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The Absent Socioeconomic Cleavage in Croatia: a Failure of Representative Democracy?

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Summary

This paper engages with the broader debate about the failures of representative democracy through a critical analysis of political cleavages in Croatia from 1991 until the present. Building on existing studies which repeatedly show that in Croatia political party competition is not structured along socioeconomic cleavages, I argue that a socioeconomic cleavage exists in society, but is not represented in the parliamentary arena. This hypothesis is backed up by data from the ISSP survey (2009), aggregate comparative data as well as an overview of existing studies. Available evidence points to growing social stratification in society, while the citizens of Croatia are aware of socioeconomic inequalities, they exhibit egalitarian value orientations and their economic preferences seem coherent when approached from a social class perspective. The second part of the paper formulates potential explanations for this proposed mismatch between social dynamics and its representation in the parliamentary arena, ranging from the role of communist historical legacies and the impact of nation-building and war in the 1990s, towards considering the way in which major political parties were influenced by European political party families and the European integration process more broadly. Overall, the analysis suggests that in Croatia structural conditions are conducive to a socioeconomic cleavage, but that interests on their own cannot trigger collective social action – effective representation must be fought for through political articulation and mobilisation.

Keywords: political cleavages, political party competition, representative democracy, socioeconomic inequalities, Croatia in comparative context

Since the spread of the economic crisis, discussions about failures of representative democracy have gained momentum both as an intellectual debate and as a broader social phenomenon in many European countries, including Croatia. Though it has

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long been acknowledged that existing democratic political systems fail to fulfil the core principle of 'ruling in common for the common' (Brown, 2012), the contemporary critique of democracy argues that even a limited form of representative democracy fails to deliver on its key preconditions. According to this critique, even though corporate power has always jeopardised the promise of popular political rule, in recent decades the process of state collusion with capital has reached an unprecedented pitch, creating a sort of 'oligopoly of elite insiders' that disregard citizens' preferences (ibid.). In reaction to the financial crisis, governments have sought to restore their economies by rescuing banks, and then tagged the bill onto the average citizen who is paying for this rescue, as well as suffering cuts in reduced public services and higher taxation (Streeck, 2011). Contemporary social movements across Europe that took the form of the Indignados in Spain, people's protests at Sintagma square in Greece, student protests in Hungary, Slovenia, Italy, Croatia and elsewhere, as well as various incarnations of the Occupy movement in the US and Europe were all to some extent motivated by a sense of betrayal of the representative process on the one hand, and by a rejection of economic policies that aggravate poverty, unemployment and other forms of social injustice on the other.

This paper engages with this broader debate by offering a critical re-appraisal of the premises of representative democracy through an empirical analysis of political cleavages in Croatia in the period from 1991 until the present. The fundamental premise of representative democracy is that political parties represent the interests of different social groups. In other words, at each election, citizens are presented with a set of meaningful alternatives among which they choose the party that best represents their interests, and in this way they indirectly participate in government. These premises of representative democracy are built into Lipset and Rokkan's (1967) theory of political cleavages. This theoretical approach guides the majority of empirical work in political science that aims to explain the linkages between voters and their political representatives. According to this theory, political parties serve to aggregate the interests of citizens into packages of programmes and commitments. The precise constellation of alignments between voters and parties differs from country to country since this depends on specific historical circumstances, but overall parties play a key integrative role by institutionalising social conflicts within political systems. They represent regular channels for expressing conflicting interests, and while this may sometimes bring about periods of instability (as was the case with the extension of suffrage in the early 20th century), overall the aggregation of conflicting social interests through political parties is considered as contributing to the stability of nation-states.

Drawing on Parsons' paradigm of societal interactions, Lipset and Rokkan (1967) proposed that social conflicts form around two types of stable political clea-

vages: the territorial-cultural and the functional. The first refers to conflicts over conceptions of nationhood and national priorities, conflicts between the centre and peripheral regions, as well as conflicts over ethnic and minority issues. Functional conflicts on the other hand are centred on the allocation of resources and benefits, and they can be thought of as conflicts between workers and capital. In other words, Lipset and Rokkan's concept of the socioeconomic cleavage is broadly equivalent to the Marxist conception of class as a social relation of production whereby in capitalist societies the fundamental cleavage is between owners of means of production and owners of labour power (Wright, 2005). Actual political systems represent different configurations of these cleavages, and may be thought of as falling within a grid formed in the intersection of these two axes. The territorial-cultural cleavage can take the form of conflict along the values of universalism versus nationalism, authoritarianism versus democracy, secularism versus religiosity, or further European integration versus isolationism. On the other hand, the socioeconomic cleavage can take the form of free market doctrine versus state intervention, the more moderate cleavage regarding distributional preferences among for instance public investment in national security versus into education, or it may in some historical periods take the shape of a more fundamental cleavage among pro- and anti-capitalist interests. If engaged from the perspective of contemporary political theory, these two main political cleavages can also be thought of as structuring conflict along identity versus interest-based politics, or to apply Nancy Fraser's dichotomy, among recognition versus redistribution claims (2000, 2003).

Engaging with this theory of political cleavages, the key argument I propose is that in Croatia the arena of political party competition does not reflect growing socioeconomic divisions in society, and that this can be interpreted as a failure of political representation. This argument is based on an empirical analysis of the ISSP survey (2009) and aggregate-level data, as well as on an overview of existing studies of political cleavages in Croatia in the period 1991-2010. The analysis suggests that in Croatia political party competition is not structured along the socioeconomic cleavage, which opens up two possible explanations. If we start from the premise that representative democracy works, then it follows that there is no socioeconomic cleavage in Croatian society. Since analysis in this paper makes this explanation quite unlikely, I advance an alternative hypothesis according to which the socioeconomic cleavage exists in society, but it is not represented in the arena of parliamentary democracy. The objective of the paper therefore is to search for explanations for this mismatch between social dynamics and its representation in the parliamentary arena.

Exploring Socioeconomic Inequalities in Croatia

In the early 1990s Croatia underwent an economic transformation from socialist self-management to a market economy, which ‘resulted in the largest redistribution of economic resources in its history’ (Henjak, Zakošek and Čular, *forthcoming*). In this economic transformation, arguably the key polarizing divide among citizens of post-communist countries emerged between the winners and the losers (Zakošek, 1998), as well as through the mechanisms of inclusion and exclusion from the work process (Hodžić, 2005). Compared to 1991, in the early 2000s the employment rate was reduced by a third, the unemployed rate grew to around 20% while the number of retired people doubled (*ibid.*). A decade after the regime change Croatia exhibited the characteristics of precarious work conditions, structural unemployment, early retirement and risk of poverty, or in other words many ingredients that could ferment social conflict between the winners and losers of the economic transformation.

After the fall of communist regimes in Eastern Europe both real wages and employment decreased. On average, real wages dropped by one-fourth between 1987-88 and 1994, while unemployment grew from zero percent to between 12 and 15 percent of the labour force (Milanović, 1998). While during the 1970s and the first part of the 1980s there was a downward trend in inequality in Croatia, the GINI coefficient increased from 0.27 in 1988 to 0.32 in 2010 (CBS, 2011; Nestić, 2003, 2005). When compared to the EU regarding income inequality, measured either by the GINI index or the quintile share ratio¹, Croatia exhibits higher inequality than the EU27 average (CBS, 2011). Similarly, the most recent data on poverty reveal Croatia to be among the top 5 European countries with highest proportions of population at risk of poverty (*ibid.*). Eurostat’s indicator for poverty risk² was only recently introduced into official government statistics, helping to situate Croatia within a European context. In 2010 the risk of poverty rate in Croatia was 31.3 percent, compared to the EU27 average of 23.4 percent. When it comes to the risk of poverty for people older than 65 years of age, Croatia is among the three worst performers of all European states. While the EU average risk of poverty rate for people older than 65 is 16 percent, in Croatia it is almost double, at 27.7 percent (Eurostat, 2010). Similarly, when a related indicator of material deprivation³ is used Croatia is at 32.4 percent, compared to the 17.5 percent EU27 average (*ibid.*).

¹ Quintile share ratio represents the ratio between the total equivalised income of the 20% of population with the highest income and the 20% of population with the lowest income.

² An individual is considered at risk of poverty if the equivalised income of her household is below the 60 percent threshold of the national household equivalised median income, which means that poverty is defined in relative terms (Eurostat, 2010).

³ EU data agencies have recently introduced an indicator measuring material deprivation, which tries to capture the extent to which people are able to meet basic needs. The difference among the

Unemployed people are 80-100 percent more likely to be at risk of poverty, while the self-employed, the retired and other economically inactive people are also exposed to higher risk of poverty (Šućur, 2011). In recent years, retired people were 33 percent more likely to be at risk of poverty than the national average (ibid.). The official registered unemployment rate in Croatia in October 2012 was 19.6 percent (CBS website, 2012), compared to 10.2 percent average unemployment in the EU27.⁴ In this group, 42 percent are the long-term unemployed, a group that is particularly exposed to risks of social exclusion and poverty. Finally, Croatia has 1,215,539 retired people. While persons belonging to the Croatian Army or War Veterans groups have on average somewhat higher monthly pensions, the large majority of pensioners (over 1.1 million) in Croatia receive a monthly pension of 2.147 Kuna – i.e. an amount below the minimum wage⁵. When all these groups are added up, it seems that around 35 percent or more of the Croatian population makes a living of less than 2.815 Kuna⁶ per month (Domazet, Dolenc and Ančić, 2012).

Therefore, we have substantial evidence of growing social stratification in Croatia, as well as worrying signals of social exclusion through poverty and long-term unemployment. The question that this opens is whether these macro-trends are reflected in the attitudes of Croatia's citizens. The following sections analyse survey data from the International Social Survey Project (ISSP)⁷. The survey module on social inequalities was implemented in 2009 in 38 countries including Croatia, on representative samples of on average 1,000 respondents per country. Figure 1 on the next page shows respondents' agreement with the existence of conflict between workers and management, which is taken to signal awareness of a socioeconomic conflict in society. Figure 1 shows the percentage of respondents who either agree

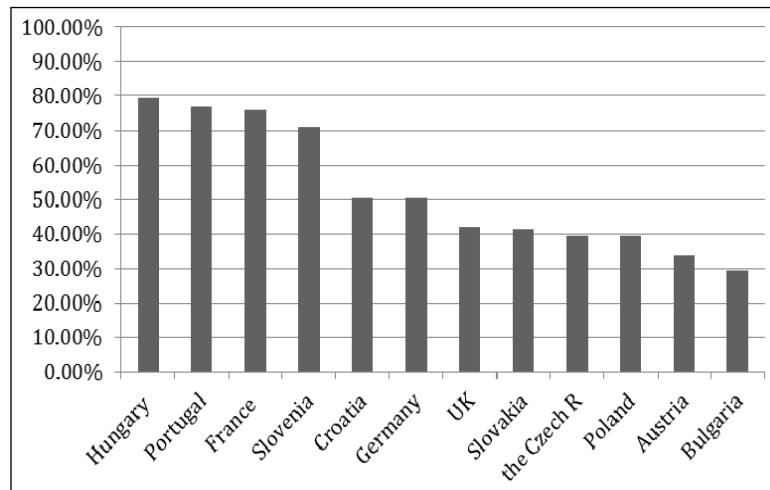
two indicators may be thought of as between an indirect and a direct, outcome-driven approach to real conditions of livelihoods which are not fully reliant on monetary exchange. Currently used indicators of material deprivation are based on measuring whether individuals are able to face unexpected expenses, have one week of annual holiday away from home, pay mortgage and rent (utility bills etc.), have a meal with meat, chicken or fish every second day, keep the home warm, have a washing machine, colour tv, telephone and personal car. It is defined as the proportion of people living in households who lack at least 3 of these 9 items because they cannot afford them (Eurostat, 2010).

⁴ Eurostat official data for February 2012.

⁵ Based on the Minimum Wage Act (Official Gazette No. 67/2008), the minimum wage between June 2011 and May 2012 in Croatia is 2.814 Kuna.

⁶ According to the still unofficial 2011 Census, the population of Croatia is 4,290,612.

⁷ The ISSP is the oldest international research project in the field of social sciences, taking place in 48 participating countries. Croatia has been participating in the project since 2005, through the Institute for Social Research in Zagreb. More information about the research programme is available online at <http://www.issp.org/>.

Figure 1: Perception of conflict between workers and management

Source: ISSP, 2009

or strongly agree with this statement, for respondents from Croatia and eleven other European countries. The group of countries selected for comparison is composed of several old European democracies (Germany, Austria, France, the UK), Portugal as a peripheral European state and a group of post-communist democracies (Bulgaria, the Czech Republic, Hungary, Poland, Slovakia and Slovenia).

As can be seen from Figure 1, 50.47 percent of citizens of Croatia perceive a conflict between workers and management. While in a comparative perspective this conflict is not as accentuated in Croatia as in Hungary or Portugal, half of the population nevertheless represents a considerable proportion. This perception may be due, on the one hand, to the social history of self-management, and, at least in part, to the fact that the process of privatization has been highly contested in Croatia, including instances of factory occupations by workers (Grdešić, 2007), demonstrations, strikes and other forms of contentious politics. In addition to that, union membership in Croatia is relatively high. Though the union movement has been substantially fragmented since regime change, union membership in Croatia is around 35 percent; higher than the EU average of 25 percent and higher than in many other post-communist countries (Bagić, 2010).

Furthermore, survey data reveals that citizens of Croatia consider questions of social justice important. According to 46.95 percent of citizens family background is crucial for getting ahead in Croatian society (ISSP, 2009). In other words, one in two respondents perceives Croatia as a socially stratified society where family

background to a large extent determines one's future prospects. Also, when asked whether they agree that only the rich can afford the costs of university education, 50.3 percent of Croatia's respondents agree or strongly agree with that statement. Furthermore, large proportions of respondents not only perceive these problems but understand them as social justice issues. In the survey they were asked to decide whether they thought it was just or unjust that people with higher incomes can buy better education for their children. Among respondents from the twelve countries, citizens of Croatia are most convinced that the availability of better education should not depend on family income. Over 65 percent of respondents consider such a situation as very unjust. Also, a large proportion of respondents consider it the state's responsibility to address social justice concerns. In the ISSP survey, 45.8 percent of Croatia's respondents strongly agreed that the government should be acting to reduce income inequalities. This high proportion represents a formidable potential constituency for political action motivated by social justice concerns. Even when the question is posed in the negative direction, stating that the government should spend less on benefits for the poor, respondents from Croatia do not sway in their attitude towards redistribution. A large majority of 74.52 percent disagree or strongly disagree with that statement, which makes Croatia's citizens the most supportive of redistribution in the given group of countries apart from the Germans.

The findings from the ISSP survey echo findings from the 1970s in Yugoslavia, which showed persistent egalitarian value orientations in the Croatian population. Županov developed the argument for the existence of an egalitarian syndrome, i.e. a cluster of values that include redistributive ethics, norms regarding egalitarian distribution as well as state paternalism and other elements (1969). Though Županov's evidence of a syndrome (i.e. mutually interrelated values) is problematic,⁸ empirical studies in Croatia confirm strong preferences for egalitarianism and state protectionism in the population (e.g. Štulhofer, 1997, 2000; Domazet, Dolenc and Ančić, 2012). Taking all this on board, it seems plausible to expect that the growing socioeconomic stratification since the 1990s would result in the emergence of the socioeconomic cleavage in the arena of parliamentary party competition. However, as empirical studies repeatedly show, this is not the case.

Taking the self-identification of voters on the left-right continuum of party competition as their starting point, a number of empirical studies from the early 1990s showed that ethnicity and religious identification formed the dominant cleavage that structured the political party system in Croatia (Šiber, 1991, 1993; Šiber and Welzel, 1997). Conversely, an individual's socioeconomic position did not structure her political affiliation, signalling an almost non-existent socioeconomic

⁸ In addition to that, Županov's interpretations of how egalitarianism impacts development are also open to criticism.

cleavage in Croatia (Grdešić et al., 1991; Šiber, 1993). Translated into individual voter characteristics, a person's ethnic and confessional affiliation had the strongest impact on party affiliation and voter behaviour, while age, occupation and other socio-demographic characteristics were much less important (Šiber and Welzel, 1997; Šiber, 2001). In his study from the mid-1990s Zakošek also found the primacy of the territorial-cultural cleavage (Zakošek, 1998). Religious identity created a cultural cleavage which progressively overlapped with the territorial cleavage since the Catholic Church became one of the main proponents of Croatian national autonomy, strongly linking Catholic religious identity with anti-communism and nationalism (ibid.). As a result, studies during the 1990s showed that in Croatia voters did not meaningfully connect the terms left and right with the socioeconomic dimension of political conflict but with the ideological-cultural dimension (ibid.).

Along the same lines, Šiber showed that family attitude towards the Second World War had a significant influence on political self-identification in Croatia in the mid-1990s (1998). When it came to cultural values, during the 1990s respondents identifying with right-wing parties exhibited clericalism, nationalism and patriarchy (Zakošek, 1998). In addition to that, citizens who fall within the traditionalist camp were also the same ones who exhibited strong nationalist preferences. The fact that these two dominant traits were congruent in the voting body of Croatia contributed to their longevity as the dominant structuring cleavage in Croatia's political space during the 1990s. In addition to that, the existing cultural cleavage was continuously reinvigorated through family socialisation.

Has this changed in the second decade since the regime change in Croatia? In attempting to define the dominant factors that influence left-right self-identification in Croatia, Henjak analysed survey data on voters collected before the 2003 parliamentary election (2005). His findings confirm the identification of right-wing voters with traditionalism and religiosity, as well as a reduced tolerance towards ethnic minorities. Moreover, he identifies the strongest effect on left-right self-identification in the attitude towards the Second World War which, when introduced, increases the explanatory reach of his model by a third, as well as having the strongest independent effect. This study confirmed Šiber's findings about the relevance of family history with respect to the Second World War as the defining characteristic of left-right orientation in Croatia. Another analysis undertaken on a different survey sample before the 2003 election returned similar results (Bagić, 2007). Among the various attitudes, the issue that most firmly structured the political space in Croatia in 2003 was the question of cooperation with the Hague Tribunal. The second most relevant factor structuring party identification in Croatia was the attitude towards abortion and traditional values more broadly (ibid.).

In the second half of the 2000s, the main contours of political cleavages remained the same. Ferić (2008) analysed opinion poll data collected before the 2007

election to find that socio-demographic characteristics were unable to explain voters' political choices. A person's income explained less than 5% in the variance of the choice of party, reinstating earlier research which shows that a person's socio-economic status is a poor predictor of party-voter linkages. Henjak (2007) also finds that the division between transitional winners and losers does not determine support for any political party. More interestingly, he argues that voters' attitudes towards the economy in Croatia are mostly structured by their party affiliation, which can be interpreted to mean that political parties play an instrumental part in formulating public opinion and in effect structure new cleavages in society. This is again in line with earlier research according to which voter party linkages are reproduced in society through family history with respect to the Second World War (Henjak, 2011). Finally, even the most recent studies that cover the 2011 parliamentary election find that the economic axis of competition is not relevant for voters' choice of political party affiliation (Nikić Čakar and Čular, 2012).

How do we interpret these consistent empirical findings? According to Lipset and Rokkan's (1967) classical thesis, a political cleavage remains salient when for whatever reason the specific issue has not been satisfactorily resolved. Stated negatively, the assumption of this theory is that if a political cleavage is not salient, the underlying social conflict has been resolved or has not emerged. Repeated studies show that in Croatia the socioeconomic cleavage is not salient for voter-party linkages, but does that warrant the conclusion according to which there is no socioeconomic cleavage in society? Earlier studies also seem to have been puzzled by this phenomenon. Already in the late 1990s Zakošek (1998, 2001) predicted that the socioeconomic cleavage would gain importance with the strengthening of redistributive struggles and the growing disappointment with the privatisation processes. Again in 2003 Zakošek and Čular predicted that the socioeconomic class cleavage would become mobilized in the future, and recently Henjak (2011) repeated the same prediction.

Though the ISSP survey is not comparable to the pre-election surveys that were quoted earlier, a number of question items in this survey also gauge citizens' economic preferences. The survey asks respondents whether they think differences in income are too large, whether equal opportunities exist for higher education, whether the state should play a redistributive role in society, as well as other questions presented in the comparative section. When answers to these questions are analysed by exploring measures of association or analyses of variance, overall the findings confirm that left-right party affiliation does not translate into meaningful left-right attitudes on socioeconomic issues (Table 1 on the next page shows coefficients). However, the ISSP survey also asks respondents to place themselves in a given social class. This item is used to establish whether self-positioning with respect to social class yields different results regarding coherence of left-right economic preferences.

Table 1: Measures of association and analysis of variance

Item	Party affiliation left-right self-placement		Social class self-placement	
	X ² (Chi sq)	Anova	X ² (Chi sq)	Anova
differences in income too large	–	**	*	*
equal opportunities for HE	–	–	***	***
taxation should be progressive	–	–	***	***
redistributive role of the state	–	–	–	***
decent standard for the unemployed	–	–	**	***
spending for the poor	–	*	–	–
unjust better schooling	–	–	*	**
family background important	–	–	–	*

***=p<0.001, **=p<0.01, *=p<0.05

As can be seen from Table 1, while party affiliation does not translate into meaningful left-right economic preferences, self-positioning with respect to social class does. Regardless of whether we analyse association or existence of variance among groups, the findings show significant differences among social classes. These findings are interesting for two reasons. First of all, they confirm earlier research according to which in Croatia party affiliation is not related with left or right economic preferences. However, this analysis suggests that this finding is not enough to infer a lack of coherence in attitudes towards socioeconomic questions among Croatia's citizens. Looking at all the evidence presented here, it seems fair to say not only that they recognize socioeconomic inequalities, but that their attitudes towards these issues exhibit meaningful patterns when approached from a social class perspective. These findings suggest that both objective social conditions and divergent socioeconomic interests among Croatia's citizens merit the representation of the socioeconomic cleavage in the arena of parliamentary party competition, though currently this is not the case.

In Search of Explanations

The previous sections offered evidence of increasing socioeconomic inequality, high levels of egalitarianism and redistributive preferences in Croatia compared to other European countries, as well as suggested that self-identification according

to social class yields meaningful distinctions with respect to left-right economic preferences. These findings suggest that the arena of representative democracy in Croatia indeed does not reflect existing structural cleavages in society, but leaves us with the task of devising hypotheses that could help explain this. The following sections identify explanations for this mismatch from the existing literature, which I extend in a critical dialogue with the theory of political cleavages.

Existing research on political cleavages offers some explanations for the weakness of the socioeconomic cleavage in Croatia. The first one espouses the importance of nation-state formation and the conflict over state borders in the early 1990s in creating a persistence of the territorial cleavage as dominant in Croatia (Zakošek, 1998, 2002). The violent events of the early 1990s tabooed issues of economic inequality, removing them from public discourse and the political agenda. Within the nationalist ideology of the 1990s, socioeconomic conflicts were perceived as undermining the homogenous national community and, given the real threat of national sovereignty in the early 1990s, they were perceived as national treason (Županov, 1995). A homogenous ethnic community could stand no internal divisions, so activities that would in another context be considered as strengthening pluralism were in Croatia in the 1990s treated as disloyal behaviour corrosive for the newly established republic (Dolenec, *forthcoming*). Once the public sphere began to pluralise in the late 1990s and the 2000s, it did so on the grounds of ethnicised politics and the cultural axis of political competition.

Secondly, the cultural cleavage remained persistent in Croatia because it represented a historical conflict over the status of the Catholic Church, which was deepened during state socialism due to its explicit anti-Catholic politics and its radical secularization. Here Kitschelt's (1992, 1995) argument regarding the hierarchy of cleavages becomes important. According to him, conflicts which pertain to the definition of the political community supersede other types of conflict. In the next step, once the political community becomes established, conflicts over the reach of political decision-making, which include rights of citizenship, civil rights and fundamental worldviews, supersede those over the redistribution of societal resources (*ibid.*). Though Kitschelt himself sometimes disregards this hierarchy (Zakošek, 1998), in Croatia the long domination of the territorial cleavage, coupled with the fact that territorial and cultural cleavages closely overlap, contributed to the persistent under-politicization of the socioeconomic cleavage. In addition to that, cleavages exhibit high path-dependency – 'freezing' once they have taken on a definitive shape and changing only when powerful historical forces affect the structure of political alignments (Henjak, Zakošek and Čular, *forthcoming*).

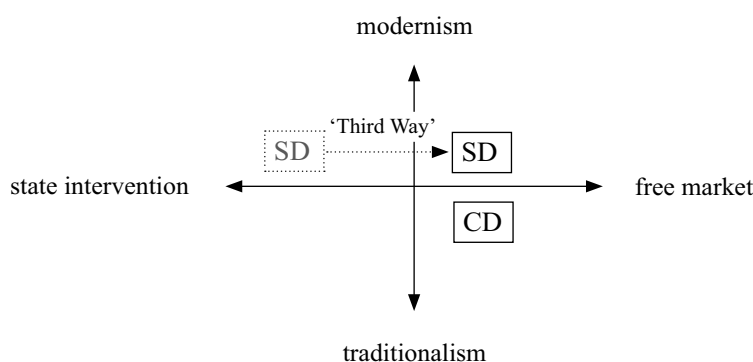
Next, Kitschelt et al. (1999) drew on the legacy of communist regimes for explanations of the resulting constellations of party competition. They formulated a

complex typology with many elements, but one of its principle dimensions is the nature of relations between the Communist Party and its opposition. Croatia and Slovenia had strong national movements that strived for more independence and decentralisation of the Yugoslav state. As a result, in Croatia the Communist Party was trying to accommodate appeals to national autonomy and square the circle between national demands on the one hand and the official communist ideology on the other (ibid.). In such cases, after regime change economic questions are as salient as anywhere, but political parties find it hard to introduce them into political competition because the communist successor parties embrace market liberalism (1999: 72). As a result, a tripolar system of party divides develops between a secular libertarian market-oriented camp, a secular libertarian post-communist camp and a Christian conservative camp with mixed economic positions (Kitschelt et al., 1999). These three camps were indeed recognizable in Croatia in the mid-1990s, with Social Democrats and the Croatian Democratic Union as the two large parties and a weak liberal centre where parties frequently fractioned. According to Kitschelt's predictions, in such cases political party arenas would be dominated by the cultural and territorial cleavages, which is in line with the empirical findings for Croatia.

Kitschelt's explanation is crucial because it draws attention to the fact that political parties are not 'transmission belts', which represent societal interests through some kind of automatic process. While Lipset and Rokkan's theory of political cleavages was based on the experience of West European states where the representation of class conflict in the parliamentary arena was the combined effect of the extension of suffrage, workers' movements and the emergence of socialist parties, in post-communist countries the development of political representation resembled an incongruous process of building an aquarium from fish soup⁹: diverse social interests were supposed to become politically represented by fractions from within the communist elites. Therefore, it may be said that initially the structure of party competition represented cleavages among elites rather than divergent societal interests. Adding to that, in order to win elections political parties act strategically. Political cleavages can be understood as a space of party competition along two axes, as shown in Figure 2 (on the next page).

The assumption is that in any given national political system parties take positions within quadrants of this grid depending on underlying social conflicts, but also based on strategic considerations. Historically European social democratic parties were in the upper left quadrant (marked as 'SD'), espousing liberal cultural values such as secularism and gender equality and at the same time advocating a role for the state in curbing market forces. Similarly, European Christian Democra-

⁹ This is a paraphrase of a sentence attributed to Lech Walesa.

Figure 2: Grid of party competition

tic parties espoused traditional cultural values together with pro-market economic policies. Their position in the grid is in the lower right quadrant (marked as 'CD'). However, since the 1990s Social Democratic parties increasingly embraced economic liberalism under the slogan of the Third Way (Callinicos, 2001; Judt, 2010). As a result, in many contemporary European democracies the upper left quadrant has been emptied of major parliamentary parties, and the dominant political cleavage has been the territorial-cultural one.

Initially the situation in post-communist countries was different. At the beginning of the 1990s, parties espousing left economic policies were culturally conservative (Kitschelt, 1994; Kitschelt et al., 1999; Marks et al., 2006). The legacy of communist parties linked economic left policies with traditionalism, authority and nationalism, while reformist forces at the beginning of the 1990s embraced both cultural and economic liberalism (Kitschelt, 1992; Kitschelt et al., 1999; Hooghe et al., 2002; Marks et al., 2006; Rohrschneider and Whitefield, 2009). As a result, in the 1990s communist successor parties were positioned in the lower left quadrant of the grid, while anti-communist parties were positioned in the upper right quadrant. Given that political cleavages tend to freeze, in many countries of post-communist Europe this basic dynamic still holds (Hooghe and Vachudova, 2009).

What about Croatia? During its first term in opposition after the 1991 election, the former Communist Party of Croatia transformed into a European-style centre-left democratic party, embracing liberal cultural values, democracy and capitalism (Dolenec, 2008). Though it may be said that initially the party positioned itself in the upper left quadrant of the grid, with time it moved towards the upper right quadrant of the grid, closely mirroring its Western European counterparts. This movement was the result of a specific historical constellation with at least three inter-

related elements. First of all, the communist ideology was fully discredited both domestically and internationally. It disappeared like 'a nightmare that fades upon waking up' (Beck, 2001), signalling the end of a historical rift between the East and the West, inspiring theses about the 'end of history' (cf. Fukuyama, 1992) and making advocacy of left economic policies politically untenable. In other words, regimes in Eastern Europe collapsed at a time when Western countries advocated a uniform recipe of development premised on coupling free and fair elections with Washington consensus economic reforms (Dolenec, *forthcoming*).

Secondly and partly in reaction to the fall of the Eastern Bloc, the Third Way doctrine, adopted initially by Social Democratic parties in England and Germany under Blair and Schroeder¹⁰ (Callinicos, 2001), represented a drastic narrowing down of political choice regarding economic policies. Former Communist Parties not only hurried to abandon the communist ideology and with it notions of solidarity and social justice, but they were adopting a conception of Social Democracy infused with faith in the market as a mechanism of social coordination. Since its 2003 programme onwards, the Social Democratic Party in Croatia explicitly related its programme to the doctrine of the Third Way (Dolenec, 2009). Analogously, while in the 1990s the CDU was an authoritarian nationalist party, after the death of Franjo Tuđman it underwent a transformation into a European-style Christian Democratic Party (Fish and Krickovic, 2003). It combined the affirmation of culturally conservative values and Catholicism, with the need for market reforms and the importance of encouraging entrepreneurship and business initiative (Dolenec, 2009), bringing its programme in line with its Western counterparts.

Thirdly, the process of European integration, which intensified in Croatia in the period after 2005, further strengthened the preference for liberal economic positions of both major parties in Croatia. Once both parties took a pro-European integration stance, they integrated the EU's policy prescriptions which were based in liberal economic thinking that prioritised the opening up of economic activity to market forces through processes of privatization, deregulation and liberalisation (Guillen and Palier, 2004). While in their programmatic documents both major parties in Croatia attempted to reconcile liberal economic prescriptions with social objectives, imperatives of liberal economic policies repeatedly carried the day. For instance, in 2002 the SDP-led government implemented a pension reform in coope-

¹⁰ The political project of the Third Way was influenced by prominent sociologists of globalisation, most notably Anthony Giddens, who sought to 'revitalize' social democracy so that it reflected a supposedly 'post-political', 'post-scarcity', hyper-globalised world in which old class distinctions and politics of emancipation were being replaced by life-politics. One of the key components of this doctrine was a rejection of socialism and the embracing of market mechanisms of social coordination.

ration with the World Bank, which was argued to be unavoidable to stabilise the system, but which impoverished a large segment of the population, with two thirds of pensioners receiving less than the average pension, and a part of the old-age population not being covered by the system (Puljiz, 2007; Dolenec, 2007). Since then, all subsequent governments continued implementing policies in the area of health, employment, social policy and education with the financial assistance of international bodies such as the World Bank and the IMF, which are based on liberal economic policy prescriptions. Similarly, no parliament in Croatia has considered re-evaluating the mandate of the Croatian National Bank as targeting inflation and maintaining price stability. As Birch argues, many phenomena that are today termed neoliberal, including privatization of national industries or liberalization of trade and capital movement, are premised on a monetary policy in which the stability of money and the dangers of inflation are key concerns (2012). Such a monetary policy provides collective benefits to the financial community by controlling inflation and maintaining stability, while other social groups such as workers would have an interest in a monetary policy that targets employment (Goodman, 1991). Regardless of the party in government, the mandate of the Croatian National Bank has unequivocally furthered the interests of the former group.

To summarise, though the socioeconomic cleavage carries latent potential for parties to take up, no major political actor in Croatia has taken up the empty space in that upper left quadrant of the grid.¹¹ The reservoir of potential explanations offered so far can be grouped into three clusters. One cluster refers to historic legacies from the communist period and the way in which cleavages among elites structured the political party space. Given the 'freezing' hypothesis, once the basic dynamics of competition among parties were established, they were difficult to undo. As a result, parties linked up to voters primarily along the territorial-cultural dimension, emphasizing political identity differences among voters, such as nationalism and religiosity. Another cluster of explanations focuses on the specific historical circumstance of nation-building and war that ensued in Croatia in the early 1990s, which made the emergence of the socioeconomic cleavage that more difficult. Here the argument is that for as long as there was a threat to the territorial integrity of the nation, this cleavage superseded all other conflicts in society; war only exacerbated these circumstances further. Finally, the third cluster of explanations focused on the

¹¹ This empty space was recognized by the newly formed Labour Party, which reaped gains by opportunistically claiming that place at the last parliamentary elections in 2011. It won 4.19% of votes in the 10 districts, winning 6 seats in Parliament (State Electoral Committee website [http://www.izbori.hr/izbori/dip_ws.nsf/0/A8889C1202F9CA0FC125797B0047D2DC/\\$File/rezultati2011_sumarni.pdf](http://www.izbori.hr/izbori/dip_ws.nsf/0/A8889C1202F9CA0FC125797B0047D2DC/$File/rezultati2011_sumarni.pdf)). The party has however until now failed to develop a coherent programme that would merit its inclusion in the upper left quadrant of the grid.

way in which major political parties in Croatia absorbed external institutional influences, both on the level of ideas and regarding the implementation of concrete policy prescriptions. Taken together this proposed explanatory framework abandoned the assumption that real social divides automatically get taken up into the arena of parliamentary party politics. The evidence presented in this paper suggests that the Croatian case deviates from a theory that 'ignores the role of political elites in crafting party systems' (Kitschelt et al., 1999: 69).

Though the theory of representative democracy assumes that political parties' objectives should over the long term reflect the dominant power relations in society (Lipset and Rokkan, 1967; Evans and Whitefield, 1993), the analysis presented in this paper suggests that Croatia is witnessing a significant mismatch between actual social dynamics and their political representation. Actual structural conditions are conducive to producing a socioeconomic cleavage in the arena of parliamentary politics, but perhaps this cannot happen without pressure from below, whereby an effective social movement mobilises citizens by demanding political representation based on socioeconomic interests. According to Weininger, interests, no matter how objective they may be, cannot trigger collective social action on their own (2005). Instead, collective social action and mobilization presuppose effective symbolic representation. In Bourdieu's terms, notwithstanding the fact that a division of the social world is well-founded in reality, it is only through articulation by a political actor that a theoretical group becomes a practical one (1987). This brings us right back to the initial discussion regarding contemporary failures of representative democracy. Much of this literature presents the dynamic of political representation as if citizens are presented with a set of meaningful political options from which they choose, as if exercising a passive consumer choice. In contrast to that, the implications of this analysis are that effective representation of socioeconomic interests in the parliamentary arena must be fought for through political articulation and mobilisation of broad social support.

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