly describing the features of Croatia's representative democracy. The Croatian Constitution (Art. 71–72) prescribes a unicameral parliament, which is elected every four years. The Law on the Election of Members of the Croatian Parliament (LEMCP) defines the electoral system as proportional (Art. 40), whereby citizens elect 140 MPs in ten territorial units (Art. 38). Additional MPs are elected in a special constituency for Croatian citizens living abroad as well as a constituency for ethnic minorities within Croatia as a whole (Art. 44 and 45). The changes to the LEMCP imposed in February 2015 introduced the possibility of preferential voting. The candidates that obtained more than 10% of preferential votes within any particular list are given the advantage over all other candidates regardless of their numerical position on the list (Art. 16 and 38).

According to the Croatian Constitution (Art. 87) the Croatian Parliament can initiate national level referendums concerning constitutional changes, the adoption of new laws, or any other issue in the area of its jurisdiction. Referendums can also be initiated by the president of the republic on the proposal of the government and with the co-signature of the prime minister. However, in such cases, the Constitution limits the thematic scope of a referendum to constitutional changes and issues that are important for the independence, unity, and existence of Croatia. The decisions produced through the referendums are made by a majority of the voters taking part therein and they are obligatory for the government (Croatian Constitution, Art. 87; LoR, Art. 6 and Art. 8). However, the Constitution (Art. 87) and the Law on the Referendum (LoR) in articles 57–59 also prescribe for the possibility of a consultative referendum.

Local level referendums are regulated by the LoR and the Law on the Local and the Regional Self-government (LLRS). According to the LoR (Art. 4) local referendums can be initiated by representative bodies of the

local and regional self-government on issues that concern their areas of responsibility. According to the LLRS, local referendums can be initiated on the proposal of a mayor, a municipal perfect, a county perfect, one third of the county council members, or one half of the town or municipality council members (LLRS, Art. 24). A proposal for a local referendum needs to be confirmed by the majority of representatives of the local/regional representative body (LLRS, Art. 24). The LoR (Art. 11) prescribes that both national and local referendums need to be implemented in no less than 20 and no more than 40 days since the announcement of this decision.

Until 2010 the development of direct democracy at the national level was halted by very restrictive implementation requirements. Accordingly, both the optional constitutional as well as the legislative referendums required a participation quorum of at least 50% of all voters registered in the country. The requirements for the implementation of the obligatory constitutional referendum, reserved for association and dissociation, were even stricter, stipulating the acceptance (or refusal) quorum of least 50% of all registered voters (Grubiša 2012: 55). In such circumstances it is not surprising that throughout its newest history Croatia has implemented just two national referendums and one national initiative: a referendum on the country's independence, a referendum on its EU membership, and an initiative concerning the constitutional definition of marriage (see Tables 1 and 3).

Anticipating a low turnout for the EU referendum, based on public opinion surveys (Širinić 2011), in 2010 the requirements for the implementation of direct democracy at the national level were lowered, in order to save the EU referendum from possibly failing. This was done by means of constitutional changes, supported by all major parties, which abolished the requirements for any specific participation quorum at the national level (Art. 87 and Art. 135). This example proves the old hypothesis that direct democracy may have indirect effects on the political elite by fostering consensus with respect to the decision-making process (Neidhart 1970). Ultimately, as indicated in the previous section, similar developments were registered in Hungary and Lithuania, prior to their accession to the EU.

Subsequently, the Constitutional Law on Implementation of the Constitution of the Republic of Croatia (CLICRC) noted that within a period of six months the LoR should be harmonized with the Constitution (Art. 7). Despite this,

to this date the LoR has not been changed, which has had paradoxical implications for the implementation of direct democracy in the country. Namely, while at the national level there is no longer a participation quorum, at the local level (see Tables 2 and 4) the participation quorum of 50% of locally registered voters still holds (LoR, Art. 6).

The results of the EU referendum held on 22 January 2012 showed that the concerns of political elites over the extent of citizens' support for EU membership were justified. In the referendum, 66.3 per cent of citizens voted in favour of accession with a turnout of only 43.5 per cent (see Table 1). Such results were in contrast to the advice offered by the majority of parliamentary political parties and their MPs, which overwhelmingly expressed their unreserved support for EU membership and exhorted citizens to vote for accession (Butković 2015). Clear opposition to EU membership was expressed by only one conservative right-wing party, which at the time had one seat in the parliament (*ibid*). This confirms that in Croatia, just as elsewhere in the EU, the MPs tend to be more supportive of the Union than the voters (Auel and Raunio 2012: 20).

Table 1. National level referendums

No.	TOPIC OF THE REFERENDUM	DATE OF VOTING	TYPE OF THE REFERENDUM	TURN OUT	PERCENTAGES FOR / AGAINST
1.	Independence of Croatia	19.05.1991.	Obligatory	83.56%	93.24% for 4.15 % against 1.18% non-valid
2.	EU membership	22.01.2012.	Obligatory	43.51%	66.27% for 33.13% against 0.60% non-valid

Sources:

1. RCIR - Republic Commission for Implementation of Referendums, 1991. Referendum on the status of Republic of Croatia, [online] 19 May. Available at: <http://www.izbori.hr/ws/index.html?documentId=D F2CA3FEF99BA5CBC1257C5C004BF6B4> [accessed 1 February 2017].
2. SECC – State Electoral Commission of the Republic of Croatia, 2012. Referendum on the EU membership, [online] Available at: http://www.izbori.hr/izbori/dip_ws.nsf/public/index?open&id=9B1A& [accessed 1 February 2017].

Table 2. Local level referendums⁶

No.	TOPIC OF THE REFERENDUM	TOWN	DATE OF VOTING	TYPE OF THE REFERENDUM	TURN OUT	PERCENTAGES FOR / AGAINST
1.	Corrections of the county borders	See below	02.06.1996.	Consultative	51.5% (average)	-
2.	Ban on the production of PVC	Kaštela	14.03.1999.	Consultative	31% (insufficient)	89% for
3.	Construction of thermal power plant	Ploče	25.01.2015.	Consultative	60.4%	90.79% against

Sources:

1. SECC – State Electoral Commission of the Republic of Croatia, 1996. Consultative referendums on corrections of the county borders, [online] Available at: <http://www.izbori.hr/ws/index.html?documentId=DF2CA3FEF9BA5CBC1257C5C004BF6B4> [accessed 1 February 2017].
2. Oršić, Z., 2014. Lokalni referendum u Hrvata. Politika.com, [online] Available at: <http://politika.com/lokalni-referendum-u-hrvata> [accessed 1 February 2017].
3. Jutarnji list, 2015a. Ploče – više od 90% Pločana protiv termoelektrane, [online] 25 January. Available at: <http://www.jutarnji.hr/vijesti/hrvatska/ploce-vise-od-90-posto-plocana-protiv-termoelektrane/469261/> [accessed 1 February 2017].

Opening Pandora's Box of initiatives

Initiatives were introduced into Croatia's political system in the year 2000, when, as part of the constitutional changes brought after the death of Franjo Tuđman, Croatia's first president, the country's semi-presidential political system was transformed into a parliamentary system. According to these changes the Croatian Parliament was obliged to announce an initiative on any topic from its scope of work or of importance for Croatia if this was requested by at least 10 per cent of registered voters (Croatian Constitution, Art. 87; LoR, Art. 3). Just as with the referendums discussed in the previous section, the decisions reached through initiatives are made by a majority of the voters taking part therein and they are binding (Croatian Constitution, Art. 87; LoR, Art. 6 and Art. 8).⁷

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6 In Croatia, there is no official data on the exact number of local referendums and initiatives held so far. Therefore, it is possible that the presented data is incomplete. Concerning the referendums under No. 1, these were held in Pag and Novalja district, Zagreb county, Novska, Ivanić Grad, Kloštar Ivanić district, Križ district, Našice, Đurđenovac district, Feričanci district and Podgorač district.

7 Apart from the referendums/initiatives the LoR in Art. 2 recognised meetings and petitions as additional instruments of direct democracy.

The introduction of initiatives in Croatia has often been criticized as overly simplistic and for not being sufficiently thought-through. Legislators failed to introduce a differentiation between the criteria for initiatives that pursue constitutional changes and those that demand legislative ones (in terms of the number of collected signatures, the length of time for collecting them, etc.). A practice of prohibiting instruments of direct democracy during the last year of the government's mandate as well as within the first six months in office was not accepted. Last but not least, prescribing a time frame of only 15 days for collecting signatures for initiatives was viewed as equally problematic (Pereša and Zelić 2012; Kostadinov 2014; Smerdel 2014; Podolnjak 2014).

The 15-day timeframe for collecting the signatures of about 430.000 citizens at the national level (10% of registered voters) means that without massive organisational capacities on the part of the organizers, national level initiatives have no chance of succeeding. As seen from Table 3, there were more national level initiatives that failed in collecting the required signatures than successful ones. Additionally, the rigorous 15-day timeframe stands in sharp contrast to the undetermined time period that, according to the LoR, the Ministry of Public Administration has for their validation. In practice this means that the government protracts the implementation of initiative if it suits its interests. Defects in the legislative framework regulating initiatives are also visible from the lack of precision in the LoR which allows the government to change the legislation, which is to be voted on, in the period between the initiative's initiation and the actual voting (Periša and Zelić 2012). This opportunity has already been used by the government on three separate occasions (amendments of the Labour Law, outsourcing and monetization of the highways, see Table 3).

Just as for referendums, the implementation of initiatives at the local level is inhibited by the fact that in the post-2010 period, the LoR has not been harmonized with the constitution. For that reason, the success of local level initiatives and referendums depends on the turnout requirement of at least 50% of the locally registered voters (LoR, Art. 6). As is visible from Table 4, such strict turnout requirements prevent the implementation of most local level initiatives. the LLRS (Art. 24) further specifies that local initiative can be initiated by 20% of the voters registered in the local or regional unit.

In the case of recalling the municipal prefect, mayor, county prefect, or their deputies, the LLRS (Art. 40c) notes that the voting is valid if the majority of voters that turned out voted for the recall and if that majority represents at least 1/3 of the total number of locally registered voters. This practically means that a turnout below 50% has only slim chances for success. Still, in terms of the timing within the recall procedure, the new LLRS goes one step further than the out-dated LoR. Unlike the LoR, which prescribes no limitations on when an initiative can be implemented, the LLRS notes that the recall procedure cannot be carried out within the first 12 months after the local elections took place or within 12 months of the implementation of the previous such recall procedure. Similarly, the recall procedure is prohibited in the last year of the mandate (Art. 40b).

The existing legislation reserves an important place for the Constitutional Court in the implementation of national level initiatives. The Constitutional Law on Implementation of the Constitution of the Republic of Croatia (CLICRC) prescribed that with respect to national level initiatives, the Croatian Parliament can inquire the Constitutional Court about the compatibility between the question posed by the initiative and the Croatian Constitution. In such circumstances, the Court is obliged to provide its answer within 30 days (Art. 95). Local referendums are excluded from the scope of review of the Constitutional Court because of the strict wording of article 95 of the CLICRC, which expressly refers to referendums defined in article 87 (paragraphs 1–3) of the Croatian Constitution. The appropriateness of all questions posed by the local initiatives are examined by the Central Department of State Administration responsible for local and regional self-government. The Central Department also checks the validity of the collected signatures (LLRS, Art. 24). Within 60 days the response regarding the appropriateness and validity of the signatures needs to be delivered (LLRS, Art. 24).

The parliament used the opportunity to inquire the Constitutional Court about the appropriateness of the questions concerning four national level initiatives (amendments to the Labour Law, changing the Constitutional Law on the Rights of National Minorities, outsourcing and monetization of highways, see Table 3), which managed to collect the required number of signatures (CCRC 2010, CCRC 2014a, CCRC 2015a, CCRC 2015b). Regarding amendments to the Labour Law, the Court stated

that a referendum would be unnecessary because in the meantime the government decided to abandon the proposal. In the remaining three cases the decision of the Court was that the question is unconstitutional (*ibid*). With respect to the 2013 initiative about the constitutional definition of marriage as a union between one woman and one man, the motion from the Parliament was never sent. Therefore, the Court offered its view through a special document under the title "Statement". In this statement the Court declined to rule that the question was contrary to international and domestic law, which cleared the path for this (and so far the only) successfully implemented national level initiative (CCRC 2013).

The role of the Constitutional Court in regulating the instruments of direct democracy in Croatia is not without controversy. Some scholars have objected to the fact that the current legislative framework allows the Parliament to inquire the Court about the compatibility of national level initiatives with the Constitution but not national referendums. Therefore, it remains unclear, what would be the implications of an activity of the Constitutional Court in the case of national level referendums or initiatives, when the parliament avoids posing a question (Horvat-Vuković 2014; Podolnjak 2014). However, as pointed to by Gardašević (2015), from the point of view of the Constitutional Court itself, this question was resolved in the statement of the Court concerning the constitutional definition of marriage. There the Court revealed its approach to its own review powers, according to which it possesses the general constitutional duty to guarantee respect for the constitution and to supervise the constitutionality of state referendums, until the formal end of the referendum procedure.

The 2010 abolition of the participation quorum at the national level resulted in an increase of initiatives. At the local level, although rules remained unchanged, the frequency of initiatives increased as well, which could be attributed to the general growth of citizens' interest in the instruments of direct democracy.

National level initiatives can easily be divided into two principle groups: initiatives dealing with political issues and initiatives dealing with economic issues. However, there are observable differences between these two groups. While the organizers of initiatives dealing with political issues derive from different groups within civil society (from Christian conservatives and

war veterans to the pacifist groups) the organizers of the initiatives that focus on the economy are always the trade unions. The later possess organizational capacities that allow them to pursue successful signature collection campaigns. Through their engagement in initiatives aimed at blocking the government's major economic reforms, which otherwise could have obtained majority backing in the Croatian Parliament, the trade unions in Croatia used the instruments of direct democracy to act as veto points on behalf of the status quo.

One differentiation between the initiatives in Croatia and the ones in Hungary, Lithuania and Slovenia is that in Croatia the opposition is not as frequently involved in the implementation of these initiatives, particularly at the national level. This phenomenon could partly be explained with the fact that, unlike in the mentioned countries, in Croatia the oppositional MPs cannot start a referendum initiative. Therefore, the opposition is generally not as familiar with the strategic use of direct democracy.⁸ Additionally, it is not surprising that the initiators of the initiatives that deal with the economy are the trade unions. As the most ardent advocates of leftist ideas in Croatia, the trade unions often claim to have no interlocutors among the political parties, which in their view almost exclusively follow the neoliberal agenda (Butković et al. 2012).

⁸ The attitudes of the two major political parties (the social democrats and conservatives) towards direct democracy could generally be described as reactive and sceptical. This is best visible from their clear opposition to the initiative that was aimed at introducing preferential voting without census, the lowering of the election threshold and some other changes to the electoral system (see Table 3). In this initiative the leaderships of both major parties recognised the potential danger that their power might be eroded (Vuković 2014).

Table 3. National level initiatives⁹

No.	TOPIC OF THE INITIATIVE	INITIATION OF INITIATIVE	NUMBER OF SIGNATURES	TURN OUT	PERCENTAGES FOR AND AGAINST	OUTCOME
1.	Termination of cooperation with the Hague Tribunal	30.09.2007.	296.000	/	/	Insufficient number of signatures
2.	Croatian accession to NATO	29.03.2008.	126.392	/	/	Insufficient number of signatures
3.	Arbitration of the Croatian-Slovenian border delimitation	15.11.2009.	200.000	/	/	Insufficient number of signatures

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1. The initiative on the termination of cooperation with The Hague Tribunal was launched by war veterans who requested a direct vote on the regulation of their status in proceedings concerning the alleged war crimes (Portal hrvatskog kulturnog vijeća 2007).
2. Concerning accession to NATO, an initiative was launched that requested a direct vote on that topic, which has not been envisaged (H-ALTER 2008).
3. The initiative on arbitration of the Croatian-Slovenian border delimitation was targeted against the arbitration agreement which was signed by the two governments. The arbitration was to determine the land border delimitation between the two countries on several micro locations as well as the sea border in the Adriatic Sea. The organizers of this initiative claimed that Croatia needed to pull out of the arbitration agreement. They advocated settling of the border issue at the International Tribunal for the Law of the Sea in Hamburg or at the UN International Court of Justice in The Hague (Večernji list 2009).
4. The trade union confederations started an initiative that would cancel the prolonged application of the expired collective agreements by means of amendments to the Labour Law. The government abandoned this proposal but later these changes were implemented by means of another law (Butković et al. 2012).
5. The initiative also called "Referendum uprising" included the questions on the following issues: a second referendum on the EU membership, the annulment of the privatization process, a ban on GMOs, and a prohibition on the selling of natural resources (Portal.hr 2013).
6. The constitutional definition of marriage initiative provoked significant debate concerning whether the conservation of cultural concepts such as marriage should have priority over individual autonomy (Gardašević 2015: 10). Furthermore, the initiative provoked polemics on whether constitutional issues should be decided through the initiative process and whether the requirements should remain the same for legislative and constitutional initiatives (Podolnjak 2014). Finally, the Constitutional Court concluded that a decision made by a direct citizens' vote has an immediate transformative effect on the constitutional text (Gardašević 2015: 11).
7. The initiative, which concerned changing the Constitutional Law on the Rights of National Minorities, wanted to harden requirements for the official use of minority languages and scripts in the territories with local self-government. The goal was to prevent the placing of bilingual (Latin and Cyrillic) plates on public buildings in the town of Vukovar, which has a significant Serbian minority. Organizers claimed that Cyrillic scripture in Vukovar is associated with suffering during the war, in which the town was destroyed (CCRC 2014a).
8. After the government announced its plan to outsource all non-core services in the public sector the trade unions started an initiative that would ban outsourcing in the public sector by means of a special law. The Constitutional Court, with respect to this case, argued that direct democracy is permissible and legitimate, but not the primary and ordinary way of deciding on the regulation of economic, legal and political relations (CCRC 2015a).
9. The greatest controversy over the initiative aimed at changing the electoral system was what number constitutes ten per cent of voters in Croatia. The initiative failed because the Constitutional Court took a position that ten per cent should be counted based only on the voters who reside in Croatia (CCRC 2014b).
10. An initiative against the monetization of highways was started by a broad coalition of trade unions and civil society activists who wanted to stop the government's plan to give the motorways, which are public property, to private concessioners (CCRC 2015b).
11. The organizers of this initiative wanted to lower the required number of signatures needed for the initiation of an initiative. Furthermore, they also wanted to prescribe that in all future attempts to regulate direct democracy the signatures for the initiatives must be collected in public places (Jutarnji list 2015b).

No.	TOPIC OF THE INITIATIVE	INITIATION OF INITIATIVE	NUMBER OF SIGNATURES	TURN OUT	PERCENTAGES FOR AND AGAINST	OUTCOME
4.	Amendments to the Labour Law	09.06.2010.	717.149	/	/	Government abandoned the amendments
5.	Four questions	13.02.2013.	~120.000 per question	/	/	Insufficient number of signatures
6.	Constitutional definition of marriage	12.05.2013.	749.316	37.90%	65.87% for 33.51% against 0.62% non-valid	Successful
7.	Changing the constitutional law on the rights of national minorities	17.11.2013.	632.165	/	/	Unconstitutional question
8.	A ban of outsourcing	06.06.2014.	563.815	/	/	Unconstitutional question
9.	Electoral system	21.09.2014.	386.649	/	/	Insufficient number of signatures
10.	Against monetisation of highways	11.10.2014.	498.545	/	/	Unconstitutional question
11.	Referendum on referendum	30.05.2015.	~340.000 per question	/	/	Insufficient number of signatures

Sources:

1. Portal hrvatskog kulturnog vijeća, 2007. 296 tisuća moralnih činova, [online] 18 October. Available at: <http://www.hkv.hr/izdvojeno/komentari/mmb/1445-komentar-296-tisua-moralnih-inova.html> [accessed 1 February 2017].
2. H-ALTER, 2008. Predaja 126 392 potpisa prikupljenih u akciji 'NATO na referendum, [online] 23 June. Available at: <http://www.h-alter.org/vijesti/predaja-126-392-potpisa-prikupljenih-u-akciji-nato-na-referendum> [accessed 1 February 2017].
3. Večernji list, 2009. Inicijativa More je kopno prikupila oko 200.000 potpisa, [online] 2 December. Available at: <http://www.vecernji.hr/hrvatska/inicijativa-more-je-kopno-prikupila-oko-200-tisaca-potpisa-59809> [accessed 1 February 2017].
4. CCRC – Constitutional Court of the Republic of Croatia, 2010. Decision No. U-VII-4696/2010, [online] 20 October. Available at: http://narodne-novine.nn.hr/clanci/sluzbeni/2010_10_119_3111.html [accessed 1 February 2017].
5. Tportal.hr, 2013. 'Referendumski ustanak' nije skupio dovoljno potpisa, [online] 22 March. Available at: <http://www.tportal.hr/vijesti/hrvatska/250763/Referendumski-ustanak-nije-skupio-dovoljno-potpisa.html> [accessed 1 February 2017].
6. CCRC – Constitutional Court of the Republic of Croatia, 2013. Statement No. SuS-1/2013, [online] 14 November. Available at: http://narodne-novine.nn.hr/clanci/sluzbeni/2013_11_138_2966.html [accessed 1 February 2017].
7. CCRC - Constitutional Court of the Republic of Croatia, 2014a. Decision No. U-VII-4640/2014, [online] 12 August. Available at: http://narodne-novine.nn.hr/clanci/sluzbeni/2014_08_104_2021.html [accessed 1 February 2017].

8. CCRC – Constitutional Court of the Republic of Croatia, 2015a. Decision No. U-VIIR-1159/2015, [online] 8 April. Available at: http://www.sdsn.hr/upload/File/Outsourcing_odluka_Ustavnog_suda_od_080415_U-VIIR-1159-2015.pdf [accessed 1 February 2017].
9. CCRC – Constitutional Court of the Republic of Croatia, 2014b. Decision No. U-VIIR-7346/2014, [online] 10 December. Available at: http://narodne-novine.nn.hr/clanci/sluzbeni/2014_12_156_2961.html [accessed 1 February 2017].
10. CCRC - Constitutional Court of the Republic of Croatia, 2015b. Decision No. U-VIIR-1158/2015, [online] 21 April. Available at: http://narodne-novine.nn.hr/clanci/sluzbeni/2015_04_46_919.html [accessed 1 February 2017].
11. Jutarnji list, 2015b. Ipak ništa od referendumu o referendumu, [online] 16 July. Available at: <http://www.jutarnji.hr/vijesti/hrvatska/ipak-nista-od-referendumu-o-referendumu-inicijativa-sindikata-i-nevladinih-udruga-skupila-premalo-potpisa/281659/> [accessed 1 February 2017].

Table 4. Local level initiatives¹⁰

No.	TOPIC OF THE INITIATIVE	TOWN	DATE OF VOTING	TURN OUT	PERCENTAGES FOR / AGAINST	OUTCOME
1.	Location of the county's waste disposal site	Viškovo	04.06.2000.	/	Majority against	Insufficient turnout
2.	Separation from the Lika-Senj County	Senj	19.01.2003.	40.4%	92.5% for	Insufficient turnout
3.	Separation from the Blato municipality	Babina	06.07.2003.	92%	96% for	Successful
4.	Recall of the municipal prefect	Pribislavec	27.02.2011.	11%	70% for	Insufficient turnout
5.	Recall of the municipal prefect	Pučišća na Braču	06.05.2012.	31.6%	88.7% for	Insufficient turnout
6.	Construction of accumulation lake	Lokve	09.06.2013.	37.8%	88.7% against	Insufficient turnout
7.	Construction of wind power plant	Fužine	14.04.2013.	46.6%	82% against	Insufficient turnout
8.	Golf Park project on mount Srd	Dubrovnik	28.04.2013.	31.5%	84% against	Insufficient turnout
9.	Construction of composting plant	Goričan	16.02.2014.	56.2%	97.7% against	Successful

Source: Oršić, Z., 2014. Lokalni referendum u Hrvata. Politika.com, [online] Available at: <http://politika.com/lokalni-referendumi-u-hrvata> [accessed 1 February 2017]

10 The initiative, which intended to block the construction of the Golf Park on the mount Srd close to Dubrovnik, was one of the most media exposed local initiatives. The organizers were concerned, among other things, that this project could endanger the regular water supply to the city of Dubrovnik. However, like most of the local initiatives this one also failed to obtain the needed participation quorum (Srd je naš 2016).

Towards better regulation of direct democracy in Croatia

In its October 2010 decision the Constitutional Court noted that the existing legislative arrangements that regulate direct democracy in Croatia lack coherence and need to be changed (CCRC 2010). Specifically, the Court noted that the Croatian Parliament is obliged to harmonize the LoR with the Croatian Constitution and that in doing so the legislator should take into account that the Court on two separate occasions had initiated a review of the LoR's constitutionality. It further noted that provisions of the LoR are insufficiently elaborated, which is visible from the fact that there are no regulations on how to proceed when the government withdraws a proposal that is to be decided upon by means of an initiative. Finally, the Court stressed that provisions of the LoR need to be harmonized with the Code of Good Practice with Respect to Referendums issued by the Venice Commission.¹¹

On a number of occasions MPs, experts, and civil society representatives demanded constitutional and legislative changes that would harmonize relations between the constitution and the LoR and make direct democracy more accessible. For example, in June 2010 representatives of the Social Democratic Party of Croatia (then in the opposition) submitted a constitutional amendment aimed at lowering the number of signatures from citizens needed for the initiation of an initiative from 10 to 5 per cent, and forbidding referendums/initiatives concerning human rights, basic freedoms, equality, the rights of the national minorities, as well as taxation and the state budget (Podolnjak 2014: 186). The amendment was not approved, just as the one submitted in October 2012 by 45 MPs, which called for the lowering of the number of signatures to 200.000 (ca. 5%) and extending the time for their collection (*ibid*: 187). Similarly, the NGO GONG recommended lowering the number of signatures to 5% and extending the period for their collection to two months (Pereša and Zelić 2012). Despite all this, it was not until September 2014 that the government headed by the social democrats proposed the new draft LoR.

The new draft LoR corrects the inconsistency between the Constitution

¹¹ Council of Europe, 2007. Resolution 235. Code of Good Practice on Referendums [adopted by the Council for Democratic Elections and the Venice Commission], [online] 30 May. Available at: <https://wcd.coe.int/ViewDoc.jsp?p=&id=1133019&direct=true> [accessed 1 February 2017].

and the LoR by eliminating the participation quorum at the national level. Still, it keeps the participation quorum at the local level (although somewhat reduced). Transcribing provisions from the LLRS, the draft LoR notes that voting on a local referendum or initiative is valid only if a majority of the voters that voted for the proposal represent at least 1/3 of the total number of the locally registered voters (Art. 21). However, such a still high participation quorum makes the implementation of direct democracy at the local level very difficult.

For the local level initiatives, the strict requirement of conferring signatures from at least 20% of locally registered voters was relaxed to 15% for the municipalities of 10.000 – 100.000 inhabitants and 10% for the municipalities of more than 100.000 inhabitants (Art. 9.). Finally, the time frame for the collection of signatures both at the national and at the local level was set at 30 days (Art. 14).

The new draft LoR attempted to abolish the practice of collecting citizens' signatures in public places. Instead it prescribed that signatures should be collected in the offices of the state or local administration (Art. 13) or electronically (Art. 15). However, after numerous protests by representatives of civil society, arguing against this, in their view, undemocratic solution, the government retreated and abandoned this particular provision.

Prior to the publishing of the new draft LoR there was much discussion in Croatia concerning the possible introduction of thematic restrictions to what could be decided by means of direct democracy. In December 2013 the Committee for the Constitution, Standing Orders and Political System of the Croatian Parliament initiated constitutional changes concerning the implementation of direct democracy. Accordingly, referendums and initiatives should not be allowed on issues that address: (i) limitations to human rights and basic freedoms as stipulated by headings II and III of the Croatian Constitution, (ii) obligations deriving from affiliation with international treaties as well as their cancelling, (iii) the state budget and the tax system, (iv) defence and national security, as well as (v) elections and appointments under the jurisdiction of the Croatian Parliament (Croatian Parliament 2013).

Smerdel expressed his reservations concerning this proposal, which soon

after failed to obtain the needed support in the Parliament (2014: 42). In his view, if implemented, the proposal could create confusion because it avoids clarifying who will decide if some question falls within the ambit of the listed restrictions. Furthermore, he expressed opposition to the wording indicating that referendums would be forbidden on issues concerning human rights and basic freedoms as stipulated in headings II and III of Croatian Constitution. Namely, such a broad formulation, which concerns half of the constitutional text, would make direct democracy literally impossible (*ibid*). Similar reservations were expressed by Podolnjak, who proposed milder restrictions that would prevent the initiation of referendums and initiatives on matters that are contrary to international law, fundamental principles of democracy, the protection of human rights, basic freedoms, and the rule of law (2014: 211).¹² The author also indicated that initiatives should not be allowed concerning the scope of the constitutional competences of one state body towards another. Finally, Podolnjak noted that the wording of the restrictions is of out-most importance in order to avoid broad interpretations of them, which could make direct democracy impossible (*ibid*). This is certainly of great importance because some commonly accepted notions – such as for example “state budget” – are so imprecise that their blank insertion on the list of restrictions could present an insuperable obstacle to direct democracy.

Gardašević (2015: 44) and Kostadionov (2014: 132) also argued in favour of narrowing the area of questions that could be decided by means of direct democracy. Furthermore, Gardašević insisted on better regulation of the judicial review process that would cover all cases of referendum decision-making and for the language to be more precise concerning procedural rules (2015: 44). Unfortunately, despite this comprehensive debate, the new draft LoR avoided introducing specific thematic restrictions to what could be decided by means of direct democracy. It only introduced a very general restriction indicating that referendums and initiatives cannot decide issues that could endanger the values of the Croatian constitutional order as prescribed by the Croatian Constitution and on issues that are contrary to the supremacy principle of EU law (Art. 3).

According to a proposed draft law the authorities will not be in a position to change decisions reached by referendums or initiatives for a period of

.....
12 In accordance with the Code of Good Practice on Referendums (Council of Europe 2007).

two years. In the same period, it will not be possible to repeat a particular referendum or initiative (Art. 22). This is an improvement because in the current LoR (Art. 8) these limitations are set at one year concerning changing a decision and at six months concerning repeated voting. Furthermore, it should be underlined that according to the current LoR (Art. 8) a one-year suspension on a possibility to change a decision by representative bodies does not apply to decisions made by popular initiatives and to decisions made by referendums concerning alliances (dissolutions) with other states (see chapter 2). For the NGO GONG the proposed two-year extension is insufficient. They have argued that the initiatives are pointless if the authorities are allowed to alter the decisions reached by them after less than four years (Zelić and Berković 2014) – a view that is shared by the author of this article.

Among most contested aspects of the draft law is the maintenance of the old procedures with respect to the Constitutional Court and the checking of the compatibility between the question posed by the initiative and the Constitution (Art. 18). According to the trade union leader Mijat Stanić, checking the compatibility should have been envisaged in the earlier stages, before and not after the collection of the required number of signatures (Tportal.hr 2015).¹³ Podolnjak has the same view on this matter and he proposed that the organization committee of the initiative first collects 10.000 signatures, after which the Croatian Parliament would be given the opportunity to send an inquiry to the Court. In case the reply from the Court is positive the committee would continue with the collection of signatures (2014: 214).

The draft law was criticized by the NGO GONG for failing to regulate the possibility of an agreement being reached between the organizing committee of an initiative and the authorities. Furthermore, the time frame that the public bodies have at their disposal for checking the validity of the citizens' signatures was not specified, which, just as so far, protracts the process of implementing initiatives (Zelić and Berković 2014). The new draft LoR also failed to introduce different requirements (quorums) for referendums and initiatives which pursue constitutional changes from those that request only legislative ones (Podolnjak 2014:

13 It should, however, be noted that the great majority of national initiatives implemented in Croatia would be dismissed right from the start, without achieving the desired impact on the government, if the constitutionality of these questions was checked before the collection of signatures.

226). According to Podolnjak, a minimal acceptance quorum of 25% in case of a legislative referendum or initiative would be beneficial to the Croatian system. It would increase the legitimacy of decisions reached through direct democracy without endangering their implementation (*ibid*). Finally, the NGO GONG objected that the draft LoR lacks provisions concerning transparent financing of the referendum campaigns as well as signature collecting campaigns. They also indicated that this proposal failed to introduce clear media rules for impartial coverage of campaigns in the area of direct democracy (Zelić and Berković 2014).

In late 2015 the new draft LoR was set to be sent to the Croatian Parliament for a second reading. However, the November 2015 general elections brought a defeat for the ruling socialdemocrats and January 2016 the new centre right coalition government was sworn. That meant that the faith of this latest legislative proposal was sealed. Right from the start the new conservative coalition was burdened with internal conflicts that ultimately ended up leading to a no-confidence vote for the prime minister and the dissolving of the Croatian Parliament in July 2016. The irregular parliamentary elections were held in September 2016, bringing some additional mandates for the main conservative party compared to the previous elections. Therefore, in October 2016 a new conservative coalition government was formed. Judging from the composition of the Croatian Parliament this government has a fair chance to be more stable than the previous one.

Conclusion

Direct democracy has always been a contested topic. However, today the prevailing dilemma is not whether or not it is beneficial for the overall development of democracy, but rather in what form. In this context, it is crucial to establish a procedural design for direct democracy that contributes to stability without compromising the democratic quality of a given political system. The experiences of Hungary, Lithuania and Slovenia are instructive for Croatia because they show the difficulties in finding the right position and scope for the constructive functioning of direct democracy. In Slovenia, where conditions for the

implementation of direct democracy are among the most liberal in the world, many initiatives have been held which are arguably not of crucial importance for the country (Kaučič 2014). This is a problem because direct democracy then unnecessarily burdens the state budget and produces polarization in society. On the other hand, imposing a participation quorum of at least 50%, as can be seen in the Lithuanian, the most recent Hungarian, as well as Croatian examples at the local level, blocks the efficient implementation of direct democracy with all of its democratic potential. In Slovenia and Hungary, the past practice of granting the right to start a referendum initiative to a minority group of parliamentarians (the opposition) was singled out as problematic, because it allowed initiatives to be used as a tool for settling differences between political parties (Vospernik 2014: 577; Kaučič 2014: 73). In other words, the initiatives were used for destabilizing the government instead of strengthening democracy from below. Although circumstances differ from country to country, these experiences should be kept in mind when thinking about the future legislative framework for the implementation of direct democracy in Croatia.

In 2010 Croatia lowered the requirements for implementing national level referendums and initiatives in order to secure the passing of the politically important referendum on EU membership. This new situation assured the success of that particular referendum, but at the same time it let the “genie” of direct democracy “out of the bottle”. Since 2010 the national level initiatives increased in number and often confronted the government’s major reform programmes, which otherwise could have obtained majority backing in the Croatian Parliament. These initiatives, from the perspective of their organizers, could be viewed as successful, despite the fact that only one managed to be implemented in full. Namely, a number of these initiatives were so successful in their capacity to collect a large number of signatures that they persuaded the government to abandon its initial proposals, even before the expected decisions of the Constitutional Court. Therefore, the practical impact of the recently undertaken initiatives in Croatia was that they preserved the status quo and blocked the unpopular but arguably needed reforms. Furthermore, they showed that Croatia, just as the other examined countries, lacks a legislative and institutional framework that supports dialogue and coordination between representative and direct democracy.

The new draft LoR launched in late 2014 was a long awaited action but in many aspects it has not been properly thought through, leaving numerous problems with respect to the implementation of direct democracy in Croatia unaddressed. It was arguably initially intended to diminish the enlarged power of direct democracy. However, it is questionable whether the general approach chosen by the (former) government in this latest legislative attempt was the most appropriate. It basically relied on reinforcing the technical requirements for the implementation of initiatives instead of posing thematic limitations to what can or cannot be decided through initiatives. The later approach would be just as, if not more legitimate, and it could be defended with the argument that all issues cannot be decided through direct democracy, which traditionally covers just a small part of legislative decision-making. Still, it should be underlined that with thematic limitations there is always a danger that their broad interpretations might make direct democracy impossible. Therefore, following recent practice in Slovenia, it could be concluded that Croatia needs very precisely defined limitations, particularly concerning terms such as "state budget" which cover vast areas of the government's activities.

For the starting government the adoption of the new LoR represents a task it will certainly need to address, if for no other reason than to correct the current lack of coherence between the implementation of direct democracy at the national and local level. Looking at things from a broader perspective, the process of positioning direct democracy in Croatia as a mechanism for balancing and not always challenging the decisions of its representative democracy will take time. The instruments of direct democracy had not been earnestly introduced into the Croatian political system before the year 2010. Therefore, it is understandable that political actors in the country still search for the most appropriate positioning of direct democracy within the political system. One that allows it to become a tool for improving legislation and facilitating the efficient materialization of bottom-up initiatives, but simultaneously avoids installing it as a veto point on behalf of the *status quo*. As Croatia continues on this path the experiences of other countries could be valuable, but they cannot replace the learning process that primarily comes from practice.

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Albania's Transformation since 1997: Successes and Failures

Islam Jusufi

Abstract

In 1997 Albania experienced a collapse of order and widespread violence, which resulted in a situation where the government was overthrown and some 2,000 people were killed. The 1997 disorder came as a result of the collapse of fraudulent financial pyramid schemes that had all the features of a war-like economic structure. During the 1997 events, large-scale confiscation and stealing of state assets occurred. Albania's transitional period from communism to democracy, which began in 1990, led to the establishment of new structures for profiting from the country's resources. Some of these political and economic structures, in the aftermath of the 1997 events, disappeared and others, including their structural effects, persist and have had an impact on the country's political stability and economic progress. Today, both the successes and failures of the country are assessed based on the progress that the country has made since the 1997 events. The paper analyses the 1997 events and the transformation of Albania's political and economic structures between 1997 and 2016, considering both achievements and failures. It looks at how the country has dealt with the post-1997 peace-building and development agenda from the perspective of it being a success. It looks at the factors that led to state failure in 1997 and at the factors that continue and have generated a path dependency to the current political context of the country. Although a lot has been written concerning the 1997 events, very little analysis has been conducted concerning what it means from the perspective of research on state failure. In this context, the proposed paper seeks to offer Albania as a case study example of a transformation process, from the uprising to the current situation, which is characterized as a mixture of successes and failures. The belief is that the proposed paper will point to some lessons learned for the strategies directed at the transformation processes.

KEY WORDS: *Albania, 1997, state failure*

Introduction

In 1997 law and order collapsed in Albania. The country survived the Balkan wars of the 1990s that led to human carnage in Bosnia, Kosovo and elsewhere. However, it fell prone to civil disorder in 1997. The disorder of 1997 was the second collapse of the state of Albania in less than a decade, in this small European country that seven years earlier, in 1990–1992, underwent systemic change, going from being communist and in a state of dictatorial isolation to being a pluralistic democracy with a free market economy. The armed insurgency of the spring of 1997 is one of the most dramatic historical events that Albania faced (Vickers and Pettifer 2007). The political and economic goals set in 1990–1992 for this impoverished society, which had lived most of its post-Second World War years in self-imposed total isolation (Backer 1982), were overambitious. The Albanian state of the early 1990s, which no longer had the centrally controlled order of communism and which had all the weak state features of a post-communist society, descended into a disillusioned transition process that was certain to collapse – and so it did in less than a decade. The catalyst and trigger of the collapse were the country's war-like economic structures, such as the pyramid schemes that emerged during this period, which benefited from the uncontrolled and ungoverned order. The pyramid schemes were only the catalyst of what was to come in 1997; the real reasons for the 1997 collapse can be sought in other areas, including the overall politico-economic governance of Albania in the early 1990s, which had features of weak economic and political governance. It is this specific governance type that brought about the collapse of 1997. The disorder that occurred had all the features of a state failing and distinct features that require a thorough review of the situation in 1997. Also, the transformation seen in the country since 1997 has been remarkable. Thus, it necessitates the need to re-construct the meaning of the 1997 disorder, which after all did not have a wholly negative impact on the country's future. Apparently, the disorder and riots of 1997 came to represent a benchmark for the country in its path to political and economic modernization.

In the aftermath of 1997, despite some temporary economic and political crises, the country went through a substantial political and economic

transformation, during which some of the old political and economic characteristics that are distinct to the country – such as political clientelism, cleavage and polarization – began to retreat. The number of economic structures closely resembling war-type economies receded after the end of the 1997 events. Nevertheless, a number of other political and economic structures persist and continue to exercise a certain kind of path dependency to the country's political and economic transformation.

As a Balkan country of around 2.9 million people (INSTAT 2016), Albania has great potential for peace and order and rapid economic growth, as it has not had the ethnic problems that have confronted other Balkan countries and is endowed with geographic importance and natural mineral resources (Yusufi et al. 2012). Its natural resources include significant hydropower potential and an Adriatic and Ioanian coastline with tourism and transport potential (World Bank 2015). Albania is also a nation that is growing in economic and political importance internationally, with NATO membership and as a candidate for EU membership. Its young and educated population, although it suffers from a low fertility and high emigration rate, adds to its human potential.

Yusufi et al. (2012) argued,

The collapse of communism in 1990 gave the opportunity for the country to gain a hard won freedom. It was the only Balkan country to avoid civil war following the fall of communism. The historical change of 1990, however, did not immediately offer new prospects for progress. Instead, a very difficult period followed, in both the economic and political arenas that resulted in a long period of transition. (Yusufi et al. 2012: 5)

Albania's first phase of transition ended in 1997, when the country was on the brink of civil war with civil unrest spreading to all parts of the country. The 1997 unrest, the catalyst of which was the collapse of the pyramid schemes, hit the country hard, creating a security vacuum and leading to anarchy and political and economic collapse, with all the elements that made it become a rogue state (International Crisis Group 1999) or a case of state failure in Europe.

The two main research questions of the paper are why the transitional political and economic order of Albania gave way to the collapse of 1997 and what kind of an impact the 1997 collapse had on the subsequent transformation of Albania. Other related questions considered include the following: What were the characteristics of the civil disorder of 1997, which came to be an important event in Albania's post-communist history, probably as important as that of the collapse of the dictatorship in 1990? What political and economic structures for profiting from the country's disorder existed? How were these structures affected by the 1997 disorder? What new structures were established in 1997? Did these structures disappear or did they survive the post-1997 transformation of Albania? How has the country progressed or failed in light of the 1997 events? What lessons does Albania's transformation provide? Today, both the successes and failures of Albania are mostly assessed based on the progress that the country has made after 1997.

This paper seeks to analyse the disorder Albania experienced in 1997 as a case that can shed light on state disorder in international relations and the transformation of conflict societies. It looks at how the 1997 events happened and how they led to state collapse. The paper seeks to relate the disorder seen in Albania in 1997 to research on state disorder in political science and international relations. It looks at how this disorder was tackled. With this, the aim is to analyse whether the experience of state disorder has an influence in terms of overcoming the legacies of the past, whether it institutionalizes old/new structures that hinder a country's economic growth and political development or whether it has the power to transform the society for the better.

The paper finds that the civil disorder led to a quick recovery and had a transformational impact on Albania's politics, security, economics and development. The country was able to quickly, in a matter of less than a year or two, overcome the disorder and establish a progressive path for its transformation, overcoming the legacies of the early 1990s and the implications of the 1997 disorder. It avoided becoming trapped in a state of perpetual disorder, as seen in other cases of state failure in different parts of the world. The 1997 events and aftermath caused some of the older structures and some of the structures that were directly related to the 1997 events to disappear. The 1997 events also helped to

pave the way for overcoming the existing political clientelism, cleavages and polarization. Nevertheless, it also led to the establishment of new structures for profiting from the country's politico-economic governance, which have survived to date and that stand as path dependent factors in Albania's current political and economic transformation. Their structural effects continue to have an impact on the country's political stability and economic progress.

This paper provides a framework for analysing two questions: how the country became engulfed in a state of disorder and how it was transformed. It is important to know what determined the outcome of the 1997 events. Albania escaped the fate of Yugoslavia. However, it was still engulfed in disorder, culminating in the 1997 events. It made democratic gains; however, it was not able to consolidate mass democracy, leading to the reversal in 1997, but it was also to quickly recover in the aftermath.

Notwithstanding the merits of generalizations based on models of state disorder, as Gerxhani and Schram state, "careful analysis of specific institutions can help us understand real world phenomena in greater depth" (Gerxhani and Schram 2000b: 3). This paper is an attempt to provide such an assessment, and it studies the political disorder that was observed in Albania in 1997. What happened in 1997 when anarchy ruled the country included specific aspects of political disorder that make the 1997 case of Albania a great candidate for better understanding cases of state failure around the world. Rather than collecting data on many countries, as is commonly done in research on state failure or disorder, this paper limits the research to a specific country case study analysis. This is done in part because Albania provides a rare case study opportunity to explore state failure and political disorder. The paper also does so because its author finds it necessary to draw upon his own observations.

Although a lot has been written on Albania's post-communist transformation, very little analysis has been conducted on what happened in 1997 and how it relates to the transformation of civil unrest or state disorder. The proposed paper seeks to analyse the 1997 disorder, its seeds prior to 1997 and the transformation of Albania's political and economic structures between 1997 and 2016, considering both achievements and failures. In this context, the paper seeks to use Albania as a case study

example of a transformation process from a transitional democracy during the first post-communist years of 1990–1997, anarchy and disorder in 1997, when it was characterized as a regime type featuring a mix of democratic and autocratic traits (anocracy) in the Polity Score (Centre for Systemic Peace 2011), to the current situation which is characterized as a mixture of successes and failures, with labels such as it being a hybrid regime according to the Democracy Index (Economist 2016), a partly free country according to Freedom House's Freedom in the World Index (Freedom House 2016: 20), and a democracy according to the Polity Score (Marshall and Cole 2014). The belief is that the paper will point to lessons learned with respect to strategies directed at transformation processes.

The paper is organized into five broad sections. In the first section, the paper looks in more detail at what the existing literature provides for understanding what state disorder and conflict transformation means. It discusses in more detail conceptions of state disorder and conflict transformation and how they relate to the events of 1997 and their aftermath. The second section focuses on the empirical analysis and looks into the details of what happened in 1997. Section three spells out the conditions that prevailed prior to the collapse of political order. It documents the social and political configurations that were in place at the time of the economic and political developments that dismantled the state in Albania. The fourth section reviews Albania's transformation since 1997 from the perspective of politics, security, economics, and development. The fifth section draws conclusions.

To make sense of the 1997 disorder in Albania, in the next section I look at theories of state disorder and conflict transformation. In the remaining sections, I turn from deduction to empirics and explore the extent to which these conditions could be seen or were absent in Albania in 1997 and during the recovery period after 1997. The evidence leads me to conclude that in 1997, Albania had all the features of a disordered state and that in the aftermath of the events it has been able to transform itself successfully.

Theorizing state disorder

The study of political disorders and cases of state failure has been central to the study of international security. A failed state is a country whose sovereign government does not function properly. The Fund for Peace characterizes a failed state or fragile state as having the following characteristics: "the loss of physical control of its territory or a monopoly on the legitimate use of force; the erosion of legitimate authority to make collective decisions; an inability to provide reasonable public services; and the inability to interact with other states as a full member of the international community" (Fund for Peace 2016: 13). In this paper, in order to comprehend what happened in Albania in 1997, I draw upon this definition and the characteristics it describes.

The literature focuses on the various reasons for the emergence of state disorder around the world. Some have focused on the relationship between ethnicity and the likelihood of political disorder (Easterly and Levine 1997; Fearon and Laitin 2003; Kaplan 1994). The political significance of resource wealth has also attracted much attention (Collier and Hoeffer 2004). Other scholars have also documented the close ties between resources and conflicts (Kakwenzire and Kamukama 2000). Bates sought to measure the impact of economic forces on state failure (Bates 2008). There are those who emphasize the impact of poverty (Sambanis and Hegre 2006). Others have argued that turmoil is more likely to occur during recessionary periods (Acemoglu and Robinson 2001; Haggard and Kaufman 1995). Another issue is democratization; it has been suggested that democratization can produce political instability (Mansfield and Snyder 1995; Snyder 2000) and that post-communist countries going through a process of democratization were vulnerable to disorder (Geddes 2003).

Applying the above framework of the reviewed literature to the case of Albania shows the limited applicability of some of the variables, including ethnicity and natural resources. Ethnicity played no role in the 1997 disorder seen in Albania. Although the country has several different clans, it is principally a mono-ethnic country. Natural resources also did not play any particular role, despite the fact that Albania has exceptional natural endowments for

being a Balkan country. The management of natural resources has not been on the scale to affect the political order of the country.

Nevertheless, factors related to poverty and democratization played a more decisive role in the eruption of violence and civil unrest in 1997. Although the poverty rate has been decreasing year after year, poverty has been visible in the country throughout the transition period. In Albania, the poor were excluded from political power and, as such, they posed, as Acemoglu asserts, "a revolutionary threat, especially during periods of crisis" (Acemoglu and Robinson 2001: 939). Due to inequalities, Albanian democracy was likely to face ups and downs, something which contributed to the emergence of the 1997 disorder. Poverty encouraged the impoverished population to invest their last Leks in pyramid schemes that collapsed on the eve of 1997. Another factor to play a role has been the democratization process, more precisely the political cleavages and the political polarization of the society, between the right and left of Albania's political spectrum. In this context, this paper attempts to capture the impact of the economic and political structures and the developments in the country in the early 1990s (the independent variables) and assess their impact on the political disorder of 1997 (the dependent variable).

In 1997 Albania experienced the collapse of order and saw widespread violence, resulting in a situation where the government was overthrown and some 2,000 people were killed (Vickers and Pettifer 2007). The collapse of the government led to an anarchic uprising that brought Albania to the brink of civil war. During the events, large-scale confiscation and stealing of the state assets occurred. The events of 1997 ended one era and started a new phase in Albania's post-communist history.

What happened in 1997?

It all started in January 1997, with anti-government demonstrations all over Albania. People were protesting the collapse of pyramid schemes in which they had invested their savings. The unrest rapidly escalated

into serious and armed riots in which protesters set fire to public buildings, ransacked town halls, courthouses, police stations and state banks, and destroyed thousands of official documents. There were armed battles in several towns between the police and the people. By the end of January 1997 the government had almost lost control of the country, as an armed revolt swept away the government's authority over most parts of the country (Biberaj 1999). The government's countermeasures included mass arrests, brutal beatings and the banning of protest demonstrations.

The dramatic and shocking riots culminated in March 1997, when the government declared a state of emergency and imposed a curfew. Arms depots were looted. Almost every family was armed. Tanks replaced normal traffic on the streets. The whole of the Albanian population had access to arms. The feeling that as far as the state went they were on their own, led the majority of citizens to shut themselves up at home in terror. The availability of arms led to emergence of potentially criminal thugs firing guns. Vast amounts of explosives stored in the depots were made available to people, often leading to turmoil around the depots. People were trading arms of which they had large quantities for wheat and supplies of which were running out. There were frequent incidents of robbery involving violence – car and bus holdups, machine gun robberies and attacks on police, which was virtually inactive. Unemployment was very high, as businesses had been destroyed during the rioting. Stores were robbed; schools and office buildings were badly damaged by vandalism. Violence escalated at the individual level as well. There was an unexpected revival of blood feuds, or revenge killings. An increasing number of people, as a result, were indirectly involved in blood feuds. The prisons opened, releasing criminals and political prisoners. Thousands of Albanians fled or attempted to flee on boats to Italy. Official censorship was imposed, outlawing foreign radio and television news programs. By mid-March 1997, almost the whole country, but particularly the southern part, was outside government control. Southern towns had set up their own governments, known as National Salvation Committees (De Waal 2005). March 1997 saw much of Albania in virtually a "total uprising". Vlora, a southern town, was at the heart of what was a major rebellion against the government (Nicholson 1999). Armed groups, or rebel national salvation committees, controlled most of the southern part of the country as they came into possession of weapons acquired through looting military

barracks (Vickers 1999). These armed committees, led by generals that had visible connections with the traditions of the partisan struggle of World War II and composed of people that knew how to use light weapons (Vickers and Pettifer 2007), took control of the local governments as well as that of public order as the state ceased to exist in that moment. It resulted in an Albania with a number of different governments and different armies (Vickers and Pettifer 2007). In all the territories there were armed bands, that were stealing, killing, robbing, kidnapping, and blocking main roads, terrorizing the population by random shelling in the air, particularly in the evenings, at the time when the curfew time would start (Fuga 2008). The material damage, especially in parts of the south, was enormous. The overall picture was one of total breakdown (Vickers 1999).

The collapse of the pyramid schemes “dragged the country within weeks into anarchy, widespread violence, plundering, and food shortages” (Bezemer 2001: 2). When they collapsed, they swallowed a large share of the population’s savings.

Social unrest spread rapidly as masses of demonstrating Albanians demanded compensation from the government and strong suspicions existed about its involvement in the schemes. These protests, six weeks of looting, the plundering of army arms depots and the emergence of irregular, armed bands caused the government to lose control over the larger part of Albanian territory. Significant parts of Albanian territory remain controlled by irregular, armed bands, the economy shrank to a level unprecedented in a decade, the incidence of random violence increased, and poverty rose dramatically. (Bezemer 2001: 6)

In 1997, the southern population, which had been affected most severely by the pyramid schemes' collapse, resorted to demonstrations and protests asking for the return of their money. Initially the revolt was economic, as the protesters were asking the government to release their money from the blocked accounts of the schemes. But, not long after, the economic revolt turned into a political and armed insurgency. The country was on the brink of civil war. Protesters wanted the resignation of the President Sali Berisha. The man who five-six years earlier in 1991–1992 was credited for the massive protests against communism, was this time asked to resign. He was held as being primarily responsible for the financial drama (Fuga

2008; Vickers and Pettifer 2007). According to the incumbent Democratic Party (DP), the revolt was organized by the opposition Socialist Party (SP), supported by Greece, in order to destroy the state of Albania. SP spoke of the right of the population to overthrow a government, if necessary by force, which has not respected the rights of the people (Fuga 2008).

The events led to the collapse of the DP government in March 1997, leading to the formation of an all-party government, headed by a member of the rival SP. A multinational Italy-led armed mission was duly assembled to maintain peace and order in Albania and landed in the port of Durres in April 1997 (Vickers 1999). What followed were elections, which were held in June 1997. One of the primary reasons for holding the elections was to break the political impasse by giving the opposition, led by SP, a chance to form a new government that could ensure the return of sovereignty to the country. Although it was widely acknowledged that there was no chance of the election being entirely fair, it was seen nevertheless as the only hope of putting an end to the anarchy. The election day itself was marked by several acts of violence, which left at least four people dead and several injured. Notwithstanding these incidents, the elections were a democratic success, with the opposition socialists winning the election (Vickers 1999). In addition to voting against the incumbent government, in a referendum held simultaneously with the elections, Albanians also voted against the proposal of the government to restore the 1928 royalist constitution, which would see the monarchy of inter-war years return to the throne. As Albanian politics was still largely determined by the cycle of revenge, many of the incumbent government's most tarnished supporters were also supporting the idea of restoring the monarchy to save themselves from what they feared would be severe retribution following the formation of a Socialist government. There was a mass exodus of people implicated in some of the darker aspects of the incumbent DP administration. Key government office holders, including the interior minister, the chief of police, and the commander of the presidential guard that were blamed for the violence used during opposition rallies fled the country. A number of other office holders also left the country. The President of the Republic, unable to rule, resigned from his post (Vickers 1999), which brought to a close a half-year of chaos in the country.

What led to the 1997 disorder?

The catalyst for the 1997 disorder was the dramatic collapse of the pyramid banking schemes, in which Albanians had invested a massive amount of savings. "A large number of Albanians invested and lost their savings in funds that went bankrupt" (Sadiraj 1999: 84). Towards the end of 1996, news started to spread that these schemes would not be able to honour the promised profits on the investments. Panic started among the population. The interest-payments began not being made on time or they were significantly delayed. Rumours rapidly spread among the population that the money had already been transferred to foreign banks. The fever caught almost all parts of Albania. It was the largest national disillusionment of the transition period. People were not only calculating how much money they had invested, but also the potential profits that their investments into the pyramid schemes were supposed to yield. All the schemes collapsed suddenly, as the demands increased from the population that the money be returned. The loss was big and it was difficult to calculate in numbers. People had lost their money in one or more schemes (Nicholson 1999), but more than that, they had lost their dream of becoming rich. They were not able to forgive this loss. They needed to remove from themselves the responsibility and they wanted to identify who was guilty and punish them. Their desire was to be released from internal crunch through external aggression (Fuga 2008).

The schemes going bankrupt marked the start of the massive revolts against the government, which was seen by the protesters as a double culprit: for the fact that it allowed the pyramid schemes to operate and for the fact that it interrupted their work when it was expected that they would have yielded high interest rates. Many protesters claimed that the government established the pyramid schemes (Elbirt 1997). Nobody wanted to hear the government's arguments. They started to revolt violently against the state. The worsening of the 1997 crisis was part of the general crisis of Albania's elite following the break-up of communism, as they could not establish representative structures that would mediate between the regular Albanian population and the national authorities (Vickers and Pettifer 2007). During the first weeks of 1997, almost all the schemes declared bankruptcy (Fuga 2008). Large numbers of Albanians

(as well as some foreigners) had put money into the schemes and many lost everything, including in some cases their apartments, which had been sold to increase investment capital. The main factor that explains the widespread participation in the schemes was the limited availability of alternative income generating possibilities within Albania, which itself is linked to the absence of a financial infrastructure. The duration of the pyramid schemes over a long period, having sprung up in the early 1990s, encouraged people to believe that the schemes actually represented productive investments. There was the well-founded belief by many that the schemes were based on illegal activities of a highly profitable nature, such as arms, drugs and people smuggling, including illegal oil sales to neighbouring Kosovo and Montenegro. The sanctions imposed by the UN on neighbouring Yugoslavia because of the war offered opportunities for pyramid schemes to benefit from the proceeds of oil smuggling. Significant volumes of oil were imported to Albania and then shipped over land to Kosovo and Montenegro. However, the lifting of sanctions on Yugoslavia in 1995 led to the loss of the lucrative illegal oil market, which in turn had a negative impact on the sustainability of the pyramid schemes. The loss of the steady income from smuggling set in motion a downward spiral that ended in the dramatic crash of the pyramid schemes (Abrahams 2015).

Furthermore, in March 1996, the government exempted the pyramids from a banking law which would have regulated them. In July and August 1996, when growing competition between the schemes would naturally have led to their collapse, the government intervened to sustain them. In this way, the pyramid schemes attracted millions of Leks from a population that was indebted and unemployed, convinced that drugs, arms, oil and people smuggling guaranteed returns on their money (De Waal 2005). Investing in the 'pyramid' banking schemes that had sprung up in every major town was seen as a way for the population to supplement their limited incomes (Vickers 1999). By early 1997, the total value of pyramid deposits was estimated to amount to US\$ 1.2 billion or some 50% of GDP (Bezemmer 2001). Others estimated that they amounted to some US\$ 2 billion (Vickers and Pettifer 2007). The schemes were using the money invested by others to pay out the interest owed. Pyramid schemes, also known as ponzi schemes, are a form of fraud in which quick returns to the first investors come from money invested by later investors. Pyramid banking schemes, as Sadiraj puts it, "are games where individuals or

companies pay out funds to some parties by borrowing funds from others. To survive, they need to use invested funds to pay other investors. When there is insufficient money left as investors start to withdraw, they collapse" (Sadiraj 1999: 85).

Almost every Albanian family had invested money into one pyramid scheme or another. Nearly every family lost hard-earned savings (Vickers 1998). Thousands of people would queue from the early hours of the morning to deposit their savings, much of it earned doing hard manual labour abroad. The seriousness of the looming pyramid banking crisis had not been anticipated by either the government or international financial institutions, although some warnings had been issued by the World Bank and the International Monetary Fund as early as October 1996. The government did not take any action and the schemes continued to operate as before (Vickers and Pettifer 2007). By early January 1997, however, the country was suddenly catapulted by the dramatic collapse of the pyramid schemes. Depositors flocked to withdraw funds, thereby setting off the process that led to the collapse of the state in March 1997 (Vickers 1999).

Albanians trusted these financial schemes and did not understand that they could collapse. The schemes received wide publicity. Newspapers published indexes of interest rates given by schemes on a daily basis. Their appearance in the media made the schemes appear trustworthy in the eyes of the population. The then President of the Republic declared that the money of Albanians were the cleanest in the world (Fuga 2008). Indirectly, this meant legitimizing the work of the foundations whose bank accounts were sitting in the state owned banks. Even the opposition socialists did not criticize the schemes, making the public believe that there was nothing wrong with the schemes. The socialists were not able to criticize the schemes, as undermining the schemes would have affected its electorate, which was mainly concentrated in the South, which was also heavily involved in schemes (Fuga 2008).

Albanian society at that time had an economic profile of possessing cash, which was not deposited and could be circulated in the informal economy. One substantial part of the money was coming from work abroad, either from personal work or from family members working in

those areas. It was also difficult to keep illegal money gained in Albania in the banks due to the political instability, but also the fear of having to disclose the source of money. Thus, there was a surplus of cash that was circulating that was unaccounted for and which was thus invested in pyramid schemes (Fuga 2008).

The schemes became massively accepted by the population also as a form of replacement for the absence of a social insurance system. The old social system during communist times, which offered free medical treatment, low rents, vacation vouchers, and pensions, had collapsed. Although limited at that time, the pyramidal system offered people indispensable security. This was particularly helpful for the elderly, unemployed, and poor. The collapse of the pyramid schemes led to the social collapse of society; the old bonds of society were not functioning anymore, leading to social anxiety. This anxiety made society accept any offer that would help them to get out the crisis that they were facing. In this light, the pyramid schemes offered Albanians a new source for social security and offered a basis for the desire to live in luxury (Fuga 2008).

The collapse of the pyramid schemes was the catalyst of the 1997 disorder. However, there were also deep structural reasons that caused the collapse, including corruption, criminality, lawlessness, political polarization, insecurity, and lack of economic growth. The seeds of the 1997 revolt were sown earlier, in the period of 1990–1996. The fall of the pyramid schemes was the catalyst for a revolt that would have eventually occurred in any case. It was the beginning of a second attempt by the Albanian people to establish democracy (De Waal 2005).

The corruption of the government had been fuelling public anger and resentment for a long time (Kajsiu 2010). During the same period, the degree of corruption at ministerial and local government levels was becoming the source of widespread concern and growing cynicism on the part of the population (Muco 1997). Resentment was further fuelled by the state's cavalier attitude to property disputes and inadequate legislation (De Waal 2005). For several years in Albania there were ideal conditions for engaging in criminal activity. There was a growing lucrative illegal cross-border trade in arms, fuel, drugs, and people, carried out with the blessing of the government (Vickers 1999). The general impression

was that crime was establishing throughout Albania and that society was sinking into rule by criminals and their associates (Vickers 1999). Albania became the epicentre of a new Golden Triangle that was "formed in south-eastern Europe for the transit and production of drugs" (International Crisis Group 1999: 4). In several southern cities there were cocaine refining laboratories. Drug syndicates used Albanian ports to transport narcotics to Western Europe. Marijuana and cannabis were cultivated at numerous sites throughout the country.

A growing number of Albanians were becoming involved in the narcotics trade as farmers, traders, couriers and motorboat owners. There were sizeable profits to be made in a region otherwise devoid of industry, and due to the lack of any other source of income, the prosperity that the drugs trade brings was regarded locally a stabilising factor. This way, Albania's image as a rogue state, harbouring criminal mafia was enhanced. (International Crisis Group 1999: 7)

The divisive forces along tribal, provincial and political lines that for a long time plagued Albania re-emerged during the period of 1990–1996. Rifts between rural and urban folks, the north and south, Ghegs and Tosks, democrats and communists, were the re-emerging characteristics of Albanian transitional society. Dogmatism and revenge were dominant features of government-opposition relations, contributing to an overall climate of intolerance. Indeed, a number of democratisation initiatives were blocked by this wild rivalry (Vickers and Pettifer 2007). The government turned its attention to the settling of old scores (Vickers 1999). The initial signs of what was to come in 1997 could be seen during the May 1996 elections when the opposition SP disputed the electoral results. Demonstrations were held in various parts of the country, which often resulted in confrontations between protesters and the police, which was often brutal in its treatment of the demonstrators. This started to lead to a loss of legitimacy of state institutions in the eyes of the wider public and that of the international community. The international community denounced the acts of the police. Opposition newspapers regularly published photos of injuries people had obtained during demonstrations. The ideology of the incumbents at the time was that there existed a risk of return of communism to Albania in the face of SP. This feeling did not allow the DP to accept the transition of the government to socialists and

it was clear that it would not allow it to happen without the use of brutal force (Fuga 2008). The government lacked tolerance of dissent, and the courts and secret police were used to intimidate and imprison political opponents. In 1995, a law misleadingly named the Genocide Law was passed. The law banned all senior Albanian communist officials, members of pre-1991 governments and collaborators with the intelligence services, from public positions for six years. The Genocide law was both arbitrary and draconically enforced by the DP government (Austin and Ellison 2008). Anyone who had been a prominent communist was banned from all public sector jobs for the next few years. Socialists could no longer apply for loans to set up or expand a business (De Waal 2005).

Initially, Albanians had expected quick returns from their investment in democracy. However, their growing political maturity was producing a crisis of confidence and disillusionment with the democratic process, which in turn led to rising social discontent. Frustration grew as the promised job prospects and progress in terms of living standards failed to materialize (Vickers 1999). People were not better off than before the establishment of democracy (De Waal 2005).

The absence of an organized policy for Albanians migrating across borders was one of the earliest and most persistent sources of resentment towards the government. From the government's point of view, laissez-faire meant that Albanians continued to move abroad illegally in large numbers, sustaining the domestic economy and keeping serious discontent among the unemployed at bay (De Waal 2005).

Although many economies have had pyramid banking schemes, nowhere else were they observed to dissolve society as they did in Albania. Among the features of the Albanian experience were caused by the already polarized political scene and the ready availability of arms in the many army depots throughout the country. The problems were eagerly exploited by the socialist opposition to win the population's support. It supported rebel claims for a "political solution" to the problems. These circumstances allowed a sudden and widespread economic problem to turn quickly into a political and also a physical, territorial battle. (Bezemer 2001: 13)

The pyramid schemes did not only exist in Albania. Similar schemes were present also in neighbouring Macedonia, Bulgaria, Romania, Russia and elsewhere in post-communist Europe in the 1990s (Vickers and Pettifer 2007). In Macedonia, a savings bank named TAT collapsed in 1997, erasing the economy of an entire major city, Bitola. The government, facing elections, acted quickly and offered compensation to the afflicted savers (Vaknin 2009). However, very few countries experienced the speed of Albania in the spread of the pyramid schemes and surely no other country had experienced destruction that was so shocking to the social order that the country came close to the brink of civil war following the closure of the pyramid schemes (Vickers and Pettifer 2007). The impact of the collapse of the pyramid schemes was especially destructive in Albania due to their widespread popularity among the population, their unprecedented scale relative to the size of the economy, the clientelistic nature of the political, economic and social context of the country, and the fragility of political culture – factors that would all have important consequences for what was to come after the collapse of the pyramid schemes in Albania. The nominal value of the pyramid schemes' liabilities amounted to almost half of Albania's liabilities and about two-thirds of the population invested in them (Ayers 2015; Elbirt 1997; Jarvis 2000; Krasniqi 2014). It has been repeatedly argued that the politico-economic system in Albania is characterized by the existence of clans and that the communists, the first democratically chosen government and socialists later applied policies that favoured specific clans (Gerxhani and Schram 2000b). The clans have significant influence in Albania.

There is an important cultural and linguistic polarization in Albania. This polarization is geographically based, dividing the country into a northern and a southern region. Historically, the polarization of society runs parallel to the existence of two main clans in Albania, the Ghegs (northern-based) and the Tosks (southern-based). They go back far in history. (Gerxhani and Schram 2000b: 21)

Indeed, the first democratically elected government, led by DP, appeared to favour the clan whose major support is in the north, and the then opposition SP, just like Enver Hoxha, had favoured the other, southern clan. After 1992, this was the situation, as described by Gerxhani and Schram:

[E]very ministry and institution was loaded with northerners and DP loyalists, and [...] their appointment to ministerial office and other positions was accompanied by a vast migration from the north to Tirana as families sought to capitalize on family members and friends who were now holding high office in the capital. It also appears that [the] DP government redistributed funds in favour of the northern clan. Hence, the relative position of the north improved. This led to a polarization of the Albanian society in two main and antagonistic groups: pro- and anti-communists, southerner and northerner. One of the characteristics of a clan culture was the distinct voting behaviour of various groups. Support for the DP was therefore significantly lower in the south than in the north. Voters also reacted differently to policies by the party concerned, dependent on the clan they related to. In Albania, this would imply that voters in the south would react differently to DP policies than voters in the north. In the south, partisans reacted very strongly to economic swings attributed to the DP government because they were more sensitive to these policies than a non-partisan would be. Partisans in the north have had a strong alliance with the DP irrespective of its policies. The relationships between parties and regional groups have many of the characteristics that can lead to classify the DPA and SPA as clientelistic parties. (Gerxhani and Schram 2000a: 309)

During the 1992–1997 period, already existing regional (north vs. south), cultural (Ghegs vs. Tosks) and political (right vs. left) polarization deepened. This north/south polarization and conflict has been an integral element of Albanian politics (Austin 1993). This polarization came also to play a role in peoples' responses to the events of 1997. The north was not as vocal as the south was as regards to the 1997 events. Militarization was heavier in the south than in the north. Armed groups were more widespread in the south than in the north. The events of 1997 came to have an element of the south revolting against the DP government, which was mainly staffed by northerners. The democratic and socialist camps were divided in their political orientation and their respective "truths" were largely mutually exclusive (Schmidt 2002). Enmity between these two rival factions would repeat itself in different cycles, including in 1997 (Stefani 2005).

Another feature of 1992–1996 period was the increasingly authoritarian rule in Albania. Scholars often treated Albania like regimes at the time with names such as incomplete or transitional forms of democracy, anocracy, hybrid regime, competitive authoritarianism or semi-democracy. In their work, Levitsky and Way (2002) defined the regime in Albania of the early 1990s as

“competitive authoritarian, where formal democratic institutions are widely viewed as the principal means of obtaining and exercising political authority and where incumbents violate those rules so often and to such an extent, however, that the regime fails to meet conventional minimum standards for democracy” (Levitsky and Way 2002: 52).

The expectation was that Albania would remain a hybrid regime and move further in an authoritarian direction (Levitsky and Way 2002). It was suggested that we stop thinking of Albania and similar cases in terms of them going through a “transition to democracy” and to think of them as “specific types of regimes as they actually were” (Levitsky and Way 2002: 51).

How did Albania become a competitive authoritarian regime? Following the collapse of the communist regime in 1990, Albania, as a result of domestic and international pressure, did what almost all the former communist countries in Central and Eastern Europe did and adopted formal democratic institutions. The adoption of democracy in Albania had a responsive character. On the one hand, the initial democratization efforts developed spontaneously as a response to the pressures and penetrative impact of European integration on post-communist Eastern Europe. Albania established something resembling a democratic system and a market economy, but this was a matter of adopting what was the norm for post-communist countries. On the other hand, there was also a strong intention to transfer into Albania's political system the values, rules and regulations associated with European democracies. While it had outside help, the initiative came also from within. Albania experienced a harsh version of communism, and there was pressure for change that developed in the country itself. However, there was little understanding and/or enthusiasm for adopting and applying the requirements of democracy, as can be seen in the Albanian government's reluctance to establish a proper democracy. Thus, during

the brief period of liberal democracy that followed the regime change in 1990, relatively authoritarian attitudes came to shape the behaviour of the new authorities' behaviour, including with regards to the "semi-free press, regular scrutiny from opposition members of parliament, and a quasi-independent judiciary" (Levitsky and Way 2002: 61). Due to the lack of checks and balances on the exercise of power, the new post-communist authorities manipulated or selectively adhered to democratic rules. With the collapse of centrally maintained order under communism, the new authorities were not adept at imposing a similar level of peace and order in society. The lack of democratic traditions and the weak civil society culture created opportunities for the DP elected government to rule autocratically. The DP governments engaged in a series of abuses, including exercising tight control over media, and the harassment and arrest of opposition leaders (Angjeli 1995).

In 1990, when Albania started its post-communist phase, it was a very poor, weak state, with no civil society and no private sector, and there were political cleavages between the beneficiaries of communism and those that were oppressed. The emergence of a multi-party system, starting from December 1990 – a month which is celebrated to mark the beginning of democracy in the country – would bring pluralism and freedom of expression to the country. However, it would not bring immediate economic results as was hoped by the majority of the population that had wanted change in the country. The opening of country to democracy in 1990 was celebrated by the population through continuous and violent demonstrations throughout this initial period of the post-communist transformation (Gjoka 2003). This period would be the first phase of the chaotic transformation of Albania. In this period, almost all communist era production facilities, mainly in agriculture, would either go bankrupt or were closed down by the authorities. Public infrastructure and facilities were either robbed or destroyed by angry riots. Tens of thousands of people illegally emigrated to either Italy or Greece (Vickers and Pettifer 2007). All that was happening was an expression of the revenge of the people for what they suffered during communist times (Gjoka 2003).

All the reasons were in place for competitive authoritarianism during the period of 1992–1997. DP was confronted with important domestic impediments to the consolidation of its regime. To fully consolidate

its regime, it eliminated all major sources of contestation through the imprisonment of its opponents. Resource scarcity made it more difficult for the DP to sustain its patronage, or clan network and it therefore tolerated the emergence of new economic practices such as pyramid schemes and cross-border drug trading that aimed to sustain the new regime's structures and facilitated the establishment of neo-patrimonial structures. As it was able to overcome domestic obstacles, it was also able to overcome the international obstacles to its rule in the early 1990s, more precisely between the years of 1992–1996. In this regard, it benefited from a "permissiveness in the international system, due in large part to economic or security issues that trumped democracy promotion on Western foreign policy agendas" (Levitsky and Way 2002: 62). However, the growing dissatisfaction that led to the civil unrest in 1997 also led to end the international permissiveness and made it difficult for the DP government to be able to sustain the regime. Thus, the events in 1997 brought this regime to an end. Also, all that was achieved was demolished in 1997 (Bezemer 2001; Sadiraj 1999).

The regime change in 1990 brought major changes to Albanian society; it was a historical change in this nation's history. However, it also brought a power vacuum that the new post-communist authorities did not have the capacity to fill. All incentives for structural change were exhausted. Instead, the DP government tolerated informal economic structures such as pyramid schemes and cross border drug trading. These schemes interrupted Albania's transition from democracy enthusiast to a state with strong democratic credentials. The increasing political polarization and the collapse of the pyramid schemes revealed the weakness of the Albanian state. People suddenly found themselves able to articulate their grievances and justify their actions. As such, it opened the way for a popular uprising. People were also not satisfied with the way the land reform and privatization had been conducted, as the policies were divisive and led to dissatisfaction among all sides (Vickers and Pettifer 2007). The collapse of the pyramid schemes had a snowball effect on the domestic changes and caused the reform agenda in the country to deteriorate. It brought destructive dynamics to Albania's politics and economy, which led to the 1997 disaster.

Ismail Kadare, the most prominent Albanian writer, also had a say in the

1997 events. He reacted in his own unique style with a novel dedicated specifically to the 1997 disorder. Disappointed with the 1997 unrest, Kadare warned metaphorically that the newly planted democratic flowers in Albania were threatened by frost and that Europe should take due measures to protect them. For him, 1997 was a reflection of Albania's struggle to gain freedom and liberty (Kadare 2005) and to maintain order amid the anarchy of freedom, where old traditions and new values were in competition (Kadare 2000).

Transformation of Albania's political and economic structures since 1997

The crisis of 1997 was too costly in many respects and "affected all the political, military, social and economic aspects of life in the country" (International Crisis Group 1999: 11). However, Albania was able to recuperate politically and economically. With macro-economic stability emerging in 1998, Albania's economy grew significantly and transitioned to a rapid economic recovery. Political stability as a whole increased as the political polarization and cleavages that haunted the political economy in the 1990s started to recede (Yusufi et al. 2012). As the 1997 crisis and state collapse affected everybody, it came to have implications in overcoming the divides in society. It may be the case that the 1997 events set in motion a change in patterns of north-south polarization, as everybody was affected by the events. This paper argues that the 1997 events, because they sped up the process of democratization, also came to play a role in overcoming the north-south divide. It has led to a political environment where clientelism has become less of a feature of the appeals of parties to voters. In the aftermath of 1997, there has been an improvement in the functioning of government institutions, which has been key to overcoming clientelism. This has given post-1997 Albania an opportunity to break the traditions and structures of clientelism. The events of 1997 reflected the division of north and south; however, the country has more and more come to have a national character rather than being torn by clan based divisions. Although the rebellion was initially concentrated in the south, it spread to the central and northern territories of the country, making it a national event. Therefore, the 1997 events, although

initially capitalizing on the existing divisions between north and south, was not a south-only rebellion – it became an unrest affecting all of Albania.

The pyramid scheme crisis, and the resulting political and armed chaos, regardless of all the negative sources and results, brought, in a paradoxical manner, the finalization of the political transition in Albania. The parties accepted the change in the government. This is important to take into account in judging the democratic level of the state. This was the first rotation of the government and it was successfully closed. Thus, the elections held in June 1997 brought about a change in the government through voting. It was the first change of government after the end of communism (Fuga 2008).

After restoring order towards the end of 1997, the situation was sharply reversed again following the killing of Azem Hajdari, one of the founders of DP and a leader of the 1990/91 student demonstrations that brought about the fall of the communist government. The country was threatened once more by the prospect of civil chaos.

The Albanian people generally, however, had no stomach for a repeat of the previous year's horrific violence. Although they were undeniably dissatisfied with the performance of new administration, the overriding attention of the population was focused on finding the means for survival amidst the country's economic ruin. (Vickers 1999: 253)

Also, the start of dialogue between the government and opposition was seen as positive and as a step "towards healing the deep political wounds that [have] scarred Albanian politics" (International Crisis Group 1999: 1).

In the aftermath of the events of 1997, Albania made progress in re-establishing peace and order in the country. Military committees were dissolved. However, only a fraction of stolen arms were collected.

A serious factor contributing to worsening social relations was the large number of weapons still in civilian hands since army depots were looted in the spring of 1997. It was estimated that 656,000 weapons of various types were looted from army depots

in March 1997, together with 1.5 million rounds of ammunition and vast quantities of hand grenades and land mines. Despite much discussion, however, attempts to disarm the population proved fruitless. By the end of 1998, only 97,000 weapons (excluding mines and ammunition) had been retrieved. (Vickers 1999: 253)

The rest remained in the hands of the population, contributing to the climate of criminality still present in the country. The armed population and the return of public security therefore represented the “gravest and most complicated challenges for the Albanian government” (International Crisis Group 1999: 6).

Kosovo, now a separate independent state of Albanians, but in the 1990s still part of Serbia, was one of the hurdles to a successful transition in Albania after 1997. The Kosovo question, which led in March 1999 to NATO’s intervention against Serbia, became an integral part of Albanian domestic politics in the post-1997 era. As Albania was moving towards recovering from the 1997 crisis, it faced the challenge of how to deal with the hostilities in neighbouring Kosovo in 1998–1999. But Albania, despite expectations to the contrary, encouraged a peaceful solution to the problem (Austin 1993). A key moment was during and in the aftermath of the 1997 disorder, when Albania is believed to have supported the Kosovar Albanians to launch their armed campaign against Milosevic’s Serbia – in terms of weapons and a base from which to launch attacks (Vickers 2008). The flare up of the war in Kosovo in March 1999 led to a massive exodus of Kosovar Albanian refugees to Albania, which immediately responded with immediate assistance to meet the needs of the refugees (Johnson 2010). The Kosovo crisis further intensified the contacts between Albania and the EU, and the EU started to invest heavily in the provision of aid aimed at re-establishing control over the security sector (Levitsky and Way 2010).

After 1997 the country reformed its security sector, including the police, army, intelligence and other security institutions, seeking to ensure the security sector was able to meet its contemporary obligations and challenges. This success was crowned with full NATO membership in 2008. In the process of approaching the EU and NATO, Albania took on many new security obligations and responsibilities and actively participated in international peacekeeping and peace supporting operations, such as those in Afghanistan, Chad and Bosnia and Herzegovina. Adopting NATO

standards and providing support to peace missions brought security actors such as the army and the police in the country closer to meeting international standards. Immediately after the events of 1997, Albania embarked on security sector reforms, which included the establishment of new institutions, structures, and chains of responsibility for the security sector (Yusufi 2003).

Economic growth following the regime change in 1990 fell by 29.6 per cent in 1991, and the economy contracted by 10.2 per cent in 1997 due to the civil unrest. During the period 1991–1997,

"Albania experienced a post-communist transition that led the country to become one of the poorest, if not the poorest and the least developed economy in Europe. The underlying strengths of the Albanian economy led to recovery in 1998 with robust GDP growth of 12.7 percent that year. The economy grew by over 80 percent over the thirteen-year period of 1998–2010, one of the highest sustained rates of growth in Europe. Once labelled as the continent's poorest country, Albania has been one of the fastest-growing economies in Europe. Today, Albania is a lower middle-income country, and graduated from the World Bank's IDA lending for only-poor countries in 2008. The country has also experienced rapid social change, including internal migration from rural to urban areas and mass emigration of economically active citizens who are a source of substantial remittances (ranging from 11–14 percent of GDP annually)." (Yusufi et al. 2012: 5)

While Albania has a considerably smaller economy than other European states, it is an open economy that is highly integrated into international trade markets. It undertook significant reforms to many aspects of its economy over the past few years, including improving the business environment and the transport and energy infrastructure. The business climate also improved and a number of leading foreign investors expanded their operations in Albania. Steps taken for purposes of administrative streamlining also improved the investment climate. As a result, Albania succeeded in attracting US\$4 billion in net FDI during the period of 2007–10. Significant levels of corruption, however, and weak property rights have been a substantial drag on economic activity (Muco 1997).

Albania's economy has grown significantly and slowly transitioned to a state of economic recovery; the overall political stability has also improved in recent years. "EU accession is highly popular and remains the anchor of reform in nearly every area of the government" (Yusufi et al. 2012: 10). All of these provide good grounds for having the country pay attention to tackling its specific development achievements. Albania's development achievements are substantial. With a GDP per capita of \$3,960, and a Human Development Index score of 0.751 (with a rank of 70), the country has reached a high level of human development. Along with 188 other countries, Albania has pledged to achieve the MDGs and the nation seems well-placed to meet most, if not all millennium targets by 2015. Albania's strong economic growth has been a major contributing factor in its positive steps towards achieving the MDG targets. It is on track to achieve its MDGs, including with respect to poverty reduction, child and maternal mortality and in regards to combating diseases (Yusufi et al. 2012).

Rapid GDP growth in Albania has been accompanied by an equally impressive decline in poverty. Nearly half of Albania's poor were lifted out of poverty between 2002 and 2008 and the poverty head-count fell from 25.4 per cent in 2002 to 12.4 per cent by 2008. Extreme poverty is very low. More than 50 per cent of the population lives in rural areas, home to half of its poor people. Poverty reduction was initially more pronounced in rural areas (29.6 per cent in 2002), but the decline in rural poverty has accelerated substantially over the past years and is now approaching urban rates (14.6 per cent in 2008). Nonetheless, there are areas of the country – mostly mountain areas – where poverty remains high (29.8 per cent). Poverty is particularly evident in depressed regions that lack industries. In addition, in the rural areas, female-headed households have experienced only one-third the rate of poverty reduction as male-headed households have due to the difficulties for women to access job opportunities and the lack of women-specific measures of empowerment in the labour market. Albania's strong economic performance has been accompanied by positive changes to employment. Between 2002 and 2008, the unemployment rate decreased from approximately 17 per cent to 12.8 per cent (Yusufi et al. 2012).

Although there have been notable improvements to Albania's social indicators – for instance, enrolment has increased at all levels of education – the nation remains an outlier with respect to the goal of achieving universal primary education. Albania also faces significant challenges in promoting gender equality, empowering women, and in ensuring environmental sustainability. With respect to infrastructure development, a high proportion of the population (82.1 per cent) had access to potable drinking water as of 2009, though the 2015 target of 98 per cent will likely not be reached. With a strong probability of continued domestic and external financing that focuses on sanitation, it is likely that the 2015 target of 90 per cent of the population having access to sanitation can be reached. Challenges do remain in a number of other MDG target areas. While there has been a decline in unemployment since 2002 – to the level of 17.7 per cent (2015) – it did not reach the targeted 9 per cent level by 2015 (Trading Economics 2017). Challenges related to rural-urban, regional and gender related inequalities also remain.

The status and position of women in Albania has been a development challenge; however, the country has made substantial progress in setting standards and passing laws to promote equality between men and women. Albania has also worked hard to improve the lives of women and girls throughout the nation and overall; the country can be considered to be moderately advanced in implementing gender equality rules in its governance systems. Albanian gender equality legislation also carries mandatory percentages or quotas (30 per cent) for women in political office and ensures this representation through an authority that monitors progress. The introduction of a 30 per cent quota of representation has ensured a strengthened balance of participation for men and women in decision-making; however, in practice the quota level has yet to be achieved. Albania has made progress in tackling gender-based violence, although a 2009 survey concluded that more than 50 per cent of women have experienced some form of physical, sexual, psychological or emotional violence and abuse (Haar and Dhamo 2009). An increase in reported cases of domestic violence following the introduction of this new law attests to the fact that family violence continues to affect many families in Albania, while cases are under-reported, particularly in rural areas. Women are under-represented in the labour market in Albania, with their economic activity being lower than men. Women experience unequal

access and control over resources (e.g. property, land, credit, etc.) and a much higher proportion of women work in lower skilled occupations. This is due, in particular, to the insufficient allocation of human, technical and financial resources for the effective implementation of laws and strategies that relate to women's access to and treatment in the labour market. Women's employment, although still lower than men's, has seen a slight increase, with an increased presence of women in the agriculture sector. Albania remains a country of origin of women trafficked for the purposes of sexual exploitation and forced labour; however, there has been a decline in the number of persons being trafficked. Notwithstanding improvements in the situation of women, Albania has kept the same place in the Gender Gap Index of the World Economic Forum (rank78) because of a below-average performance in terms of female educational attainment.

Post-1997 Albania experienced a combination of political and economic stability. It has had coalition governments with broad public support, and favourable long-term population dynamics. These circumstances provided Albania with a historic opportunity, by continuing its strong economic policies, to achieve sustained high income growth and better lives for the Albanian people (Yusufi et al. 2012). Post-1997 governments were not able to continue along the same path, as the 1997 events reminded the new government of the power of popular resistance, but also because the state of Albania in the aftermath of the 1997 events was not tolerated by the international community and did not have the capacity to co-opt or repress opposition challenges. In post-1997 Albania, control over state and economic resources became fragmented, which generated political competition. What was also important was the emergence of a civil society able to voice and provide checks on the behaviour of the government.

Substantial changes occurred in the country only as the result of shocks of the 1990 regime change and the 1997 unrest. The 1997 disorder represented a second shock in Albania's post-communist history after that of the 1990 regime change. The 1997 crisis was instrumental in shaping the political and economic transformation of post-1997 Albania. The 1997 disorder became an important reference for measuring the progress of reforms in the country. The post-1997 reforms thus became locked in a pattern, where the transformation of the political and economic

structures that led to the 1997 events became a priority that no post-1997 government could escape. The strong commitments that were made by the international community after the 1997 crisis with regards to Albania's transformation became a particularly strong mechanism influencing the path dependent pattern. The logic of action of the political establishment early on became closely connected to protecting the peace and order that was established after 1997 as a symbol of the successful conflict transformation. The attachment to maintaining peace and order was not particularly surprising, as changes in the country from the inception of the pro-democratic reforms in 1990 have been developed in response to external pressures and shocks.

Reviewing the developments in post-1997 Albania, the new governments in the post-1997 period have provided the basis for major changes in the country. Despite weaknesses in relation to the democratization process, what Albania went through was a profound transformation that led in the medium term to a regime change, from being a competitive authoritarian regime to being considered a candidate for proper democracy. The post-1997 period has led to a major political reorientation for Albanians, with increased cultural, economic, as well as political contacts (Vickers and Pettifer 2007). In post-1997 Albania, modernization and westernization (or Europeanization) has been highly popular and remained the anchor of reform in nearly every area of Albania's governance. The country has struggled to overcome disparities in income levels across the country, improve the regulatory environment and tackle corruption. It has also faced challenges in implementing reforms aiming to give it a market oriented economy, build democratic institutions and strengthen the legal system (Yusufi et al. 2012).

Conclusions

This paper has attempted to explain the phenomenon of state disorder and its sources, including an analysis of war-like economic structures in weak states and how they are a major source of state disorder. The events in Albania in 1997 illustrate what can happen when war-like economic

structures are tolerated in situations of weak political and economic governance. In 1997, law and order in Albania collapsed, with civil unrest spreading to all parts of the country. The 1997 unrest, the catalyst of which was the collapse of pyramid schemes, hit the country hard and created a security vacuum that sparked anarchy and political and economic collapse, with all the elements that made it become a case of state failure in Europe. The state disorder seen in 1997, in turn, despite expectations to the contrary, led to a profound transformation of the country. The 1997 disorder, after all, did not have an overall negative impact on the country's future. It came to represent a benchmark for the country in its path to political and economic modernization. Despite some temporary economic and political crises, the country has gone through a substantial political and economic transformation, during which some of the old political and economic characteristics that are distinct to the country, such as political clientelism, cleavage and polarization, entered its phase of retreat. A number of economic structures closely resembling the structures seen in war-type economies receded with the coming to a halt of the 1997 events. Nevertheless, a number of other political and economic structures remain and survived and stand to play a path dependent role in the country's political and economic transformation. Still, the disorder of 1997 had an influence that helped the country overcome the legacies of the past and helped transform the society for the better. It led to a quick recovery and had a transformational effect on Albania's politics, security, economics and development. This study has attempted to capture the impact of war-like economic and political structures on state disorder, and represents an important step towards understanding cases of state failure in the developing world.

Albania's experience has significant implications for other countries in which conditions are similar to those that led to the disorder in Albania. Albania's experience contains some important lessons. There are steps governments can take to limit the possibilities for the existence and spread of pyramid schemes and to tackle political and economic governance problems. Albania's 1997 experience is a powerful reminder of the costs of an unchecked transition.

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Book Reviews

Darshan Vigneswaran

Territory, Migration and the Evolution of the International System

2013. Palgrave Macmillan UK. Pages: XI, 158. ISBN 978-0-230-39128-4.

In his book *Territory, Migration and the Evolution of the International System* Darshan Vigneswaran offers a thought-provoking and innovative rereading of the history of international relations. Within a short 120 pages, Vigneswaran guides us from contemporary practices of immigration control back to Italian city-states, through British colonial rule in India, and finally returns our gaze to the modern project of the European Union and practices of migration control in post-apartheid South Africa. At the heart of Vigneswaran's argument are variations of what he designates as territorial strategies and their corresponding mental maps. Although Vigneswaran's book was published in 2013 it seems now even more relevant taking into account the "migration crisis" and its reflection in a more polarized Europe and last year's Brexit referendum. To grapple with these processes, we not only need policy proposals but a far richer understanding of migration and its interrelation to contemporary states in Europe that would point beyond the now common dichotomy of exclusionary fear-mongering advanced by the proponents of Fortress Europe or visions of a no-border world called upon by activists.

In the preface Vigneswaran familiarizes us with queue jumpers; they constitute a mental map, which is a simplified version of the reality of migration politics and practices on which a state relies to legitimize its authority over the labeled immigrants through using a shared image people have of waiting at a queue when crossing a border. Vigneswaran presents and analyzes the production of such mental maps, their relation to territorial strategies, and their importance for political communities in chapters that follow.

In Chapter One Vigneswaran introduces the basic concepts he will be using and further developing in his analysis and outlines his historical investigations. He claims that the troubling characteristic of the

contemporary international system is its inability to deal with migration. The fact that millions of people are being forced to live without a place in the world reflects the anachronism of the dominant system of territorial exclusion set up by nation-states to deal with migration. Vigneswaran claims that changing this predicament presupposes having a “conceptual vocabulary” for an alternative order (p. 3). It is to this conceptual vocabulary that Vigneswaran tries to contribute by investigating alternatives to territorial exclusion. These alternative territorial strategies can be found in history even today and they have arisen through thinking “about migration politics under fundamentally different conditions and constraints” (p. 4). Still, these discourses and territorial strategies were and are arising from the contemplations and actions of rulers and elites, whether those ruling city-states of Renaissance Italy or contemporary South Africa. Apart from exclusion, Vigneswaran identifies three other territorial strategies which are centralization, expansion and integration. Although others have discussed these strategies, where Vigneswaran sees that his contribution fills the gap is the presentation of the “crucial role that each strategy has played in the ongoing development of contemporary state, its spatial contours and migration policies” (p. 5).

In Chapter two Vigneswaran clarifies the concepts of political territoriality and mental maps. “Political territoriality is concerned with the organization and institutionalization of territorial behavior at a macro scale”, Vigneswaran understands it as “powerful strategy” rulers employ and “that affect influence or control people, phenomena and relationships, by delimiting and asserting control over a geographic area” (p. 16). Territorial exclusion in the contemporary international system presupposes state sovereignty over migration governance, national citizenship as a criterion for inclusion and exclusion, and state borders that prevent entry for certain categories of migrants. The power of exclusion arises from the mutual reinforcement of these three elements. Vigneswaran claims that such an analysis helps seeing the inequality of phenomena through which this strategy is employed, as well as the agents that employ and reshape it. Vigneswaran defines mental maps as “cognitive images consisting of a series of shorthand descriptions that synthesize and summarize a vast array of complex geo-spatial processes into thematically organized and relatively stable understanding of space” (p. 20). Therefore, mental maps are essentially an interpretational tool of movement of people

through space and the justification for controlling that movement. They are essentially a description of places which present them as a locale, an identity and a location. These three elements interconnect through mental maps into “territorial strategizing”; locale as informing political control over space, identity informing the belonging of peoples within space into territory, and location informing the effectiveness of territorial control of migration.

In Chapter three Vigneswaran presents his historical investigation of centralization, an alternative territorial strategy that was developed in the city-states of Renaissance Italy. Vigneswaran uses the case of the banishment of Dante Alighieri and the existence of the towers of San Gimignano to explain the mental maps and the territorial strategy of these city states, as well as their difference to contemporary territorial strategies. Still, at first glance it seems that its strategy of banishment was also similar to that of exclusion of the modern state, but as Vigneswaran notes that was not reserved for the underprivileged equivalents of today's refugees and undocumented migrants. The city-states of the Renaissance were open; there were no border guards placed to do the excluding, still Italian city-states controlled the movement of people through “displacement of large portions of their most privileged classes from the capital, leaving them to wander abroad” (p. 30). This was because of a war fought inside the city states of which the towers of San Gimignano are remainders. It was fought between noble and affluent families each having control and power over individual compounds and the reason why the towers can be found in San Gimignano and not in other historical centers of former Italian city-states is because in these cities the territorial strategy of centralization was successful. The towers there were torn down by the centralized authority and the citizens after the nobility was forced out of the city or overpowered. Still, for this to happen Vigneswaran claims that two components of the new mental map informing the territorial strategy of centralization had to be developed. The first component is that of a captain of the people, who was appointed by the citizens to stop the feuds between the nobles and bring peace and stability to the city. The second was the development of civic pride which became the criterion for citizenship, and which largely influenced the development of “European ideas of statehood, belonging and movement” (p. 50). Vigneswaran stresses the need to revalue the legacy of the city state and

the strategy of territorial centralization in our contemporary era of global cities and more autonomous urban governance.

In Chapter 4 Vigneswaran turns to the territorial strategy of expansion exemplified by the colonial rule of the British Empire in India. Its mental map is presented through a trial of a governor general by Parliament for bad management and corruption of India. Vigneswaran uses this to criticize the standard of civilization thesis which claims that the British looked down upon India and its population. Vigneswaran claims that the standard only gradually emerged through the process of colonization itself. The territorial strategy of expansion employed by the British in India and elsewhere has been more informed by the crusades and the fact that they were "primarily concerned with expanding markets, rather than controlling jurisdictions" (p. 55). Vigneswaran states that for the British "India was not a backward place, but that India was endowed with vestige magnificence" (p. 63), and their mission was to enable India to regain its former glory. Still, as they saw most of British commoners corrupted, a strict immigration policy into India was enforced. This prevention of massive immigration would secure that through interaction with the best of Britain Indians would be morally reformed and not further corrupted. Vigneswaran claims that even later when more Europeans were needed to develop the Indian market and the British reached further with railroads, the Empire tried to contain interaction between colonizers and the locals through the construction of walled settlements called cantonments. Europeans were also arrested if they were found outside cantonments and could be even deported back to Europe.

Still, well into the 19th century most British citizens were subject to local rulers, only with the centralization of the Empire a transformation in British elites occurred which produced the standard of civilization argument. This argument was used to make claims for a direct rule of India, and Queen Victoria became its sovereign. Another important process was the introduction of meritocracy in the colonial bureaucracy which allowed Indians to attain higher positions and threatened the privilege of the British. To keep their position, the latter used the standard of civilization argument for the justification of racial inequality. This barred Indians entry to the highest positions and barred them from immigrating to the British Isles. Vigneswaran states that soon the increasingly independent dominions

like Australia and South Africa followed suit and used their newly gained autonomy for racially discriminatory citizenship and immigration laws. Vigneswaran argues that this historical investigation shows that there is not one dominant territorial strategy and alternatives that challenge it but that various strategies can complement and influence one another and be employed simultaneously.

In Chapter 5 Vigneswaran moves his analysis to the contemporary and still unfolding example of the new political space that is the European Union and the new territorial strategy of integration it employs. Although this strategy encompasses elements of previous strategies of centralization, expansion and exclusion; the borders of the European Union kept expanding till last year's Brexit referendum. There are discourses about the EU transforming into a "Fortress Europe", for Vigneswaran it is integration that is still at the center of the European project. Vigneswaran defines integration as a "political project focused on the control of populations through a specific means of designing, transforming and regulating space" (p. 82). Elements of this strategy can be detected in history in the symbols of the Roman Empire, the body of the feudal lord, or the trading networks of the Hanseatic League. Although the architects of the European Union were keen on political integration they saw economic integration via the common markets more suitable for a coming together of European states and for the prevention of anarchy and total war between them. As Vigneswaran states that "the purpose of the Community has always been through deepening the integration process by way of applying a broad interpretation of market principles into wider spheres of politics and society" (p. 89). Mediated by this economic integration, the migration regimes that developed in the European Union had the ideas of place and belonging at their core, and therefore entail a post-national idea of citizenship. Vigneswaran shows that this new kind of citizenship is embedded in a specific form of freedom of movement that presupposes "citizens from member states" to "establish themselves in the territory of any member state for the purpose of engaging in economic behavior (p. 91). This emphatic relationship of the migrant to the space of his establishment was first the foundation of the European Union's negative principles of protection for migration groups and later gradually formed into positive principles which entailed voting rights in local elections.

Vigneswaran shows which groups have witnessed progressive excision from EU citizenship privileges; these are nationals of member states who pose potential risk, be it to public policy, security or health, and these persons can be deported like the known cases of deportation of Roma to their states of origin, in spite of human rights claims or asylum. The other group are third country nationals. There was never any intention “to extend the right of establishment to people who were not citizens of member states” (p. 94) This is why with the withering away of internal borders external borders remain so important, still according to Vigneswaran borders are not only technologies of exclusion. Border controls as elements of the strategy of integration are points through which disciplinary power is embracing and incorporating those groups of people that are viable to fit into the labor market and do not stretch the ever shrinking resources. This is why channeling migrant flows and sharing information within the EU is crucial and also why for the integration strategy the “undocumented migrant represents a threat to the very possibility of control” as he is not subject to these mechanisms (p. 102). Having presented this new territorial strategy Vigneswaran asserts that the next step for analysis is to contrast and compare the logic of integration with other kinds of territorial strategies to see the potentialities for change. These potentialities point beyond the binary discussions about fixed strategies or the dominance of one exclusionary strategy with aberrations.

In Chapter six Vigneswaran further elaborates how changes in the international system come about, and what the emergent or future form of that system might be. Based on explored examples which strengthen the claim that “variation is a normal feature of international politics” we should consider discarding “epochal models” (p. 105). Through exploring specific problems such as migration, scholars can more clearly see historical variations in international relations. Vigneswaran shows us this on the convergence of elements of different territorial strategies in informing current policies of migration. What we can see from the examples of Italian city states, the British Empire or the EU is that all these territorial strategies have been influences from prior and competing projects. Therefore, Vigneswaran states that “there has never been a period in which territorial exclusion dominated international politics without significant competition from an alternative form” (p. 107). Moreover, Vigneswaran claims that states using territorial exclusion actually allow far more mobility across

borders than they prevent. This prevention of certain categories of human mobility is informed by territorial design i.e. mental maps. These again arise from human interaction with the physical environment, producing locale, sense of place and location (p. 109). Vigneswaran asserts that the discipline of international relations is equipped to capture and explore these varieties as it has the potentiality to transcend methodological nationalism that might be plaguing other approaches. Still, for this the discipline needs the right conceptual cartography and Vigneswaran develops elements of this cartography in this book.

Vigneswaran ends his book with an epilogue, where he sketches practices and theories of territoriality from outside Europe, from the south. Drawing on the paths already taken by post-colonial theory, studies of governmentality and other theoretical inputs Vigneswaran analyses the examples of the mental map “from the South showing that they also contain elements of historical territorial strategies. More as a provocation for other authors Vigneswaran presents the analysis of yet another mental map at the heart of another potential territorial strategy, the calculative territorial strategy. He finds it in South Africa where we might be seeing the development of such a novel strategy making the country “one of the most prolific deporters of foreign nationals in the world” (p. 117). This is supported by the full us of mental maps and real crime maps informed by statistical and surveillance data (p. 118).

Vigneswaran stresses that we need to consider from which actors inputs for new territorial strategy are likely to emerge. He claims that as historical insight shows it is likely those that the current system is excluding, as they are the ones challenging it. Undocumented migrants as well as “the officials of developing and authoritarian states are the most likely to seek ways around the limits on state powers to control internal movement, exit and return” (p. 119).

Vigneswaran gives examples from China, Cuba and South Africa of what the elements are from this potentially new territorial strategy. Still, throughout the book Vigneswaran warns us that “we should always expect the old to appear in combination with the new, as rulers pick up on global trends and technologies and synthetically combine these practices with older traditions of spatial power and authority” (p. 119). Taking into

account the ongoing "migration crisis" in Europe this kind of analysis and research is more pertinent than ever, as we are seeing the formation of new mental maps such as "hot spots", "asylum shoppers" and "disguised terrorists slipping through porous borders along with refugees". We are yet to fully grasp the possibility of new territorial strategies these and other mental maps inform. Elements of these possible strategies reflected upon by Vigneswaran by taking note what was and is happening in South Africa and other places might form the vanguard of what could be seen in Europe in the years to come.

Vigneswaran's historical account pretty successfully challenges the notions of paradigm shifts in the history of the international system, as well as the traditional account of the rise of the modern states with the examples he gives on the evolution of political territoriality and interaction of territorial strategies, mental maps and the agents through which they arise. His insights are a provocation for other authors to further develop a proper conceptual vocabulary to which Vigneswaran's work is a great contribution. Therefore, international relation theorists, political scientists as well as historians should all be looking forward to Vigneswaran's further work dealing with contemporary territorial strategies in Africa, and contribute themselves to this conceptual vocabulary.

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Neither Free Trade nor Protection: A Critical Political Economy of Trade Theory and Practice

2015. Cheltenham, UK: Edward Elgar. Pages: 240. ISBN: 978-1-78347-192-8.

"The story has been widely told" (p. 177). To challenge the most influential scholarly literatures on international trade constitutes a brave aspiration and a glimpse of an alternative analysis for the global economy. Quite often trade policies are presented as straightforward decisions between openness and closure. Emerging from a Marxist perspective and an understanding of trade as inherently connected to power and exploitation, Bill Dunn offers a powerful critique of what he calls a misleading "conservative dualism" (p. 4).

The book confronts the concurrent widespread postulations of the Theory of Comparative Advantage (CA) and their rival claims. Dunn's analysis contends that dominant trade theories and their universal prerogatives should be critically investigated as partial in articulating particular interests. In his view, a critical theory of trade requires a deeper engagement with an ample analysis of capitalism and its changing and contradictory mechanisms. For this objective, questioning the mainstream theory does not necessarily entail a dismissal of trade nor forsakes the efforts to understand it (p. 53).

The title of Dunn's book recalls the motto of the International Socialists during the Cold War, who advocated "Neither Washington nor Moscow but International Socialism" (p. 4), rather seeking to articulate a positive agenda. Such intentionality fits Dunn's similar wariness about the debates around trade, which easily regress to a simplistic antinomy between states and markets. In his understanding, both mainstream and critical theories share a close structural worldview very much informed by the Realist Theory of International Relations. For Dunn, this view has methodological and practical implications. His careful review of the history of trade and widely-known trade theories, along with an extensive database employed in a combination of both qualitative and quantitative approaches, make

His writing is organised in eleven chapters. As a first step, the book puts trade into a historical perspective, proving its ever-changing character, and framing political economy beyond national terms. Consciously overlooking networks in Africa and in early pre-Colombian America, Dunn asserts that trade precedes capitalism by millennia. Though European capitalism arose within a network of international trade, neither trade itself – and the American gold and silver – nor the extensive slavery trade were sufficient conditions for its establishment. Likewise, its emergence was seldom characterised by *laissez-faire*; but rather by exploitation, mercantilism and protective laws. For Dunn, any free trade account is problematic, ephemeral and restricted to Europe. Following a “rough chronological order” (p. 11), he turns back to history in chapter ten to illustrate how trade imbalances originating in the re-organisation of the global economy in the 1970s culminated in the crisis of 2007-2009. Rather than a turning point, they aggravated trends already in place as the imbalances soon started to grow afresh.

Thereupon, to overcome one-sided explanations, chapters three to five examine in detail the existing trade theories, ranging from the orthodoxy to the “moderate” or “official” opposition and, later, to the “radical” opposition (p. 6, 52, 72, 96). By referring to the *Wealth of Nations*, Dunn claims that Smith’s support to free trade proved to be rather conditional, allowing restrictions in reprisal to foreign protectionism and new competition, as the *Navigation Acts* in Britain (1651). Instead of trade, Smith reckons the productive or “commercial economies” within countries as the original source of their wealth (p. 34).

Dunn is, thus, convinced that the endurance of Ricardian pro-free trade theories relies on what he calls “elegant simplicity” (p. 36), which in turn deems also to be the source of their contradictions. “Highly abstract” (p. 40), the CA established a static model, based on one-off gains, disregarding dynamic effects and countries’ diversity. Within this framework, Dunn assertively warns that the critique of pro-free trade theories does not entail a direct support for protectionism.

In the absence of a single theory, the critical agenda is markedly fragmented. Nonetheless, Dunn predicates that such perspectives are "closer to a continuum" (p. 6) rather than intrinsically separate. Respectively, chapters four and five acknowledge the "inelegant" (p. 54) side of trade, pronounced by market imperfections and asymmetries of power and wealth. Mercantilism, in the works of Hamilton and List, is depicted as rather a pioneer strategy of trade restrictive policies, understood in a broader state-building project. Hence, national industrialisation would be in the forefront, followed by trade policies, and not the reverse.

In sequence, the book highlights the claims on the structural disadvantages and the deterioration in the terms of trade towards poorer countries in the Prebisch-Singer thesis. Aiming to respond why trade remains a regulated activity in face of a worldwide liberalisation process, Dunn contends that history proves the existence of trade openness – "managed openness" (p. 66) – rather than free trade. Today's mediation role of organisations, companies and states contrasts with the premise of self-adjusting markets. Furthermore, he draws a severe and dauntless critique of the New Trade Theory (NTT). He points out that its proponents get hold of some of the claims of the poorer countries to draw strategies to maximise the gains of the rich countries.

Therefore, the fleeting radicalism of these perspectives ends up rather diluted in their own assumptions – converging with the mainstream – rather than challenging the status quo.

Following, the book concentrates on the "radical" opposition and advances some critiques defined by the author as "internal Marxist criticism" (p. 74), cleverly safeguarding himself as a member of this group. These accounts are perceived to imply a structural determinism and overestimate the role of trade in defining wealth and poverty between and within countries. According to Dunn, Marx was a "qualified supporter of free trade" (p. 75), taken as an important ally to dismantle nationalism and boost social revolution – regarding protectionism as conservative. By looking at the Marxist Theories of Imperialism, Dunn notably recognises Emmanuel's Unequal Exchange (UE) analysis as more than a simple critique, but an attempt for an alternative. Nevertheless, it fails to provide an account of international inequalities and class struggles, coinciding

in some points with the orthodoxy. Lastly, in this theoretical segment, the book gazes at broader ideas of the Dependency Theory and the World System Theory (WST), which integrate the UE into the development of global capitalism and state-power. For Dunn, these views propound a static system of exploitation and lack a more socialised account of trade.

Respectively, chapters six to nine comprise a set of empirical tests using econometrics and statistical regressions to prove the verity of the presumed relationship between trade openness and 1) economic growth – a *big claim* of the aforementioned theories; 2) faster growth; 3) inequality and 4) the degree of labour organisation.

By using data from the World Bank on an annual basis since 1960, Dunn's first test confirms the results of most recent Modelling reports. He finds out a positive, but weak association between trade openness, and trade opening and economic growth. The most outstanding result informs that trade deficits were apparently conducive to growth until the 2000s – which challenges both the orthodoxy and the heterodoxy, and refutes what the author names as “mercantilist prejudices” (p. 109) of the International Monetary Fund. However, Dunn himself fails to explain the association of this movement with growth in conventional terms.

Allegedly, in the second set of experiments, the book aims at filling a perceived gap in the existing literature. Most of it does not go deeper to examine whether trade based on Heckscher and Ohlin's factor endowment incurs faster growth. The results evidence a quite steady and highly statistically significant relation between land endowments and the probability to export primary goods, however a weaker relation between labour endowment and manufactured exports. With a more complex model, conclusive results show that countries, particularly the poorer ones, do trade based on their endowments. Nonetheless, whether countries grow faster on such a basis remains uncertain.

Dunn's third test recognises that conventional trade theory is not able to fully apprehend inequality. Social phenomena are complex and contested, being influenced but not determined by economic change. The results, though, persist inconclusive that the Stolper-Samuelson Theorem on the winners and losers of trade can explain patterns of inequality. However, it is

clearly not applicable to poorer countries as the patterns of specialisation between North and South change over time, altering the character of factors endowments. For Dunn, the association between trade opening and inequality is "socially and politically mediated" (p. 143).

The book's last test acknowledges that claims on the general decline of industrial action are essentially political and labour's opponents have clear interest in overstating the case, seeking to debunk resistance. The results of the experiment assert that the drop in the degree of industrial action proved to be stronger in richer countries that liberalised less than poorer countries that liberalised more. Notwithstanding, there is no proof of a transfer of spot to the South.

In conclusion, *Neither Free Trade nor Protection* is a defence that market imperfections and asymmetries remain a source of conflict and controversy as the process of liberalisation advances. His rejection of the dichotomy between free trade versus protection proved to be innovative and raises the expectation for a final resolution or a positive agenda – as the earlier *International Socialists*. In his defence, Dunn recognises that their absence might be disappointing; however, he asserts that a proper critical understanding of trade should not expect ultimate answers. Through his critique of state-centric analysis, Dunn is also limited to conventional state data in the empirical chapters. Such an aspiration was beyond his limitations. Regardless of these facts, this book provides a remarkable analysis of trade theories, encourages further research and provides incentives for enthusiasts and researchers to not take well-established frameworks as the only possible way to think of trade.

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