**Lessons Learned from the Transition from Communism to Free-Market Democracy: The Case of Croatia**

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*This article explores the transition experience of Croatia from 1990 to the present, with emphasis on social attitudes towards the free-market system and how the legacy of Communism has influenced peoples expectations of and views towards the economy. The anthropological position of man as homo economicus is of central importance, if one is to properly understand the forces at work in a transition society like Croatia. This position also has far-ranging implications for ethics and morality, as well as for the general culture. Assisted by the insights of Catholic social teaching, in particular Pope Benedict XVIs Caritas in Veritate, the article concludes with possible lessons from the failure of Communism and the challenges of transition.*

Yugoslavia no longer exists. Most people have forgotten the images of war and destruction from the early and mid 1990s. Among its constituent parts, Slovenia is now a full member of the European Union (EU) and Croatia is expected to have joined by the time this article goes to print.[[1]](#footnote-1) By most accounts Croatia can be considered a success story. The country survived the occupation of one-third of its territory by Serbian forces before it was liberated in August 1995. Croatia has democratic institutions in place with free elections and an independent media, as well as newly adopted legislation compatible with EU standards. However, there is still widespread corruption, even at the highest political levels.[[2]](#footnote-2)

The economic transition from Communism to a free market has been more difficult than expected and has left many people disappointed with the capitalist model. Even though there is more freedom to engage in entrepreneurship and generate wealth, the deeper philosophical question of mans dignity and spiritual nature remains open. Croatia was a relatively prosperous country within the multinational state of Yugoslavia, at least compared to the other less developed entities like Serbia and Macedonia. However, the socialist economic model over time has left behind a deep legacy on everyday habits and attitudes, or in other words, the culture. The fact that Croatia is predominantly a Catholic country (officially 86 % of the population), but is at the same time suffering from widespread corruption at all levels, has perplexed many observers. It is my contention that both the persistent problems of corruption and the difficulty of economic transition are rooted in the experience of nearly fifty years of a socialist economic model.

Alexander Zinoviev made the following observation: “Communism is a much deeper phenomenon than Capitalism.”[[3]](#footnote-3) Zinoviev lived most of his life in the Soviet Union, but made this observation after having spent a considerable amount of time in Western Europe. He argues that Communism affected all levels of social life, and that in reality it was more than an economic system. One could say that it, in fact, assumed many of the sociological functions of religion. Communism had its own comprehensive vision of man and society which was reflected in the education and formation of children beginning with pre-school and ending in the university. In this sense, one should not be surprised that the legacy of Communism is much harder to overcome than first imagined.

What can Christianity contribute to this complicated issue? First, the Christian view of man is entirely opposed to the communist or materialist view. Christianity boldly claims that man has intrinsic dignity by virtue of his spiritual nature. We are more than bodily creatures, but are rather created for a higher purpose. Communism was essentially an assault on human dignity and thus inevitably was doomed to fail. However, now that Communism has disappeared, the question remains how to build a healthy free-market system on the ruins left behind. Croatias experience suggests that enforcing private property rights and introducing democratic institutions is insufficient. In Croatia, the necessary structures are in place, but there is still widespread corruption and foreign investment tends to go elsewhere. This case demonstrates the wisdom of Catholic social teaching, which stresses the indispensability of a healthy moral culture.

# Collapse of Communism

Few Western elites or policymakers expected the collapse of Communism in Central and Eastern Europe in 1989.[[4]](#footnote-4) Many experts were simply not aware of how vulnerable the communist order had become. As the quintessential insider Robert Gates put it, “I know of *no one* in or outside of government who predicted early in 1989 that before the next presidential election Eastern Europe would be free, Germany united in NATO, and the Soviet Union an artifact of history.”[[5]](#footnote-5) Experience has shown that the re-integration of Europe has proved to be much more complicated than the removal of political barriers. As historian Norman Davies observed, “it turned out the Iron Curtain could not be as easily dismissed from peoples minds as it was dismantled on the ground. Mentalities changed slowest of all.”[[6]](#footnote-6)

In his analysis of why Communism failed and finally collapsed in Europe, Blessed Pope John Paul II mentions the inefficiency of the economic model as well as the flagrant violations of workers rights, but says that “the true cause of the new developments was the spiritual void brought about by atheism... Marxism had promised to uproot the need for God from the human heart, but the results have shown that it is not possible to succeed in this without throwing the heart into turmoil.”[[7]](#footnote-7) Despite the philosophical flaws of Marxist ideology, the fact remains that the phenomenon of Communism lasted for decades. Following World War II it took the victorious western powers considerable time to come fully to terms with the dangers represented by communist totalitarianism. For a time, they even tried to convince themselves that the Soviet Union could become a responsible ally. Only after Moscows brutal suppression of the fragile democracies of Eastern Europe and its emergence as a global threat did they fully grasp the geo-political necessity of containing communist expansion.

A similar miscalculation was made during the crisis in former Yugoslavia which erupted in 1991. Very few experts correctly assessed the situation as it began to unfold. Initially, the Western powers hesitated to recognize the independence of Croatia and Slovenia in the hope of maintaining Yugoslavia intact. Later, once the Serbian onslaught had begun in Croatia and Bosnia and Herzegovina, there were numerous attempts to reach a diplomatic resolution of the crisis which involved negotiations with Slobodan Milošević, a man who had little interest in peace and openly showed contempt for his Croatian and Bosnian counterparts.[[8]](#footnote-8) One possible reason for such poor judgment may be that too much attention was paid to political institutions and structures, and as a result the underlying cultural attitudes were thus neglected or ignored. Modern social theory tends to assume that societys basic problems are economic, not philosophical or cultural in nature. In hindsight, it is clear that Yugoslavia was an artificial entity and was kept together by brutal political repression.[[9]](#footnote-9) In the end, the natural desire for freedom and independence of the individual nations could simply not be denied and Croatia received international recognition in January 1992.[[10]](#footnote-10)

# Man as *homo economicus*

The great truth to grasp about Karl Marx is that he was primarily a materialist philosopher. He had many hatreds (e.g., capitalism, religion) and some loves (e.g., the proletariat). But hatreds and loves alike depended upon his view of reality; and his view of reality was materialist. The second important principle in his philosophy is the claim that history is basically the history of the economic process. For Marx, relations in a society—social, political, legal—are derived from the material conditions of life. From this idea follows his emphasis on production as the key to all mans activities, which leads to the view that man, as an individual, has no great significance. Production must always be a collective act, and therefore the individual must be totally subordinate to the collective unit. A mans life has meaning in so far as it contributes to the collective good of society.

Marx believed that he had discovered the laws of history and that he had found a remedy for the great original sin of humanity: exploitation.[[11]](#footnote-11) His view of morality was that there is no such thing as a good man or bad man, but only a good or bad member of his class. Members of the proletariat, one could say, were innocent of that sin and were justified in overthrowing their oppressors. Marx describes the pernicious influence of the bourgeoisie in the following way: “The bourgeoisie has left no other nexus between man and man than naked self-interest, callous cash payment.... It has converted the physician, the lawyer, the priest, the poet, the man of science, into its paid labourers.”[[12]](#footnote-12) This is essentially how Marx perceived capitalism—as a system based on selfishness and desire for gain, which has no natural limits. His proposed solution was to deny man an outlet for his greed by abolishing private property, thus making it commonly or collectively owned. In his theory of history, capitalism inevitably becomes worse and worse and things become so intolerable for the proletariat that they will eventually be driven to overthrow it. In other words, capitalism contains the seeds of its own destruction.

In practice, Communism attempted to create a new kind of man, unselfish and detached from his base instincts for material gain. Engels describes this in the following way: “After society takes possession of the means of production, domination by the product over the producer will be excluded. Conscious organization will succeed the anarchy that now reigns in social production. The struggle for individual existence will cease. Only in this way will man be detached, in a certain sense, from the animal world in a definitive way, he will pass from the conditions of animal existence to conditions of human existence.”[[13]](#footnote-13)

The logic of Communism was that the satisfaction of basic needs would lead to a stable and harmonious order. Thus, the slogan “to each according to his needs” became common in communist countries. Problems arise when people begin to wish for more and their expectations grow. Zinoviev makes the following observation: “the official ideology of the Soviet Union.... began to speak of reasonable needs, which could be monitored and regulated by society. This was only an expression in disguised form of the actual state of affairs; namely that a persons needs in communist society are determined by the feasibility of their satisfaction.”[[14]](#footnote-14) Communism was in reality a massive attack on the human personality as such, since it could not control or contain on a large scale individuals who could be described as free persons. Absolute conformity was a necessity for the survival of the system, and the authorities simply could not tolerate persons who acted spontaneously or outside their given role in society. Zinoviev, having lived extensively under Communism, was able to experience this reality and witnessed the fate of persons who resisted the pressure to conform. He concludes that “there are, of course, exceptional situations when a man wins the opportunity of being a person for some considerable time. But sooner or later communist society, in one way or another, cleanses itself of such individuals.”[[15]](#footnote-15)

Marxs philosophy reduced man to *homo economicus* and thus greatly diminished his dignity. This was the logical consequence of his denial of God and the spiritual nature of man. Interestingly, Marx made strikingly little effort to prove this point; he substitutes a tone of remarkable self-assurance for any serious philosophical or empirical demonstration. He responded to religious or philosophical objections to his theories as follows: “The charges against Communism from a religious, a philosophical and generally from an ideological standpoint, are not deserving of serious examination,” and then boldly adds that “Communism abolishes eternal truths, it abolishes all religion, and all morality, instead of constituting them on a new basis; it therefore acts in contradiction to all past historical experience.”[[16]](#footnote-16) One can speculate about why Marx spent such little time refuting the existence of God, but the fact remains that he simply proceeds from that assumption to develop his theory. One should remember that Marx developed his thinking in a post-Enlightenment framework which had removed God and metaphysics from consideration. Simply stated, if there is no God, then everything must be explained by material or non-spiritual causes.

Henri de Lubac said that “Marx did not only seek a social liberation of man, he sought his spiritual liberation,” and that one should observe Marxism primarily as a “spiritual phenomenon.”[[17]](#footnote-17) The most essential alienation was not social or political, but religious, so the emancipation of man from this predicament becomes the final goal. As de Lubac explains: “The end of any exploitation of man by man and the return of the worker into full possession of the fruit of his work were still nothing if they did not lead to the end of this alienation par excellence, which emptied man not only of his resources but of his very being for the profit of some imaginary power which dominated and weakened him from on high in the heavens.”[[18]](#footnote-18) In the end, Marxism promises nothing less than salvation here on earth, man reconciled with himself and nature until the consummation of history. Marx claimed that Communism “resolves the mystery of history and knows that it resolves it.”[[19]](#footnote-19)

# The Legacy of Communism

The disappearance of Communism as a socio-political system does not imply that one can easily alleviate the consequences of the system for peoples lives and attitudes. Communism lasted for decades, with many people living out their childhood and adulthood under these oppressive regimes. Also, concerning the reality of Communism in practice, its manifestation varied from country to country. We will examine the case of Croatia, which formed part of the multi-national State of Yugoslavia, a communist country which did not belong to the Warsaw Pact.[[20]](#footnote-20) Nonalignment became the keystone of Yugoslavias foreign policy in the 1950s.[[21]](#footnote-21) While isolated from the Great Powers, Yugoslavia strove to forge strong ties with Third World countries similarly interested in avoiding an alliance with East or West and the hard choice between Communism and Capitalism.

Croatia’s entire historical tradition is closely linked to Western Christianity and its instincts are very Western. Croatia’s culture was steadily formed by Christianity over the centuries as the country’s territories were divided by European powers, primarily the Austro-Hungarian Empire and Venice. This tradition was broken in 1918 with the creation of the Kingdom of the Slovenes, Croats and Serbs, an entity which the Serbs dominated from the beginning. After World War II, Croatia became one of six federal republics of communist Yugoslavia under Josip Broz Tito. One could say that Croatia’s natural cultural development was disrupted, first in 1918, and more significantly in 1945 with the imposition of official communist ideology. The Communists were ruthless in implementing their ideas on society and quickly began to squash any dissenting views, especially among the educated class. Pope John Paul II described their methods: “In the universities, every form of philosophical thought that did not correspond to the Marxist model was subjected to severe restrictions, and this was done in the simplest and most radical was: by taking action against the people who respresented other approaches to philosophy. Foremost among those who were removed from teaching posts were the representatives of realist philosophy.”[[22]](#footnote-22)

In Croatia’s case the show trial of Blessed Cardinal Aloyzije Stepinac in 1946 was especially significant. Tito ordered the trial after Stepinac refused to establish a national church separated and independent of the Holy See.[[23]](#footnote-23) Milovan Djilas, a prominent leader in the Party and later a bitter critic of it, stated that Stepinac would never have been brought to trial “had he not continued to oppose the new Communist regime.”[[24]](#footnote-24) He was eventually convicted of “high treason and war crimes” and sentenced to sixteen years in prison. The communists portrayed Stepinac as an enemy of the state and an enthusiastic collaborator with the Nazis, even though the Germans themselves never thought that.[[25]](#footnote-25) His condemnation of Nazi ideology was unequivocal and very public, as one can see from this passage of his homily on the Feast of Christ the King (October 25, 1942): “Every nation and every race that exists today on earth has the right to life worthy of man and to be treated in a fashion worthy of man. All without differentiation, whether gypsies or members of any other race.”[[26]](#footnote-26) After his imprisonment, the communist authorities began to brutally suppress religious education, confiscate Church property, close Church publications, and, above all, arrest, terrorize and execute priests and religious. In 1992, as Croatia began to establish its own democratic institutions, one of the first acts of Parliament was to issue a declaration condemning “the political trial and sentence passed on Cardinal Alojzije Stepinac in 1946.”[[27]](#footnote-27) The declaration asserts that Stepinac was punished “because he had acted against the violence and crimes of the communist authorities, just as he had acted during the whirlwind of atrocities committed in World War II, to protect the persecuted, regardless of national origin or religious denomination.”[[28]](#footnote-28)

The Stepinac trial symbolizes the way Communism imposed itself on countries which naturally resisted it. The traumatic experience of communist totalitarianism has also shown how fragile a culture can be when it is subverted by a militant ideology. The rule of law was replaced by the arbitrary rule of communist leaders who recognized no limits to their power. In essence, one could say that Communism was *lawlessness,* since the individual was completely at the mercy of the state, or more precisely, the communist party. This doesn’t mean that there were no norms whatsoever regulating human behavior. There were likely more norms in communist Croatia than before, since Communism had its own order and legality. But not everything that is normative or legal signifies the rule of law. In practice, different criteria were applied to different categories of people. For instance, it was common that one and the same crime was judged differently according to who committed it. Another example is that the law on universal military service did not apply to the children of high-officials. In reality, the privileged classes could always avoid the application of laws which were binding for the non-privileged classes.[[29]](#footnote-29)

Since Communism aimed at providing a comprehensive solution to the ordering of society, it subjected everyone to the influence of its ideology from birth to death. Thus the state assumed more and more of the functions normally reserved for religion, which, in Croatia’s case, meant the Catholic Church. In nursery, elementary and secondary schools, institutes, universities, vocational schools, and other institutions people were given specialized ideological formation. The official ideology penetrated every sector of culture, including even the sciences and sports. In effect, a new culture came into being with its own role models, values and prejudices. One can argue about the merits of this culture, but it is very difficult to deny that something new and distinct had emerged that was very different from the past. The dissident Djilas described this as follows: “A citizen in the communist system lives oppressed by the constant pangs of his conscience, and the fear that he has transgressed. He is always fearful that he will have to demonstrate that he is not an enemy of socialism.... The school system and all social and intellectual activity work toward this type of behavior. From birth to death a man is surrounded by the solicitude of the ruling party, a solicitude for his consciousness and conscience.”[[30]](#footnote-30)

Djilas goes on to explain how this imposed tyranny over the mind leads to a certain kind of hypocrisy as men inevitably continue to think for themselves and often differently from the prescribed manner. Thus, he observes, “their thinking has two faces—one for themselves, their own; the other for the public, the official.”[[31]](#footnote-31) The communist idealogues (Djilas calls them “vigilant protectors” and “high priests”) eventually “retarded and froze the intellectual impulses of their people.”[[32]](#footnote-32) For Croatia this situation commonly involved people secretly baptizing their children and celebrating Christmas, for example. At an official level, everyone was required to act as if God did not exist, but privately many continued to practice the faith. The important point is that the oppression and political control forced people to make compromises and did not allow for the free development of the human personality. Real virtues can hardly be cultivated in such an environment.

The product of this new culture is a certain kind of person with his or her own habits, attitudes and way of thinking. The external structures of the communist regime may have disappeared, but the behavioral patterns it created over decades remained. It is beyond the scope of this paper to elaborate on the characteristics of this new kind of person, “*homo sovieticus*,”[[33]](#footnote-33) but a few basic elements include deference to authority, social apathy and distrust of others. *Wikipedia* in English describes soviet man as passive, irresponsible, indifferent to the results of his labor, seeing nothing wrong with stealing from the workplace.[[34]](#footnote-34) This is, of course, a generalization and it would be unjust to attribute to every person who lived under Communism the same characteristics, but one cannot deny that this basic pattern can be found in all former communist countries. The main question is, how can we develop a proper functioning free-market economy under such circumstances? What lessons can be drawn from the transition experience of the past twenty years?

# Croatia’s transition to freedom

There have been many studies conducted on the democratic transition of post-communist countries in Europe since 1990.[[35]](#footnote-35) Most observers tend to focus on democratization and market reforms, which are seen as pivotal to a functioning liberal democracy. Since 1990 the European Union (EU) and the United States have invested heavily in these reform efforts by financing numerous “democracy-building projects,” as well as training judges and other public officials in post-communist countries. Benchmarks were created for the purpose of assessing a given country’s readiness to join Western political institutions such as NATO and the EU. These benchmarks would typically include the following: the rule of law, respect for human rights, minority rights, independent media, property rights and independent judiciary. Although this is not an exhaustive list, it does provide a fairly clear idea of the priorities of Western governments in dealing with Croatia and other transition countries in the region.

Conventional Western perceptions of Tito’s Yugoslavia paint a sad image of political and economic backwardness: instead of democracy, government repression; instead of competitive markets, inefficiency due to a rigid State-controlled economy. This is an accurate picture to some extent, but one must keep in mind that the country was relatively progressive and decentralized, particularly by Eastern European standards.[[36]](#footnote-36) Perhaps the most unique feature of the Yugoslav communist model was the institution of “self-management” via “worker councils” which provided people with long-term employment and certain participation rights in decisions affecting the future of companies or collectives. Even though the communist party had the final say over top appointments and the overall direction of various entities, it did allow for the establishment of these “worker councils.” Yugoslav self-management was, in theory at least, akin to democracy—tied to the tenet that basic decisions would be made by the workers who would have to carry out such decisions or be most affected by them. Given Yugoslavia’s “extensive economic liberalizaion and political decentralization,” it is no surprise that many observers expected this socialist country to make a successful transition to democracy and a free-market economy.[[37]](#footnote-37)

The reality of transition has been much different, primarily due to the bloody war that was imposed on Croatia by Serbian strongman Slobodan Milošević in 1991. This resulted in the occupation of one-third of Croatia’s territory by the Serb army, which ended in 1995 after the Croatian military liberated its territory and established sovereignty over the entire country.[[38]](#footnote-38) Despite the military occupation of its territory, Croatia did begin to privatize State owned assets in the early 1990s, a process which was heavily influenced by political calculations and cannot be described as “fair and transparent.” Some deals, for example, involved State-owned banks which provided special loans to privileged clients who then purchased companies without risking their own capital. Clearly, very few people had accumulated their own capital under communism, but in certain cases it was possible to buy companies with borrowed money and very little risk. The consequence is that many of these new owners, who never intended to develop the business, eventually began to sell off the assets to a third party, which resulted in massive layoffs in many cases.

The problem is that many people have equated such practices with “capitalism,” so that they perceive free-market economics as inherently corrupt and hostile to the interests of ordinary workers.[[39]](#footnote-39) The question of social justice has emerged as a major concern, since it appears that “capitalism” only benefits the few and privileged, while the majority has very little at stake in the new economy. Entrepreneurs are commonly labeled as corrupt and dishonest, and are viewed with intense suspicion by the general public. They are certainly not identified with the virtues of hard work, honesty and personal responsibility.

The communist propaganda that preached that capitalism is especially destructive for society, causing social injustice, corroding character, and undermining personal relations, has re-emerged with new force, as if the experience of transition has actually vindicated the old ideology. People have all too easily forgotten that the former communist system failed because it simply did not provide people with a chance to live a dignified life. In fact, average workers in communist economies were worse off, both materially and in opportunities for work to be an occasion of creativity. Moreover, as one observer has said, “the actual outcome of party officials’ oppression of people on senseless, selfish, or ideological criteria, not to mention sending them to labor camps, alienated workers *far more* (emphasis added) than impersonal market forces have done.”[[40]](#footnote-40) As for the phenomenon of widespread corruption, it is no secret that every communist country had to rely on special perks for party officials to get anything accomplished. People viewed the party, not profits, as the way to get ahead.

# Catholic Social Doctrine

What can the Church offer to the present debate on the nature of free markets and how to achieve solidarity and sustainability? First, perhaps she could help us to rediscover what the proper understanding of “social justice” is.[[41]](#footnote-41) How did the traditional concept of social justice, based on natural law and the principle of “giving to each person what is his due,” come to be supplanted, in the minds of many people, by the delusion that social justice consists in treating every man as if he were an identical cog in a social machine? As Russell Kirk wrote, “Instead of abolishing class and private rights in the name of an abstract equality, Christian thinkers hope to employ commutative and distributive justice for the realization of the talents and hopes of each person, not the confounding of all personality in one collective monotony.”[[42]](#footnote-42) The Church has repeatedly stated that “private property is an essential element of an authentically social and democratic economic policy.”[[43]](#footnote-43) Moreover, John Paul II adds that “the Church’s social doctrine requires that ownership of goods be equally accessible to all,”[[44]](#footnote-44) so that all may become, at least in some measure, owners.

When evaluating socialism, the Church has used very blunt language, as we see in *Quadragesimo Anno*, which states the following: “Religious Socialism, or Christian Socialism are expressions implying a contradiction in terms. No one can be at the same time a sincere Catholic and a true Socialist.”[[45]](#footnote-45) One could add that *any* collectivist ideology is inherently a threat to the Christian vision of a just society. The key to understanding this point may be in the distinction between “distributive justice” and “distribution.” This distinction is implied in Pius XI’s classic articulation of the principle of subsidiarity: “Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do. For every social activity ought of its very nature to furnish help to the members of the body social, and never destroy and absorb them.”[[46]](#footnote-46) Experience has shown that socialist or communist governments, besides exercising power in ways that tend to intrude upon the private lives of people, inevitably arrogate to themselves an ever increasing amount of power, one significant result of which is that the principle of solidarity becomes practically impossible to put into practice.

After the collapse of communism in Europe, but also the failure of the welfare state model in the older Western democracies, a new holistic approach to the modern economy is required. This new approach should not focus solely on economics, but rather must include deeper philosophical and religious considerations as well. In a remarkably farsighted analysis of the European crisis written in 1937, Christopher Dawson saw that both socialism and capitalism were deeply flawed. He concluded: “Liberal Capitalism and Marxian Socialism, both in their own way typical products of the 19th century, are neither really suited to the altered conditions of the new age. Both of them were serious attempts to face the economic problems of an industrial society, the one from the point of view of the bourgeoisie, the other from that of the proletariat; but both were vitiated by a bias towards materialism which rendered them unbalanced and morally unsatisfying. We need a political philosophy that is more catholic and more humane.”[[47]](#footnote-47)

Dawson’s observation that the underlying problem with both socialism and capitalism is philosophical, or even religious, in nature, has been echoed more recently by Pope Benedict XVI. In his last encyclical, *Caritas in Veritate*, he acknowledges the dangers of a global system without truth as the foundation on which people can flourish. As the title of his letter indicates, the key to resolving our current socio-economic problems is to be found in the relationship between truth and love. The pope writes: “Without truth, without trust and love for what is true, there is no social conscience and responsibility, and social action ends up serving private interests and the logic of power, resulting in social fragmentation, especially in a globalized society at difficult times like the present.”[[48]](#footnote-48) Unless we infuse our workplace with love of neighbor, we cannot expect to secure the common good, and the pope adds that “every Christian is called to practice this charity.”[[49]](#footnote-49) Even though the encyclical was written nearly twenty years after the collapse of Communism in Eastern Europe, Benedict nevertheless warns of the dire consequences for man, if he forgets God. He reminds us that “when the State promotes, teaches, or actually imposes forms of practical atheism, it deprives its citizens of the moral and spiritual strength that is indispensable for attaining integral human development and it impedes them from moving forward with renewed dynamism as they strive to offer a more generous human response to divine love.”[[50]](#footnote-50)

This is, perhaps, the key point to understanding the predicament of an emerging post-communist country like Croatia. After decades of state-imposed atheism, it is being overwhelmed by a new form of the same materialistic philosophy which has no place for God or higher spiritual values. The fact that the free market can provide ever more goods and services in society will not be enough to satisfy man in the long run. This is something the great Russian thinker Alexander Solzhenitsyn foresaw well before the collapse of communism. In his Harvard commencement address of 1978 he said the following: “After the suffering of decades of violence and oppression, the human soul longs for things higher, warmer, and purer than those offered by todays mass living habits, introduced as by a calling card by the revolting invasion of commercial advertising by TV stupor, and by intolerable music. All this is visible to numerous observers from all the worlds of our planet. The Western way of life is less and less likely to become the leading model.”[[51]](#footnote-51) He also refers to the “logic of materialistic development” and the fact that man has been “made the measure of all things on earth—imperfect man, who is never free of pride, self-interest, envy, vanity, and dozens of other defects.”[[52]](#footnote-52) This deeper moral problem is one that only religion can resolve, religion which must be allowed to shape culture.

The recent financial crisis vividly illustrates that markets are not capable of regulating themselves and it is becoming increasingly clear that a functioning market economy depends on a healthy moral culture to sustain it. *Caritas in Veritate* affirms that “the economy needs ethics in order to function correctly—not any ethics whatsoever, but an ethics which is people-centered.”[[53]](#footnote-53) The inherent dignity of every human person, something the modern economy seems to have forgotten, must again become the centerpiece of our culture. Markets are not ends in themselves, but must *serve* higher ends. As past experience has shown, a materialistic philosophy of life inevitably leaves man unsatisfied and longing for higher things.

It remains to be seen whether Benedict’s call for a renewal of Christian charity in the workplace will be heeded. Recently founded business schools in Croatia, for example, do not teach ethics or virtues in their core curriculum. The emphasis, rather, is on marketing and accounting skills. It appears that business education has been largely reduced to merely practical techniques, which indicates that there is still a lack of appreciation for the importance of moral character and responsibility for the common good. Some attention has been given to the topic of “Corporate Social Responsibility” in MBA courses, but the content lacks a philosophical grounding. One cannot reduce social responsibility to corporate philanthropy, since many corporations often donate significant funds to organizations that do more harm than good.[[54]](#footnote-54) What is needed is a more philosophical approach, which would focus on the truth about the human person, something essential for authentic development.

# Conclusion

The experience of post-communist Croatia provides a good example for examining the difficulties of transition from a totalitarian regime to a free-market democracy. The failure of communism indicates the flaws of the Marxist theory and testifies to the importance of truth, religion, and a free civil society to authentic human flourishing. Today we are faced with the danger of mistakenly attributing to capitalism defects that are more general to human experience and are manifest in any socio-economic order. What is necessary is an objective appraisal of both the free-market and non-market systems, based on the truth about the human person. One should avoid the tendency of overemphasizing economic factors, and focus, rather, on more fundamental philosophical considerations. The collapse of communism has revealed the disastrous consequences of an atheist ideology imposed on a population, and offers us the opportunity to reaffirm the spiritual nature of man. The current crisis requires a deeper and more philosophical approach, one capable of integrating cultural and religious factors as well as political and economic ones. A renewed appreciation for the Christian virtue of charity would be a welcome starting point in this endeavor.

1. The accession treaty was signed in December 2011 and must be ratified by the parliaments of all EU member states. This process is expected to conclude by July 2013. [↑](#footnote-ref-1)
2. Former Prime Minister Ivo Sanader was found guilty of corruption in two cases and still faces charges of corruption in three separate cases. There have been other high-profile indictments and convictions, especially since the changes made in the Criminal Procedure Act of 2011. [↑](#footnote-ref-2)
3. Alexander Zinoviev, *The Reality of Communism* (New York, Schocken Books, 1984), 23. [↑](#footnote-ref-3)
4. Cf. George Weigel*, The Final Revolution: Resistance Church and the Collapse of Communism,*Oxford, Oxford University Press, 1992), and *The End and the Beginning: Pope John Paul II – The Victory of Freedom, the Last Years, the Legacy*, (New York, Image Books, 2010). [↑](#footnote-ref-4)
5. Robert Gates, *From the Shadows: The Ultimate Insiders Story of Five Presidents and how They Won the Cold War* (New York: Touchtstone, 1997), 449. [↑](#footnote-ref-5)
6. Norman Davies*, Europe East and West* (London: Random House, 2006), i. [↑](#footnote-ref-6)
7. John Paul II, *Centesimus Annus* (Vatican City: Libreria Editrice Vaticana, 1991), 24. [↑](#footnote-ref-7)
8. The International Community under the auspices of the EU and UN conducted peace talks with the involved parties throughout the war. This mediation resulted in several diplomatic proposals which amounted to appeasement of Serbian aggression. Most notably, the Vance-Owen proposal for Bosnia and Herzegovina in 1993 which envisioned the division of the country along ethnic lines. [↑](#footnote-ref-8)
9. Cf. Fred Warner Neal, *Titoism in Action* (University of Berkeley Press, 1958); Milovan Djilas, *The New Class* (London, Thames and Hudson, 1957). [↑](#footnote-ref-9)
10. The EU member-states jointly recognized Croatia on January 15, 1992, although Germany announced its intention in December 1991. The United States officially extended recognition on April 7, 1992. [↑](#footnote-ref-10)
11. Cf. Frank Sheed, *Communism and Man* (New York: Sheed and Ward, 1938), 64. [↑](#footnote-ref-11)
12. Karl Marx and Friedrich Engels*, Manifesto of the Communist Party* (London: Verso, 2012), 35. [↑](#footnote-ref-12)
13. Letter to Heinz Starkenburg (January 25, 1894), cited in Henri de Lubac, *The Drama of Atheist Humanism*, (San Francisco, Ignatius Press, 1995), 431. [↑](#footnote-ref-13)
14. Zinoviev, *The Reality of Communism,* 101. [↑](#footnote-ref-14)
15. Ibid., 129. [↑](#footnote-ref-15)
16. Karl Marx and Friedrich Engels*, Manifesto of the Communist Party,* 37. [↑](#footnote-ref-16)
17. De Lubac, *The Drama of Atheist Humanism*, 432. [↑](#footnote-ref-17)
18. Ibid., 433. [↑](#footnote-ref-18)
19. Ibid., 434. [↑](#footnote-ref-19)
20. Yugoslavia under Josip Broz Tito broke off ties with the Soviet Union in 1948. Relations were restored in 1956, three years after Stalins death. [↑](#footnote-ref-20)
21. Cf. Lars Nord, *Nonalignment and Socialism:Yugoslav Foreign Policy in Theory and Practice* (Stockholm, Raben and Sjorgen, 1972); Raymond Aron, *Peace and War: A Theory of Inernational Relations* (Garden City, Doubleday, 1966). [↑](#footnote-ref-21)
22. John Paul II, *Memory and Identity* (New York, Rizzoli, 2005), 9. [↑](#footnote-ref-22)
23. Cf. Stella Alexander, *Church and State in Yugoslavia Since 1945*. (Cambridge University Press, 2008). [↑](#footnote-ref-23)
24. Marcus Tanner, *Croatia: A Nation Forged in War, (* New Haven/London: Yale University Press, 1997) 180. [↑](#footnote-ref-24)
25. Cf. Robin Harris, "Blessed Aloyzije and the Totalitarians“, published in *Stepinac : A Witness to the Truth* (Zagreb, Glas Koncila, 2009), 168. [↑](#footnote-ref-25)
26. Ibid. 172. [↑](#footnote-ref-26)
27. Ronald Rychlak, "Cardinal Stepinac and the Roman Catholic Church in Croatia during the Second World War", published in *Stepinac: A Witness to the Truth*, 96. [↑](#footnote-ref-27)
28. Ibid., 96. [↑](#footnote-ref-28)
29. The double standard practiced by the communist elites was first exposed by the prominent dissident Milovan Djilas in his book *The New Class.* He was expelled from the party in January 1954, after having appealed for "democratization" and was later sentenced to three years of hard labor in Mitrovica prison. [↑](#footnote-ref-29)
30. Milovan Djilas, *The New Class* (London, Thames and Hudson, 1957), 133. [↑](#footnote-ref-30)
31. Ibid., 133. [↑](#footnote-ref-31)
32. Ibid., 133. [↑](#footnote-ref-32)
33. The term was first coined by Zinoviev as the title of his book *Homo Sovieticus* published in 1986. [↑](#footnote-ref-33)
34. Http://www.en.wikipedia.org/wiki/Homo\_Sovieticus [↑](#footnote-ref-34)
35. See for example David Lane and Martin Myant, *Varieties of Capitalism in Post-Communist Countries* (London, Palgrave Macmillan, 2007); Juan Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-communist Europe* (Baltimore, Johns Hopkins University Press, 1996); Sabrina Ramet and Davorka Matić, *Democratic Transition in Croatia* (College Station, Texas A&M University Press, 2007). [↑](#footnote-ref-35)
36. Yugoslav citizens were allowed to freely travel to Western countries as early as the 1970's. The Constitution of 1974 conferred upon the individual republics some autonomy over local economic affairs, control of budgets and education. [↑](#footnote-ref-36)
37. Susan Woodward, *The Balkan Tragedy: Chaos and Dissolution after the Cold War*, (Washington D.C, The Brookings Institution, 1995), 1. [↑](#footnote-ref-37)
38. A small part of Eastern Croatia which borders Serbia along the Danube river was reintegrated in a negotiated settlement (Erdut Agreement) in 1998. [↑](#footnote-ref-38)
39. Recent polls, for example, have shown that a majority of Croatians would prefer to return to the socialist model which existed prior to 1990. [↑](#footnote-ref-39)
40. John Larrivee, «*Caritas in Veritate*: Learning Lessons about Truth, Religion, and Civil Society from the Economic Experiments fo the Twentieth Century“, *The Catholic Social Science Review* 16 (2011):54. [↑](#footnote-ref-40)
41. The term "social justice" was first adopted by the Jesuit Luigi Taparelli in the 1840s. His ideas were later developed by Pope Leo XIII, most prominently in the encyclical *Rerum Novarum (*1891). [↑](#footnote-ref-41)
42. Russell Kirk, „Social Justice and Mass Culture, published in *The Crisis of Modern Times* (South Bend, Notre Dame University Press, 2007), 295. [↑](#footnote-ref-42)
43. *Compendium of the Social Doctrine of the Church* (Vatican City, Libreria Editrice Vatican, 2004), 99. [↑](#footnote-ref-43)
44. John Paul II, *Centesimus Annus*, 6. [↑](#footnote-ref-44)
45. Pius IX, *Quadragesimo Anno,* 120. [↑](#footnote-ref-45)
46. Ibid., 79. [↑](#footnote-ref-46)
47. Christopher Dawson, *Religion and the Modern State* (New York, Sheed and Ward, 1937), 43. [↑](#footnote-ref-47)
48. Benedict XVI, *Caritas in Veritate*, 5. [↑](#footnote-ref-48)
49. Ibid., 7. [↑](#footnote-ref-49)
50. Ibid., 29. [↑](#footnote-ref-50)
51. Alexandr Solzhenitsyn, "The Harvard Commencement Address" (June 8, 1978), published in *The Solzhenitsyn Reader* (Wilmington, ISI Books, 2006), 570. [↑](#footnote-ref-51)
52. Ibid., 574. [↑](#footnote-ref-52)
53. Benedict XVI, *Caritas in Veritate*, 45. [↑](#footnote-ref-53)
54. One obvious example is Planned Parenthood in the United States, which receives major funding from some of largest corporations in the US. [↑](#footnote-ref-54)