THE INFLUENCE OF SOCIALISM ON LEADER IN CROATIA

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I, the undersigned ……Anna Marie Franceschi……hereby declare that I am the sole author of this thesis. To the best of my knowledge this thesis contains no material previously published by any other person except where due acknowledgement has been made. This thesis contains no material which has been accepted as part of the requirements of any other academic degree or non-degree program, in English or in any other language.

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Abstract

The purpose of this research paper is to examine the lasting effects of the historical socialist legacy on the implementation of LEADER in Croatia. Based on Croatia's socialist past as part of Yugoslavia, this thesis seeks to discover to what extent does socialism affect the implementation of European Union programs, specifically those that encourage a "bottom-up approach" and collective action. LEADER is an appropriate program to study because it relies heavily upon individual and collective action and mobilization to achieve rural development goals at the local level. This thesis examines Croatia because it is the newest EU member to be implementing LEADER and also had forty-five years of socialist rule, which shaped social, political and economic behaviors. Therefore, Croatia presents itself as a strong subject for case study of the lasting imprints of history on the implementation process of collective action programs such as LEADER. Relying on elite and expert interviews, this paper analyzes the main features of LEADER and where the socialist legacy interferes with their functioning in Croatia and discovers that five of the features succumb to problems related to Croatia's socialist legacy. This paper further explores the practical difficulties regarding Croatia's implementation of LEADER.

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Abbreviations

CLLD – Community-Led Local Development

EAFRD – European Agricultural Fund for Rural Development

EC – European Community

EMFF – European Maritime and Fisheries Fund

ENRD – European Network for Rural Development

ERDF – European Regional Development Fund

ESF – European Social Fund

EU – European Union

IPA – Instrument for Pre-accession Assistance

IPARD – Instrument for Pre-Accession Assistance for Rural Development

LAG – Local Action Group

LEADER – Liaison Entre Actions de Développement de l' Économie Rurale

OECD – Organisation for Economic Co-operation and Development

SAPARD – Special Accession Programme for Agriculture and Rural Development

UNDP – United Nations Development Programme

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Introduction

The European Union's motto of "united in diversity" suggests that despite its patchwork appearance, the Union is a cohesive territory governed by the same laws and sharing a unifying European identification. However, the application and implementation of the EU *aqui communitaire* is quite different from one country to the next. Frequently in studies revolving around the European Union, a common question is "why has this country succeeded in this program where another one has failed?" This research paper poses a similar question with regard to LEADER under the Rural Development Program in the Common Agricultural Policy of the EU, with special emphasis placed on historical context.

Why are historical contexts relevant when analyzing EU programs? Rural development policy relies on the principle of subsidiarity, where local governments and communities should participate in the creation of rural development goals because they are the experts of their own needs and challenges. In this way, the success of a rural development program depends on the level of collective action in the local context, which has been crafted by a history of shared social experiences, cultural traditions, political evolutions, and war.

The focus of this research paper is to explore the relationship between the LEADER program and Croatia's historical context and its socialist legacy. LEADER is an appropriate program to study because it relies heavily upon individual and collective action and mobilization to achieve rural development goals at the local level. Croatia is an excellent case study because it is the newest EU member to be implementing LEADER and also had forty-five years of socialist rule, which shaped social, political and economic behaviors.

In this paper, I argue that socialism has had a lasting impact within the Croatian context, and that this socialist legacy influences the outcome of LEADER. I pose the following questions: What is the impact of socialism on collective action programs such as LEADER? Can LEADER function in a post-socialist context and what are the context-

specific challenges? This thesis attempts to answer these questions and analyzes which features of LEADER are most affected by Croatia's socialist legacy.

The first chapter explains the history of LEADER and its current form, including the main features of the program, and its context within Croatia. The second chapter continues with a description of the unique socialist history of Croatia and a literature review of socialism's impact on trust and cooperation. The third chapter explains the methodology used in this research paper, and the fourth chapter explores and analyzes the findings of the paper.

Chapter One: What is LEADER?

History of LEADER

LEADER began as a Community Initiative Program that came about after the reform of the European Community Structural Funds in 1987 (Vidal 2007). This reform provided an avenue to channel funds to initiatives and projects that were in keeping with the goals and interests of the EC. In order to complement the European Union's (EC's) goals of sustainable development combined with environmental protection, social inclusion and economic progress, the Community Leader initiative was created. What first began as an experimental pilot program from 1991-1994, LEADER soon found success in rural areas and LEADER II and LEADER+ followed the initial pilot project.

LEADER is a French acronym "Liaison Entre Actions de Développement de l' Économie Rurale" that can be translated to "links between the rural economy and development actions" (European Network for Rural Development 2013). This concept involves a "bottom-up" approach, linking three main sectors of society: public administration, the private business sector and civil society. Together, representatives of these sectors form a Local Action Group (LAG) complete with a board or executive committee, a broad network of members and potentially a full-time staff. Through the LAG, members from each sector cooperate to produce Local Development Strategies incorporating the needs, challenges and desires of local communities. Any sector may not comprise more than 50% of the whole membership within the LAG, in order to promote overall community ownership of the projects. LAGs should encompass relatively homogenous territories with similar culture and language, and must not exceed 25,000 people altogether (Gospodarski List 2011). Therefore, LAGs should be able to apply rural development strategies to a specific community context in order to provide for the best chances for success and development.

For the latest period of LEADER from 2007-2013, LEADER was transformed from a community initiative to a full component of the Common Agricultural Policy and thus was "mainstreamed" in all rural strategies for Member States (European Commission 2006). This meant that for the latest period of LEADER, over 2,400 rural territories were included under LEADER (European Network for Rural Development 2013). "This open[ed] up new possibilities for the LEADER approach to be applied on a far wider scale and across a much broader range of rural development activities than hitherto" (European Commission 2006).

Current LEADER Program

The newest phase of LEADER 2014-2020, known as "Community-Led Local Development" or CLLD, expands the financial support for the LEADER approach. Like LEADER 2007-2013, CLLD is still required under the Rural Development Program, which is funded by the European Agricultural Fund for Rural Development (EAFRD) but can also be funded through the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the European Maritime and Fisheries Fund (EMFF). (European Network for Rural Development 2014).

The strategies of CLLD are in line with the Europe 2020 Strategy, which promotes three main goals of "creating growth and jobs, tackling climate change and energy dependence, and reducing poverty and social exclusion" (European Commission 2014). Under the Cohesion policy 2014-2020, EUR 351.8 billion will be made available for investments in regional development, including rural and urban and investments for economic development (European Commission 2014). By providing access to all four of these funds, CLLD aims to give comprehensive support to community projects such as programs aimed at reducing social exclusion (using ESF), projects for diminishing the environmental impact of fishing and promoting aquatic eco-tourism (using EMFF) or local projects that work in conjunction with neighboring cities to improve infrastructure for

commuters (using ERDF). CLLD streamlines the funding ability for LAGs, thereby increasing the potential success of the projects.

Main Features of LEADER

Throughout the different phases of LEADER, the features have remained the same. ENRD stresses that each feature must be present within the "methodology," otherwise the program will be unsuccessful in flexibly addressing local needs and concerns (European Network for Rural Development 2013). Using all of the features in conjunction, LEADER becomes more than a funding program for rural development; LEADER evolves into a community-building model.

The ideological underpinning of the LEADER approach is the "bottom-up approach," and encourages participation from every part of society to become involved in rural development projects. This approach promotes program ownership and gives voice to individuals, which increases the likelihood of approval by the public and overall program success. Furthermore, it upholds democratic values at the local level and endorses efficacy for every sector of society (European Network for Rural Development 2013). LAGs represent this "bottom-up" approach, as LEADER requires the participation of the three sectors: public, private and civil society, and also advances social inclusion by obliging LAGs to include women and young persons under 25.

The second facet of LEADER is the area-based approach, which places focus and emphasis on small micro-regions that are interconnected with similar traditions and are considered relatively homogenous "socially cohesive territories" and that share common challenges and needs (European Network for Rural Development 2013). These micro-regions are perfect for policy initiatives because policies can make use of endemic advantages,

pinpoint potential challenges and tailor policies to benefit the maximum number of people within the micro-region.

Local Partnerships, or Local Action Groups (LAGs) are the third and very necessary aspect of LEADER. These partnerships ensure participation from each sector of society, and ideally the partnerships would be evenly balanced between public, private and civil society interests. Furthermore, these local partnerships represent the contact point between local interests and regional or national funding, and it is then paramount that the reflected views are from varying sectors of society (European Network for Rural Development 2013).

The LEADER approach also emphasizes multi-sectoral integration, meaning that needs evaluation should not take place only in specific sectors of industry and society, but rather evaluation should be comprehensive. One sector is inherently linked to another, thus Local Development Strategies must include all sectors when evaluating needs and challenges. Furthermore, interdisciplinary approaches tend to increase innovation and creative solutions, thereby increasing the benefits of the LEADER approach (European Network for Rural Development 2013). It is the LAG's duty to appropriately represent all varied interests so that all development goals can be reached for each sector.

This "bottom-up approach" encourages networking within LAGs and between them, and with regional and national networks as well. Networking includes sharing learned methods, new and beneficial knowledge and good practice techniques. This networking can be formal or informal and builds trust and cooperation between individuals and communities. This horizontal networking further increases intra-LAG cooperation on projects and can create a social network which combats social exclusion often faced by rural populations (European Network for Rural Development 2013).

By bringing together all sectors of society, the LEADER approach also spurs innovation and the development of new policy models. To an extent, it is the main goal of

LAGs to encourage new solutions to old problems that fit the specific context of the LAG territory. Furthermore, untested ideas pertain a certain amount of risk for the LAGs, but it is the duty for the decision-making body to appropriately weigh the risks and potential benefits to society (European Network for Rural Development 2013).

The final facet of the LEADER approach is inter-territorial and international cooperation and its relevance and importance to innovation. Networking lays the groundwork necessary for cooperation to flourish between LAGs within the same state or across borders with different LAGs in other Member States or third countries. Through cooperation, social learning occurs whereby LAGs receive and provide knowledge and experience and help one another produce innovative new policy models and projects (European Network for Rural Development 2013).

Croatian Context and LEADER

Before moving on to the theoretical underpinnings of LEADER's performance in Croatia, it is necessary to introduce the Croatian context in conjunction with LEADER. OECD classifies Croatia as a rural country, with 91.6% of its territory being defined as rural and only 8.4% as urban (Tolić 2011). Furthermore, the majority of Croatian settlements are rural (88.7%) and only 11.3% are urban settlements that have more than 30,000 people (Tolić 2011). However, despite the large number of rural settlements, only 47.6% of the Croatian population actually lives in these rural areas (Tolić 2011).

This uneven distribution is most apparent when comparing the population of Zagreb with the rest of Croatia. Zagreb's total population is almost 800,000, while the total population of Croatia is 4.3 million (Turčin 2011). Thus, almost a quarter of Croatia's population lives in the capital alone, meaning Zagreb is by far the wealthiest city with the most attractive job prospects for Croatians, resulting in migration out of rural regions.

"Thirty-four percent of Croatia's entrepreneurs are concentrated just in Zagreb. They employ approximately 900,000 people or close to 40% of Croatia's working population" (Tolić 2011).

Indeed, the economy for rural regions looks bleak. Areas that had previously boasted strong economies based in the industries of food production and agriculture are now fading due to privatization of companies or bankruptcy (Tolić 2011). Croatia, already facing high levels of unemployment, has particularly high unemployment levels in rural areas. In 2013 the highest level of unemployment recorded for Croatia was 21.9% (Croatian Bureau of Statistics 2014). By comparison, rural counties such as Vukovar-Srijem and Sisak-Moslavina had unemployment rates of 34.8% and 34.7% respectively (Republika Hrvatska Osječko-Baranjska Županija Skupština 2014).

Croatia's participation with LEADER began under the Instrument for Pre-accession Assistance (IPA), of which the Instrument for Pre-Accession Assistance for Rural Development (IPARD) is a vital component. Croatia received EUR 179 million from the EU under the IPARD period from 2007-2013 to implement the Plan for Agriculture and Rural Development (Tolić 2011). Under IPARD, Croatia was tasked with improving the environment and landscape (measure 201) and preparing for the implementation of LEADER (measure 202) (Tolić 2011). Thus, the LEADER program analyzed in this thesis is the preparations and early beginnings of the full-fledged LEADER program CLLD, which will be implemented for the period of 2014-2020.

Implementation began in October 2008 with the help of Technical Assistance and Information Exchange (TAIEX) in providing guidance for transposition of legislation and the implementation of IPARD's "Priority 2- preparatory actions for implementation [of] agro-environmental measures and LEADER" (Tolić 2011). In the first year, conferences were held in Zagreb and other major cities to help educate and spread information regarding IPARD

measures 201 and 202, and specifically related to LEADER preparation. Together in 2009, public and civic actors such as universities and public administration officials created the first three LAGs in Croatia (Tolić 2011).

Since then, LAGs have been established all across Croatia, most successfully in the central, eastern and western sections of Croatia. Croatia now has 52 LAGs registered as civil society associations (Croatian Rural Development Network 2012). These LAGS include 307 "local self-government units", representing 52% of the total number of local government units, 63 towns, rural territory surrounding two larger towns and 245 municipalities (Croatian Rural Development Network 2012). The success of a sample of LAGs will be analyzed in Chapter 4's discussion on findings based on conducted interviews.

However, it should be stated early on that LAGs faced a difficult time in organizing and financing projects under the preparatory phase of LEADER with IPARD. A main criticism is that Croatia lacked an adequate sustainable rural development policy leading up to IPARD and LEADER, and thus did not have the policy foundations and mindset to embrace the policy (Tolić 2011). Progress was slow, with few LAGs able to employ more than one person, if anyone at all. A main reason for slow LAG growth and weak LEADER performance was the agricultural ministry's incapability to manage the funding for measures 201 (agro-environment measures) and 202 (LEADER) (United Nations Development Programme 2013). These difficulties will be further discussed in detail in Chapter 4.

Chapter Two: Socialism and the Effects on Trust and Cooperation

Before we can understand the long-term effects socialism plays in the implementation of the LEADER program in Croatia, it is necessary to first describe what Yugoslavian socialism was and the agricultural reforms that took place. I then review the relevant historical and sociological literature regarding socialism and the resulting degradation of trust and cooperation in societies.

Yugoslavian Socialism

Croatia experienced socialism after World War II with the creation of the Socialist Federal Republic of Yugoslavia, under which it was a socialist republic. In the early days of the socialist republic, there was influence from Stalin due to the fact that the Soviet Red Army had aided Tito's victory over fascist forces in 1945. Yet Stalin and Tito did not agree on all fronts. While Tito's commitment to communism was true, he pushed back from Stalin's influence, wanting to maintain Yugoslav independence and to avoid becoming a satellite state[1] of USSR (Andersen 2004). Because of conflicts between Tito and Stalin from 1945 to 1948, relations were severed between Yugoslavia and USSR, culminating in Yugoslavia's expulsion from Cominform (Communist Information Bureau) and Stalin's denouncing of Tito and the Communist Party of Yugoslavia (Andersen 2004).

Socialism under Yugoslavia was different than socialism propagated by Stalin for three reasons (Riddell 1968). First, the cultural context of Yugoslavia was hostile and distrusting of authoritative central control mechanisms. This is due to the territory's history as a "buffer zone" between the Austro-Hungarian Empire and the Ottoman Empire's expansion, which left the population primarily consisting of poor and uneducated peasants. "In the circumstances, the Yugoslav peasant population-there were few towns, especially in the

[1] Satellite state is defined here as a formally independent state that is heavily influenced and controlled by another state.

eastern part of the country--developed a deep distrust of central authority, and the political instability, coupled with the poor communications led to a great deal of local self-sufficiency" (Riddell 1968). Second, the Communist Party of Yugoslavia, under Tito, successfully created a socialist society largely without the help of the Soviet Union. Communist ideals began spreading in Yugoslavia shortly after World War I, and thus communist ideology had a long and self-standing history apart from communism in the Soviet Union (Riddell 1968). Lastly, under Tito's leadership, the Partisans' victories over the fascist militaries of Germany and Italy were largely without support from the Soviet Red Army and therefore there were no feelings of gratitude or subservience to the Soviet Union. Also, the Partisans fought with guerilla tactics in local areas and forged partnerships with and recruited local peasants, thus "form[ing] part of a tradition of resistance to a mistrusted central authority" with little communication and central oversight and with increasing autonomy (Riddell 1968). These three factors made it more difficult to institutionalize the Soviet Union's version of socialism in Yugoslavia.

During the first five years after World War II, commonly referred to as the "administrative" period, Stalin's form of socialism was tried, and ultimately failed. As with other centrally planned economies, Yugoslavia nationalized all remaining private factories and took any large land holdings. Agricultural land was not collectivized at this time, and it was suggested this was in part due to the "special relationship" the Partisans maintained with the peasants, and thus helped maintain the sense of land ownership (Riddell 1968). Yugoslavia was also pressured by the Soviet Union to participate in joint stock companies that benefited only the Soviet side, which made few happy. There existed tensions between the entitled Red Army and the Yugoslav army officials, and few Yugoslav officials approved of the Soviet Union attempting to infiltrate and influence Yugoslav leadership (Riddell 1968). The result was that the Yugoslav administration tightened control over the planned economy

between 1948 and 1949, and it was at this time that agricultural holdings were collectivized. However, there was considerable pushback against Stalinism, and other versions of Marxism were favored.

> "It cannot be denied that socialist development was oriented more quickly towards socialist democracy in Yugoslavia by the events of 1948 and the following years. This development was the result of the realization that it wasn't possible to follow blindly the dogmatic way that the ideology and practice of stalinism set out" (Tadić 1957).

Thus, the form of socialism that proceeded from the administrative period was unlike Stalinism. Reforms began as early as 1952, when Tito "replac[ed] vertical command planning by direct horizontal relations between more autonomous enterprises through a regulated market" which provided for "price liberalization, a significant exposure to international trade on the basis of multiple exchange rates with tariffs… and the gradual development of a commercial legal code, including rules pertaining to bankruptcy"(Estrin 1991).

The distinguishing difference between other forms of socialism and Yugoslavian socialism was the concept of self-management. Workers retained a fair amount of decision-making authority within the Workers' Council, which had the "authority to appoint managers [and] to fix internal pay structures" as well as other control mechanisms (Estrin 1991). This then led to "social ownership," whereby workers were allowed a share of the profits that would typically go to the owners of the firm. Further liberalization of the economy continued until the mid-1970s, when the League of Communists (formerly the Communist Party of Yugoslavia) decided to reform the economic regulations, which again brought economic endeavors under bureaucratic central control and increased the self-management power of workers (Estrin 1991).

Agricultural Reforms under Socialism

It is necessary to look specifically at the agricultural reforms that took place under socialism in order to understand potential future effects on the functioning of the LEADER program in agrarian regions of Croatia.

Immediately after World War II and the establishment of the Socialist Republic of Yugoslavia, agrarian reforms were made. Svetozar Pejovich analyzed these reforms in 1966 in his evaluation of the Yugoslavian economy, and argued the importance of understanding the context of Yugoslavia before the agrarian reforms. Firstly, the society was predominately peasants and three-fourths of the population was active in agriculture. Secondly, socialism was not overly favorable to farmers as Marxism generally disregarded farmers as not part of the proletariat (Pejovich 1966).

Under the first agrarian reform in 1945, land was taken away from farmers who held more than 30 hectares per family, from any churches or monasteries that held more than 10 hectares, and from non-farmers who held more than 5 hectares. This land, divided into plots ranging from 8 and 12 hectares, was redistributed to supporters of Tito during the war and people who had had no land previously, or the land was turned into state farms (Pejovich 1966). The Yugoslav government was at this time encouraging collectivization, although it was not forced. The Law of Cooperatives, which was enacted in 1946, promoted farmers to join cooperatives on a voluntary basis. These cooperatives required approval by the local government, which controlled these cooperatives politically, and the state controlled the economic planning of what was to be produced on the cooperatives (Pejovich 1966).

Three years later, in 1949 the second Law of Cooperatives was passed, which explicitly motivated farmers into collectivizing their farms. Membership in a cooperative was still on a voluntary basis, and the law provided three specific regulations regarding

collectivization[2] (Pejovich 1966). First, the cooperative could receive land from the state, from farmers who joined or could collect it over time. Second, an economic plan must be drafted and approved by the local government. Third, each cooperative had a three-tiered structure consisting of first a supervisory board and then an executive board, which were both elected by the members, and then lastly the members themselves (Pejovich 1966).

This second law provided two different types of cooperatives. The first was simply called an agricultural cooperative, and was the closest to social farming traditions that the Croatians, Slovenians and Serbians had long practiced (Pejovich 1966). Farmers would keep their property and earn income based on what they had produced on their land. They would share tools, the owners of the tools would receive rent from the borrowers, and they would organize together the transportation of food and seeds were cheaper within the cooperative.

The second type of cooperative was called the farmers' working cooperative, and it was similar to more typical socialist cooperatives. Farmers gave their property to the cooperative and received earnings that the cooperative received as a whole. Farmers had three separate options regarding their property when they joined the cooperative (Pejovich 1966). First, they could "rent" their property to the cooperative and thus receive a small sum from the cooperative in addition to what they would receive from the profits of the cooperative. Second, if they were more ideologically committed, they could choose to forfeit the rent and simply donate the land to the cooperative to be used, but still own the land. And last, if they were particularly dogmatic, they could give their land outright to the cooperative. In each situation, farmers could keep one hectare of land and their home for personal use, and could leave the cooperative with their land (assuming they did not give it away) after three years of joining.

[2] Collectivization is defined here as an agricultural policy centered on farm collectives where land, tools, labor and profit are shared and individuals may or may not retain land ownership.

Of course, the Yugoslavian government wanted the farmers to collectivize under the latter option, as it was more in keeping with socialist ideals. The government, although allowing cooperative membership to be voluntary, used specific means to "encourage" collectivization. Tax laws were used as a way to persuade farmers to join cooperatives, as local governments retained the discretion to tax farmers based on the expected production levels and not on actual production, thus allowing local governments to pressure hesitant farmers into cooperatives. Furthermore, "article 26 of the Law on Income Tax of August 21, 1948, stated that 'the rate of taxation should be such as to foster farmers' working cooperatives by means of lower taxes'" (Pejovich 1966).

This push for collectivization was very unsuccessful and in 1953, the Law on Reorganization of the Farmers' Working Cooperatives was passed. Under this measure, farmers were allowed to leave the cooperatives with their property, and a majority did so (Pejovich 1966). This left very poor farmers, who lacked better prospects, remaining on the state-run cooperatives. This proved too costly for the government to keep up without enough land, and thus a second agrarian reform was necessary. The second reform brought stricter laws, and any family possessing more than 10 hectares was forced to give up the excess land to state farms or farmers' working cooperatives. The families were reimbursed for the value and quality of the land, often between 30,000 and 100,000 dinars (~$100- $320) per hectare (Pejovich 1966) (Stojanović 2007).

It indeed begs the question as to why the collectivization was unsuccessful in Yugoslavia. At the time, Yugoslavia was shifting away from the Soviet Union due to the split between Tito and Stalin, as Yugoslavia was also receiving aid money from the Western countries under the Marshall Plan. The main factor, however, was the total lack of enthusiasm and hostility toward collectivization from the farmers themselves (Pejovich 1966). Pejovich argues that Yugoslavia was predominately an agrarian society, and that "the

farmers were defending more than their economic property; they were defending their way of life" (Pejovich 1966). Yugoslav farmers were inherently against the nationalization of land and resisted it to the extent that the government eventually considered collectivization a futile attempt.

Trust and Cooperation after Socialism

"Bottom up" projects and collective action within civil society require a certain amount of trust and positive approach toward the idea of cooperation. It is for this reason I review the relevant literature regarding the link between levels of trust and cooperation in a society and the deterring effects of socialism against collective action. While it is proven that Croatia's experience under socialism was unique compared to other Eastern European countries, the Socialist ideology still prevailed as seen by the collectivization of farms, which was met with great hostility from farmers, thereby exhibiting their resistance to formalized cooperation dictated from the state level.

Therefore, before analyzing in detail LEADER's performance in Croatia and the pitfalls associated with the program, it is necessary to understand exactly what are the interactions of trust and cooperation and the importance of these two concepts in collective action. Furthermore, it must be understood the extent to which socialism has hampered collective action in its attempts to force cooperation through the top-down mechanism of the socialist state or its overall sociological effects.

Trust has been an interdisciplinary subject of economists, political scientists and anthropologists. In the realm of economics, trust has been analyzed in terms of boosting economic performance, thanks to an improved sense of cooperation between individuals within business transactions (Deutsch 1973), (Williamson 1985), (Dasgupta 1988), (Coleman 1990), (Hardin 1991), (Torsello 2008). Additionally, from a sociological point of view, trust was studied regarding its importance for the functioning of certain aspects of society

(Coleman 1990), (Putnam 1993), (Seligman 1997), (Misztal 1998), (Sztompka 1999). "Generalized social trust is necessary to foster cooperation, mutuality and reciprocity in interpersonal relations. On the other hand, a lack of trust and the prevalence of mistrust hamper social order and collective action" (Torsello 2008). Therefore, trust must precede cooperation and collective action, and without enough trust there will be a deficit of collective action.

A lack of trust can stem from two reasons; 1) the reduction of social interaction post-socialism and thus the reduction of trust between community members and 2) socialism itself eradicated trust and left people distrusting of politicians and state institutions. The first premise derives from the change in daily patterns of individuals post-socialism. People needed to work longer hours than they had under socialism, and therefore lacked spare time to socialize with neighbors and the broader community as a whole. This was particularly studied in Poland, where women drew back into their homes after their presence was no longer supported by state policy in the labor market (Pine 2002). This led to an overinvestment in familial ties and a breakdown of community solidarity and social cooperation (Pine, Re-defining Women's Work in Rural Poland 1996) (Kaneff 1996).

The second premise is bolstered by several studies documenting the lack of trust citizens had regarding their socialist governments (Gibson 2001), (Rose 2004), (Makarova 2004), (Uslaner and Badescu 2004), (Dimitrova-Grajzl and Simon 2010). Trust was "significantly compromised in the last decades of socialist rule due to the prevalence of corruption, nepotism, shortages of goods, and inability to provide for the citizens" (Dimitrova-Grajzl and Simon 2010). Furthermore, Richard Rose contends that the lack of trust in post-socialist countries has continued to the present day due to the socialist legacy and the path-dependency of cultural mindsets. Dimitrova-Grajzl's and Simon's study on different versions of socialism found that young people from former socialist republics of

Yugoslavia were the most distrustful of their national governments than from any other form of socialism and that this distrust was a result of historical legacy (Dimitrova-Grajzl and Simon 2010). They explain that given the unique recent history of the wars in the territory of ex-Yugoslavia and the shear amount of instability and social upheaval it caused could have contributed to the students' high levels of distrust. Furthermore, specifically with regards to Slovenia and Croatia "the central socialist government [was] located outside of the borders of these republics; the potential imposition from outside of approaches, ideas, and priorities could have been perceived as a form of imperialism and, as such, left a remnant of (dis)trust in government" (Dimitrova-Grajzl and Simon 2010). Lastly, their study validates previous studies suggesting that political trust is related to social trust (Lane 1959), (Cole 1973), (Damico, Conway and Damico 2000). Therefore, without both forms of trust, collective action is less likely in post-socialist countries.

Croatia experienced a different form of socialism than other Eastern European countries, but the shared impressions are very similar. Yugoslavians, and thus presumably Croatians, were resistant to the collectivization schemes of the late '40s and '50s due to an entrenched sense of property ownership and an agrarian way of life. Despite the fact that collectivization was discarded, citizens still felt distrustful of their government, as did citizens from other socialist states. Furthermore, this lack of trust and resistance against collectivization suggests an overall negative attitude toward collective action both in the past and in the present day.

Chapter Three: Methodology and Hypothesis

The purpose of this thesis is to explore the long-term effects of socialism with regards to how LEADER functions in a post-socialist context. Croatia is an excellent case study for two main reasons; first, Croatia experienced a unique form of socialism, and analyzing its post-socialist context would shed light on similarities or differences between other forms of socialism. Second, Croatia is the newest member of the European Union and had a lengthy preparation phase for LEADER between 2008 and 2013, and is thus a perfect case subject to determine whether socialist legacies had any impact on preparations for LEADER, and furthermore if there exist possible future implications of socialism regarding the program.

My hypothesis is that the socialist historical legacy in Croatia dampens cooperative efforts in rural communities and this is the reason the LEADER program is unsuccessful. Therefore, I analyze the preparatory phase of LEADER in Croatia in order to determine whether and to what extent Croatia's socialist legacy has affected LEADER. I accomplish this in two ways; first, I conducted five interviews, four expert interviews and one elite interview, to determine and explore the status quo of LEADER in Croatia. I selected three Local Action Groups based on geographical locations: one in eastern Croatia (Vuka-Dunav LAG), one in northern Croatia (Izvor LAG), and one on the Dalmatian coast (Bura LAG). It is important to present a geographically representative selection of LAGs because each region is distinct, with different cultural traditions and historical legacies. Eastern Croatia suffered the most damage in the Croatian Homeland War, and for this reason there are larger challenges that LAGs must overcome, such as an ageing and poor population with substantial outward migration. Northern Croatia is the most developed of all regions, excluding Zagreb, with many industries and was untouched by the Croatian Homeland War. The Dalmatian coast presents its own special characteristics with its similarities to the slower Italian lifestyle,

traditional farming and fishing practices and several hundred remote island communities where rural development is a challenge.

In the second phase of my methodology, I compare the interviewees' comments with the features and goals of the LEADER program to understand where specific problems lie and just how detrimental these problems could be to overall program success. I will relate each cited problem to the relevant literature previously reviewed in order to reinforce the theoretical aspect of my hypothesis.

My expert interviews also include Dr. Snježana Tolić, a prolific author of many rural development and rural sociology works specifically regarding Croatia and a member of the Croatian Rural Development Network. Furthermore, and my elite interviewee is with the United Nations Development Programme (UNDP). These interviewees, as with the LAG interviewees, I will keep anonymous and simply refer to their organizations as identification throughout my analysis, with the exception of Dr. Tolić.

Chapter Four: Findings and Discussion

In this chapter, I will put forward the main criticisms of LEADER in Croatia, as relayed by the interviewees. I will then compare each criticism to the main features of LEADER to illustrate exactly where the program fails to reach its goals. As mentioned previously in Chapter 1, all seven features of LEADER must be present in order for the program to work. Through my analysis, I will exhibit which features are faulty and then provide theoretical explanations for their failure. Furthermore, practical issues will also be included within the analysis. Socialist legacies cannot account for all of the problems with LEADER in Croatia; therefore these functional problems will likewise be addressed.

Politics in the Public Sector

The UNDP interviewee stated that the largest problem with LEADER in Croatia is the infiltration of politics into LAGs and their activities. The problem stems from the Ministry of Agriculture's requirement that when forming an LAG, this first step must come exclusively from the local government. This fully defeats the purpose of the "bottom-up" approach, as the private and civil society sectors cannot initiate the formation of LAGs. It is indeed true that every LAG must have all three sectors represented, but as UNDP indicated, this regulation gives more power to the local government than the other sectors, and does so at the very inception of the LAG. Thus, power relations begin unevenly, and only continue to become more unbalanced. UNDP also stated that local governments do not want to be on an equal level with the other two sectors, but rather they want to have the "first and last words." This is undemocratic, as UNDP argues, and local governments essentially hold LAGs hostage by the imbalance of power. This power dynamic is so heavily entrenched that UNDP stated "politics still matter to get water delivered to the remote islands." The LAG Izvor echoes this

criticism, and also argues that politics dictate everything on the local level, and that LAG activities and projects are subject to the political cycle.

Furthermore, UNDP, LAG Izvor and LAG Bura all argue that the public sector is the only sector that is truly functioning within the LAGs, and this also gives it more power than the other sectors. Additionally, most of the funding within LAGs comes from the local government, which then has influence on how that funding is dispersed regarding specific projects (UNDP). This leads to favoritism and back room political bargaining over LAG-sponsored projects, as well as unbalanced project dispersion. Municipalities that control the LAG tend to funnel most project funding into their area, with little to be shared with outlying communities. When asked if this politicization is temporary and if the youth has the potential to change this trend, UNDP answered that this is a possibility, however they believe it is unlikely. Young people are learning the patterns of the politically powerful, and this contributes to the problem of path-dependency.

LAGs have become inundated in local politics, and have become to be seen as an extension of the local government. Referring to the previous literature review, Dimitrova-Grajzl's and Simon's study already indicated that former Yugoslav republics have the lowest level of trust in their governments due to their socialist historical legacy, and we can see this play out at the local level with regard to LAGs. Communities witness the local government capture LAG activities, and thus any distrust they felt before for the government is then transferred to the LAG itself. Furthermore, witnessing the same bargaining, politicization and unfair play, which was attributed to socialist regimes, is hardly encouraging for communities to put faith in a "bottom-up" approach like LEADER.

Therefore, the problem of politicization of the LAG from the public sector results in the failings of three features of the LEADER program: the "bottom-up" approach, local partnerships and the multi-sectoral approach. First, these features are undermined by the local

government's monopoly on projects and funding and the dispersion of resources. As mentioned previously, under Croatian law the formation of an LAG must first be initiated by the local government. Thus the community members, private business owners and civil society organizations lack the authority under law to have equal power in promoting the formation of an LAG. Furthermore, the local government's uneven control over the LAG contributes to a lack of trust in LAG activities from other sectors and also helps to undermine the "bottom-up" approach because not everyone can equally participate in decision-making. The LEADER program should promote "participatory democracy" through its "bottom-up" approach, but this does not function in LAGs across Croatia due to the control of local governments. Because of this imbalance of power between the local government and other sectors, the local partnership resembles more local dominance than local cooperation. Projects and funding center around the personal interests of the local government and those of their personal contacts, and do not represent the aggregated community needs and desires.

Inactivity and Passivity in Communities

Another considerable problem plaguing the LEADER program in Croatia is the general inactivity and passivity of individuals in local communities. LAGs Bura, Izvor and Vuka-Dunav, as well as UNDP and Dr. Tolić all cited this as a major problem facing the LEADER program, as it leaves this "bottom-up" approach without its "bottom." LAG Bura described its experience with inactivity within its communities; LAG Bura helped set up funding for the construction of a new *društveni dom*, or community center, but it was the stage for only six cultural celebrations over the period of three years. LAG Bura considered this a very infrequent use of a multi-functional space, which could also be used for youth activities, group meetings, community courses, etc. and points to this as an example of a lack of desire to be active within the community.

One reason for this lack of enthusiasm toward the LEADER program is its delayed beginning in Croatia. The first LAGs were formed in 2008 and 2009, with LAG Gorski Kotar being the first to be established. However, LAGs were not formalized until 2013, and therefore important funding and organizational features were missing, and for LAG Gorski Kotar, that period was for five years. Many community members in every sector lost faith and belief in the program due to these excessive delays (LAG Bura, LAG Izvor, UNDP). As LAG Izvor stated, people only trust that a program works if they have seen it bring success to others. Because of these delays, people became frustrated and distrustful due to the time, energy and money spent to create LAG Gorski Kotar, and as they saw it, all for nothing (LAG Bura, LAG Izvor). The case of Gorski Kotar is not unusual, and after this long of a delay, the most enthusiastic members at the beginning ceased to participate in LAGs across Croatia, leaving fewer and fewer individuals interested in collaborating with LAGs. UNDP cites a high turnover rate for individuals working with LAGs on projects or in LAG formation, in particular due to the delays.

The second reason for this inactivity can be attributed to Croatia's socialist legacy, as people are not as close as they were before the fall of the socialist state. In Chapter 2, it was discussed that people generally had more time to socialize and interact with their community under socialism. After socialism, the lack of social time has led to a looser community network, which is further characterized by close-knit family networks. This could explain the fewer community events, as people socialize closely with their family members and less so with the broader community, thereby creating weak community connections and a lack of enthusiasm for organizing community events. Additionally, under socialism, jobs and resources were provided by the state, and many older citizens still have the expectation for the state to provide these goods (LAG Izvor, LAG Bura). Therefore, this notion of a "bottom-

up" approach and community organizations for local development do not fit well with these old expectations of state provision.

Furthermore, inactivity and passivity could be another result of the politicization of LAGs. As those who do not benefit from the local government's control of the LAG, people would be less motivated to participate in LAG activities because of its untrustworthy and illegitimate status. Moreover, people are resistant to being told what to do, especially if that institution is faulty and plagued by political interests, and thereby smothers any desire to participate (Tolić).

Also, LAG Bura argues that the volunteer requirements pose a problem when trying to find active members. Because the LEADER places certain quotas for women and young people, LAGs are forced to include members who are less involved and less active. This lowers the overall LAG activity and community involvement when its members are lacking the enthusiasm for the program itself. Furthermore, in LAG Bura, local government officials within the LAG are uneager to participate in LEADER, thereby further undermining the activities of the LAG (LAG Bura).

Another contributor to the inactivity in rural communities is the problem of depopulation due to war and the ageing demographics of villages. LAG Vuka-Dunav indicated that in the Slavonian region of eastern Croatia, the population decreased 15.3% from the start of the Croatian Homeland War in 1991 to 2011. This was due to outmigration because of the war and the acute poverty of the region that followed the end of the war. Depopulation due to war happened in eastern Croatia, the Dalmatian coast and inner Dalmatia as well. Not only is the population less, but it is older also. This can be a major contributor to inactivity, because when the people themselves are older, they have less energy and will for new innovative projects and collaboration within LAGs. Furthermore, these older individuals are used to the socialist programs of state provision, and are therefore expecting

the central state to organize programs and provide for them. In this way, depopulation and an elderly remaining population severely hamper the LEADER program in Croatia.

The problem of inactivity and passivity of rural communities undermines five features of the LEADER program; the "bottom-up" approach, local partnerships, multi-sectoral integration, but also networking and innovation. Without local interests being advocated with enthusiasm by people residing in the communities, no "bottom-up" approach can exist. And without this desire to participate, local partnerships suffer and ultimately do not reflect the aggregated interests of all community members. Furthermore, multi-sectoral integration does not happen, because not enough individuals view participation in LEADER as a benefit, thereby reducing the number of willing sectors. The lack of these three features harms networking and innovation, both of which rely on large numbers of participants contributing time, energy and ideas to projects and to the LAG. Therefore, in conjunction with the problem of politicization within the public sector, inactivity and passivity of local populations decreases the chances of success for the LEADER program in Croatia.

Three Sectors in One

Under the LEADER program, local partnerships must be made up of three sectors: public, private and civil society. However, all three LAGs interviewed, in addition to Dr. Tolić and UNDP, argued that what appears to be three separate sectors cooperating within LAGs is not a reality in Croatia. The civil society sector is considered to be simply a branch of the government (LAG Bura, Tolić). Civil society has a poor reputation with the public, because under socialism, civil society was controlled by the state and non-governmental organizations were not actually independent or separate entities (LAG Bura). To add to this negative perspective of civil society, the state gives funding for all civil society organizations, but the actual amounts of funding for each organization are not disclosed to the public (UNDP). This increases the level of distrust the people feel toward civil society, and it

reinforces the notion that it is simply a second part of the state. Furthermore, little other funding is available for civil society organizations, thus reinforcing their dependence on the state both in fiscal reality and in the eye of the distrustful public.

There exist two exceptions, however, which should be mentioned. UNDP indicated that where the war had heavily damaged some areas of Croatia, specifically around Knin, civil society organizations helped a great deal to aid the residents in the area either during the war, in its aftermath, or long-term. This has led to a rather positive perspective of civil society organizations within this war-stricken area of Croatia. Therefore, the civil society sector has greater capacity there to organize and find support for its activities both in and separate of the LEADER program. A second exception exists in the northern part of Croatia, where the communities heavily support civil society organizations that specialize in cultural arts. These organizations successfully mobilize people around shared cultural traditions such as dancing, traditional art and crafts and cuisine. LAG Izvor suggested the sway of these cultural organizations is so strong that if any mayoral candidate lacked the support of these cultural civil society organizations, the community would not elect him or her. In this way, the area-based approach has worked well to unite people along the shared cultural traditions, successfully organizing them as participants in LEADER cultural projects. This example of community cooperation could also be explained by the influence of other societies that favor mobilization, specifically within this area of Croatia as many inhabitants have worked outside of Croatia as *gastarbeiters* in Germany and Austria (LAG Izvor).

Shifting our focus to the private sector, all interviewees stated that this was the least active sector within LAGs. First, there lacks the general entrepreneurial spirit within rural communities in Croatia. This a result of two possibilities; first, the economic crisis has had a deep and lasting negative impact on Croatian entrepreneurialism, as several businesses failed during the crisis. The economic environment in Croatia has still not healed, with, as

previously mentioned, the national unemployment rate sitting at 21.1% and there exist no state incentives for entrepreneurs to become active in business again. This leads to what LAG Vuka-Dunav indicated as a depressing effect on people, businessmen and businesswomen, and is also a possible reason for their inactivity. Second, the socialist legacy of state provision could have lasting effects on Croatian entrepreneurial spirit in general, but especially in combination with the economic crisis (LAG Bura). The third explanation for the private sector's inactivity stems from a rational perspective. Private firms see no benefit in becoming involved in LAGs because it brings them no financial gain. All interviewees stated that the private sector was strongly concerned with its own self-interests; if there is no financial benefit to the firm, there is no need to participate. Therefore, this notion of a community-led "bottom-up" approach fails to take into account when sectors focus on what their individual benefits are and when they do not consider on the common goals of the community. Furthermore, UNDP states that firms are simply too busy to spend time going to LAG meetings, organize projects, collect funding, etc. As the old saying goes, time is money.

Thus, the lack of strong separate sectors harms five features: "bottom-up" approach, local partnerships, multi-sectoral integration, networks and innovation. Because the "bottom-up" approach requires all needs to be considered within communities, excluding two sectors limits access to participation and limits the ability to equally voice concerns and desires. The lack of separate and active sectors of course harms local partnerships in their ability to serve the entire community and prevents them from being viewed as representative and legitimate. Without more sectors, it is impossible to have multi-sectoral integration; civil society and private sectors must first be built up and encouraged to participate. Furthermore, networks and innovation suffer because of the limited number of people involved in the LAG, as well as the negative perspective of civil society organizations preventing others from joining LAG

networks. Consequently, the lack of separate and strong sectors indeed makes it difficult for LEADER to function well in Croatia.

Governmental Failings

Socialist legacies cannot account for all of the problems experienced by LEADER in Croatia, as there have been practical difficulties as well. Three practical issues will be addressed: the lack of advertising for LEADER, the minimal utilization of IPARD funding and financing problems faced by LAGs.

All three LAGs argued that the government had not done an adequate job in advocating and advertising the benefits of the LEADER program for rural communities. They cited this as a problem because rural residents are simply unaware of what LEADER actually is and how it can work to their advantage. Instead, LAGs, must function by word of mouth, social networking and by hosting workshops for farmers to showcase the benefits of LEADER. LAGs are at the forefront of the marketing campaign for LEADER, but because there is a lack of advocacy from the central government, residents remain skeptical of LEADER simply because they do not have enough information (LAG Bura). Furthermore, because the successes of LEADER are not advertised from the central government, people do not trust the program if they have not seen benefits from LEADER in their communities (LAG Izvor).

A much larger problem is Croatia's track record for utilizing the SAPARD and IPARD funds before Croatia's accession to the EU. While the other post-socialist states were successful in using all or most of their SAPARD and IPARD funding, Croatia did not take full advantage of the funding. Under SAPARD, Croatia contracted out 62% of its funding, but had paid out only 48% by the end of 2012 (United Nations Development Programme 2013). For IPARD, the statistics were even worse; at the end of 2012, only 44% of the

funding had been contracted out for projects, while less than 12% had been paid out (United Nations Development Programme 2013). Structural funds fared better, but only 60% of the funds were allocated for projects and only 33% had been paid out (United Nations Development Programme 2013). All funds which are not contracted out for projects must be returned to the EU, which in Croatia's case totals to EUR 51.5 million; "This means that the amount of funding returned to the EU is almost double the E26.9 million in EU funding paid out to Croatia by the end of 2012" (United Nations Development Programme 2013). Worse still, the funds that were used were for the most part contracted for already large and developed agricultural businesses while very little used for diversifying rural economies and none contracted for improving rural infrastructure. Therefore, the funds that were utilized did not address rural development goals, but simply bolstered already strong agro-businesses.

The importance of the pre-accession funds is not in the funding per se, but in the practice and training that comes with designing projects and contracting EU money for those projects. The fact that these funds were not capitalized upon means that rural communities lack experience with how EU funding functions, that it prevents the government from creating a strategic and cohesive rural development policy and that in general the funding and organizational infrastructure is weak and inexperienced in channeling EU funding to projects and rural communities (United Nations Development Programme 2013).

Specifically for LAGs, the funding was "held back by the agriculture ministry due to a lack of sufficient legislative and institutional preparation. The accreditation for LEADER to release technical assistance funding was delayed until March 2013, wasting valuable preparation time and *discrediting the perceived value of Local Action Groups*" (italicization mine) (United Nations Development Programme 2013). When the Ministry of Agriculture officially accredited LAGs, they were given 900,000 kuna (roughly EUR 120,000) in start-up funds. However, this funding was too limited, and many LAGs needed more funding to begin

projects and help solidify the LAGs. LAGs can receive more funding from the state for projects, but these projects must first be pre-financed before the LAG can receive any funding back. LAGs ran into trouble when Croatian banks were reluctant to lend any money to organizations without guarantees from municipalities. The "catch-22" resides in that municipalities cannot guarantee non-governmental organizations, thus many LAGs were left without easy access to funding (United Nations Development Programme 2013). Some LAGs found ways around this by increasing membership fees and relying solely on those fees for operation (LAG Bura, LAG Izvor).

The Future of LEADER in Croatia

Despite these criticisms, many remain hopeful for LEADER in Croatia. Both Dr. Tolić and UNDP view LEADER as a viable program for rural development, given the right expertise and strategic planning. Both suggest the future of rural development projects could reside in forms of eco-tourism, gastronomic tourism and organic farming. Because Croatia has a long and substantial history with tourism, these different forms of tourism would be more welcoming and familiar projects for LAGs, especially along the Dalmatian coast. Award-winning olive oils, wines, cheeses, truffles and dried meats entice tourists wanting to experience cultural cuisine and are an economic boon for farmers and restaurant owners alike. Projects that focus on promoting gastronomic tourism through food and wine festivals would increase revenue for entire communities and would capitalize on the "raw goods" that rural communities already produce.

Eco-tourism is becoming increasingly popular, and Croatia is well positioned for this form of tourism. With eight national parks and four separate climate zones, rural

communities could take advantage of Croatia's natural resources and at the same time showcase traditional arts and crafts and other cultural traditions.

Organic farming is a possibility, but will require more training and education on the farmers' side and will also require sufficient marketing to increase the demand of organic products in Croatia. Due to current complex regulations governing the growing of genetically modified crops, there exist no legal genetically modified crop productions in Croatia (Tolić). Therefore, LAG projects can center around educating and training farmers in organic methods and can help farmers apply for funding, as organic farming is more expensive. Also, LAGs could function as a lobby for helpful legislation to promote organic farming and to make it more financially accessible for current farmers.

Other current projects include LAG Vuka-Dunav's "Development Bicycle Route Pecs-Osijek-Anunovac-Ivanovac," as a successful form of eco-tourism that capitalizes on cross-border cooperation with Hungary. LAG Izvor is promoting the modernization of farms in northern Croatia, and successfully received funding totaling EUR 1 million to modernize a chicken farm. Furthermore, LAG Izvor focuses on social empowerment and educational projects to train youth to become rural animators, as well as provides substantial assistance and training to farmers for applying for project funding.

Conclusion

Croatia's historical socialist legacy has had a lasting impact on the cooperative efforts of the LEADER program. Croatians historically resisted socialist endeavors to collectivize farms due to their deep-seated distrust of a controlling central authority and their self-identification as belonging to an agrarian lifestyle. Furthermore, Croatians specifically distrusted any control mechanisms that were seen as being imposed from outside authorities, given their experiences under imperialism and Yugoslavian socialism. Croatia's socialist legacy has left the population distrustful of cooperative policies, especially regarding land and farming practices. Socialism and the transition from socialism further eroded relations of trust and cooperation within communities. Socialism left individuals distrusting of politicians and state institutions, especially in Croatia. Furthermore, in the transition from socialism, community ties were weakened due to the decrease in time spent socializing and the increased focus on family networks. This legacy of distrust and skepticism regarding cooperation continues to the present day, and I argue it is a main reason LEADER fails to function in Croatia.

LEADER's seven features must all be present in order for the program to work as intended. However, Croatia's socialist legacy interferes with five of the seven features. LEADER's "bottom-up" approach is hampered by the deep politicization of LAGs and the disproportionate control of the local government, as well as the lack of enthusiasm toward cooperation from residents in rural communities. Given citizens' experiences under socialism, they are distrustful of any organization that unfairly distributes resources and that is seen as co-opted by the government. Furthermore, the ageing population is accustomed to the state provision of goods under socialism and is therefore passive in mobilizing collective interests and is expecting of the state to provide jobs and resources.

The lasting effects of socialism also harm LEADER's multi-sectoral approach and local partnerships. Non-governmental organizations are viewed with distrust and seen as another branch of the state, given that the government funds each organization and this funding is not disclosed. Under socialism, non-governmental organizations were indeed an extension of state control and this legacy has imprinted upon citizens' perspectives toward civil society today. There exist a few exceptions, where in heavily damaged areas civil society helped local communities during and after the Croatian Homeland War, and thus have a more positive reputation in those areas. Also, civil society organizations that focus on preserving cultural traditions have the power to mobilize people on shared values and traditions, and have influence in LAGs in northern Croatia. Yet overall, only the local government sector within LAGs function, with civil society weak and the private sector disinterested in cooperative organizations that do not provide financial benefits. Due to the lack of interested and enthusiastic participants, networking and innovation is also negatively affected. With fewer people, networks are weaker and innovation is lower. Both require active participation of rural communities in order to create new projects and good practices, and to share them between LAGs.

Socialist legacies cannot account for all of the difficulties LEADER faces in Croatia, and therefore, my hypothesis is only partly supported. Croatia experienced significant delays regarding the implementation of LEADER due to a lack of capacity within the ministries and insufficient legislative preparations. These delays further discouraged citizens from participating in LAGs and citizens became more distrusting of LEADER because LAGs could not deliver on their promises of economic and social benefits. Furthermore, the haphazard absorption of SAPARD and IPARD funds exhibits the inexperience of the government regarding projects for rural development, which hurts future project funding abilities due to a lack of practical knowledge of EU funding mechanisms.

Despite these major difficulties, there are still areas in which LEADER can function for rural development in Croatia. By focusing on familiar areas, such as tourism, LAGs can promote economic diversification and development by highlighting award-winning Croatian products in gastronomic tourism, traditional arts and crafts, folklore and the natural beauty of the landscape for eco-tourism. Furthermore, interviewees indicated a possibility for organic farming, as this would be lucrative for farmers and restaurants alike. However, this option would require a cohesive rural development policy focused on promoting organic farming, education and training with the help of LAGs, and legislation aiding farmers in making their farming operations organic.

This exploratory research is by no means comprehensive, and more research can and should be undertaken to fully understand the long-term effects of socialism on LEADER. This thesis provides a starting point for discussion, and gives a singular case study of LEADER in Croatia as an example. Opportunities for future research exist in comparative studies between Croatia and other post-socialist states regarding the relationship between LEADER and socialist legacies. Additionally, research can be done regarding the importance of formal and informal social capital in LAG networks and the influence of Croatia's socialist legacy, and what this means for the success of LEADER in the future.

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