

PREDAVANJE / LECTURE

Ante Čičin-Šain

06 07 08 09 10



Dr. Ante Čičin-Šain

1935. – 2008., diplomirani ekonomist, sveučilišni profesor i diplomat. Od 1965. aktivno djeluje na području međunarodnih ekonomskih odnosa kao član vladinih radnih skupina. Nakon prvih slobodnih izbora 1990. imenovan guvernerom Narodne banke Hrvatske. Nakon odlaska iz HNB-a 1992. bavi se diplomatskim poslovima: postaje prvi hrvatski veleposlanik u Bruxellesu, a poslije veleposlanik u Londonu i Dublinu. Bio je počasni konzul Irske u Hrvatskoj.

1935 – 2008, was an economist, a university professor and a diplomat. As a member of government task forces, he had since 1965 taken an active part in international economic affairs. After the first free elections in Croatia in 1990, he was appointed Governor of the National Bank of Croatia. He left this position in 1992 to pursue a diplomatic career, serving as the first Croatian ambassador in Brussels and as ambassador in London and Dublin. He was the Honorary Consul of Ireland to Croatia.

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2006.

Predavanje: dr. Ante Čičin-Šain

Uzvratno izlaganje: g. John Hurley

2007.

Predavanje: g. Charlie McCreevy

Uzvratno izlaganje: g. Damir Polančec

2008.

Govor: dr. Robin Harris

Uzvratno izlaganje: g. Adrian Hardiman

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Predavanje: dr. Maurice Manning

Uzvratno izlaganje: g. Emil Tedeschi

2010.

Predavanje: dr. Patrick Honohan

Uzvratno izlaganje: dr. Neven Mates

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2006

Lecture: Dr Ante Čičin-Šain

Response: Mr John Hurley

2007

Lecture: Mr Charlie McCreevy

Response: Mr Damir Polančec

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Uvod Introduction

PREDAVANJE / LECTURE

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g. Gerard Danaher
predstavnik Irsko-hrvatske poslovne udruge

*Mr Gerard Danaher
Representative of the Irish Croatian Business Association*

PREDVIĐANJA

PREDAVANJA "ANTE ČIČIN-ŠAIN" 2006. – 2010.

Godine 2006. Keltskog Tigra još su uvijek smatrali uzorom, i velikim, iskusnim gospodarstvima pogodenima niskim rastom, i novima, koja su se pojavila na svjetskoj sceni opterećena naslijedem komunističke prošlosti.

Držalo se čak da Irska može biti uzor i jedva održivim gospodarstvima država iz dijela svijeta koji se prije ere političke korektnosti nazivao "dubokom crnom Afrikom" te onima iz Južne Amerike, da ne spominjemo zemlje u razvoju iz nekih dijelova Azije (ako takvih danas još ima), i tako dalje i tako dalje.

Strane delegacije jurile su do Dublina i natrag u potrazi za čarobnom formulom koja je dovela do irskoga gospodarskog čuda. Irski konzultanti nudili su svoje usluge na tržištima u inozemstvu.

Međutim, iako su okupljeni na jednom predavanju održanom u rujnu 2006. u Dublincu s entuzijazmom prihvatali potvrdu svega toga, govornik im je ipak uputio i jedno upozorenje. Njegovo je ime bilo dr. Ante Čičin-Šain.

Upozorenje koje je pokojni dr. Čičin-Šain tada uputio bilo je tek prvi primjer sposobnosti predviđanja koja obilježava one koji su do danas imali priliku izlagati na nizu predavanja održanih u njegovo ime. Odatile i naslov ovog uveda u prvih pet predavanja.

Istini za volju, kad čovjek pročita ta predavanja, mogao bi pomisliti da bi jednako dobar naslov mojeg izlaganja bio i "Previđanja".

On, međutim, ne bi zvučao tako lijepo.

S pokojnjim Antonom Čičin-Šainom prvi sam se put susreo 1995. godine. Nedugo prije toga

FORESIGHTS

THE ČIČIN-ŠAIN LECTURES 2006 – 2010

In 2006 the Celtic tiger was still seen as a role model for both long established and large economies afflicted with low growth and also for emerging new ones lumbered with the baggage of communist pasts.

It was felt that Ireland could even be a model for hardly viable states in what, before the era of political correctness, used to be called "deepest Africa" as well as countries in South America not to mention still developing parts of Asia (if there still are any) and so on and so on.

Foreign delegations traipsed in and out of Dublin in search of the formula whereby the Irish economic miracle had been wrought. Irish consultants found willing overseas markets for their expertise.

And yet, while hearing an enthusiastic acknowledgement of all of this, the audience at a lecture given in Dublin in September 2006 also heard a note of caution from the speaker. That speaker was the late Dr. Ante Čičin-Šain.

His note of caution was merely the first example of foresight being demonstrated by those who gave the lectures in the series named in his honour. Hence the title of this introduction to the first five lectures.

In fairness, having read the lectures one might also feel that "Hindsights" would have been an equally valid title.

However, it would not have been as appealing.

I first met the late Ante Čičin-Šain in 1995. Shortly before, he had presented his credentials as the first Ambassador of Croatia to Ireland. He was

predao je svoje vjerodajnice kao prvi veleposlanik Republike Hrvatske u Irskoj. Položaj hrvatskog veleposlanika u Irskoj tada je bio nerezidentan, a pretpostavljam da je dr. Čičin-Šain na njega izabran u prvom redu kao tadašnji hrvatski veleposlanik u Londonu. Blizina Londona i Dublina nesumnjivo je utjecala na tu odluku hrvatske vlade, baš kao što je blizina Beča i Zagreba zasigurno utjecala na odluku irske vlade o dodjeli položaja u Zagrebu tadašnjem irskom veleposlaniku u Austriji.

Ironija je sudbine da su Irska i Hrvatska uspostavile međusobne diplomatske odnose imenujući stalne veleposlanike u bivšim prijestolnicama svojih imperijalnih sila, i ta činjenica dr. Čičin-Šainu nije promaknula. Uvijek je imao na umu i mnoge druge važne sličnosti između Hrvatske i Irske, što je kod njega potaknulo zanimanje, pa i ljubav prema Irskoj. Činjenica da je bio na položaju i u Velikoj Britaniji i u Irskoj donekle ga je oslobođila zamornog protokola koji odvraća diplomate od odlazaka u zemlje u kojima nisu akreditirani, tako da dr. Čičin-Šain, premda bespriječoran profesionalni diplomat, svojim irskim prijateljima nikad nije djelovao opterećen, ali ni previše oduševljen dosadnim pravilima.

Dakako da su se nakon raskida britansko-irskih imperijalnih veza odnosi između Londona i Dublina uvelike popravili, dok odnos Zagreba i Beča, s druge strane, nikad nije ni bio na taj način opterećen. Upravo je naslijede kasnije hrvatske političke sudbine osiguralo pozadinu diplomatske karijere dr. Čičin-Šaina, a brojne su i povijesne i političke paralele između Irske i Hrvatske, osobito u smislu odnosa tih dviju zemalja sa Sjevernom Irskom odnosno Bosnom i Hercegovinom.

Duboka osobna predanost dr. Čičin-Šaina ostvarenju mira, stabilnosti i napretka u Hrvatskoj odražavala se i u njegovu iskrenom i velikom zanimanju i podršci irskom mirovnom procesu, a kojih su bili svjesni i iznimno ih cijenili svi oni s kojima je u Irskoj dolazio u dodir.

Danas se čini nevjerojatnim da tijekom svoje misije dr. Čičin-Šain u Irskoj zapravo i nije bio osobito čest gost jer je dolazio u posjete samo ne-

to be a non-resident ambassador and his selection for the post was, I suspect, due primarily to his already being Croatia's resident ambassador in London. Presumably, London's geographical proximity to Dublin influenced that decision of the Croatian government just as Vienna's proximity to Zagreb must have influenced the Irish government's original assignment of its Croatian posting to the then Irish Ambassador to Austria.

The irony that both Ireland and Croatia should commence their diplomatic relations by each appointing their resident ambassadors in the former imperial capital of the other was not lost on Dr. Čičin-Šain. He was always keenly aware of the many more significant other similarities between Croatia and Ireland and which stimulated his great interest in and indeed love of Ireland. Indeed, being posted to both the United Kingdom and Ireland simultaneously liberated him from some of the more tedious protocols which inhibit diplomats from entering countries to which they are not accredited and certainly Dr. Čičin-Šain, while always a consummate professional diplomat, never struck any of his Irish friends as being overwhelmed by or excessively enthusiastic for tedious conventions.

Of course the London/Dublin relationship had vastly improved since the breaking of the British/Irish imperial link whereas the Zagreb/Vienna connection had never been as fraught in the first place. It was the legacy of Croatia's subsequent political fate that provided the background to Dr. Čičin-Šain's diplomatic career and, here again, there were many historical and political parallels between Ireland and Croatia, particularly in the context of the two states' respective relations with Northern Ireland and Bosnia - Herzegovina.

Dr. Čičin-Šain's deep personal commitment to the achievement of peace, stability and progress for Croatia was mirrored by his interest in and support for the Irish peace process and that his interest in and support for that process were genuine and heartfelt was evident to and much appreciated by all those with whom he interacted in Ireland.

It seems incredible in retrospect that, during the course of his mission to Ireland, Dr. Čičin-Šain was in fact an infrequent visitor, perhaps only a few

koliko puta godišnje. Međutim, za tih je posjeta upoznao toliko Iraca – političara, dužnosnika, umjetnika, poslovnih ljudi, volontera i osoba uključenih u rad humanitarnih organizacija, lokalnih vođa te naprsto prijatelja Hrvatske – a i dojam koji je ostavio bio je tako snažan, da mu je nakon što je napustio položaj hrvatskog veleposlanika u Irskoj irska vlada ponudila položaj irskoga počasnoga konzula u Zagrebu. Koliko je meni poznato, imenovanje bivšeg veleposlanika u nekoj zemlji počasnim konzulom te zemlje u njegovoj vlastitoj državi jedinstven je, možda i nezbilježen slučaj, što dovoljno govori o ugledu koji je dr. Čičin-Šain uživao u Irskoj.

Dr. Čičin-Šain više nije bio na položaju veleposlanika kad je Hrvatska u Dublinu otvorila stalno diplomatsko predstavništvo, na što Irska još nije odgovorila jednakom mjerom. Cinici bi rekli da je to tako i zbog kvalitete neplaćenoga konzularnog rada dr. Čičin-Šaina i njegova nasljednika Emila Tedeschija. Treba se nadati da će Irska u Zagrebu otvoriti veleposlanstvo kad Hrvatska postane punopravna članica Europske unije, što bi se moglo poklopiti sa sljedećim razdobljem irskog predsjedanja, baš kao što se i hrvatsko dobivanje statusa kandidata poklopilo s posljednjim irskim predsjedanjem 2004. godine, a ulazak u Vijeće Europe s irskim predsjedanjem 1996. godine.

U tom je ozračju razvoja novih odnosa između dviju zemalja Irsko-hrvatska poslovna udruga 2006. godine započela s održavanjem niza predavanja nazvanih u čast dr. Čičin-Šaina. Sama su predavanja godišnji događaj, a Dublin i Zagreb izmjenjuju se svake godine kao mjesta njihova održavanja pod pokroviteljstvom Irske središnje banke odnosno Hrvatske narodne banke. Uključenost tih dviju nacionalnih institucija primjerenia je i zbog činjenice da je dr. Čičin-Šain bio prvi guverner Hrvatske narodne banke nakon osamostaljenja zemlje, dok je kao hrvatski veleposlanik u Irskoj bio iznimno važan za izgradnju najčvršćih veza između te dvije organizacije.

Cilj je ovih predavanja promicanje dijaloga i olakšavanje kontakata između Irske i Hrvatske. Isprva je bilo zamišljeno da se ona bave isklju-

times a year. Yet during those visits he met so many Irish people – politicians, officials, artists, business people, aid/voluntary workers, civic leaders and those who were simply Irish friends of Croatia – and the impression he made was such that, after he retired as Croatian Ambassador to Ireland, he was asked by the Irish government and agreed to serve as the Irish Honorary Consul in Zagreb. As far as I know, the appointment of a former ambassador to one country to be that country's honorary consul in the ambassador's own country was a singular if not an unprecedented honour and says everything that needs to be said as to the standing in which Dr. Čičin-Šain was held by the Irish.

Dr. Čičin-Šain had retired by the time Croatia opened a full embassy in Dublin, a move as yet unreciprocated by the Irish government perhaps, a cynic might observe, not least on account of the quality of the unremunerated consular work of Dr. Čičin-Šain and, subsequently, his successor, Emil Tedeschi. It is to be hoped that an Irish embassy will be opened in Zagreb when Croatia achieves full membership of the European Union, a development which may well coincide with the next Irish presidency just as Croatia's admission as a candidate state coincided with the last Irish presidency in 2004 as had indeed its admission to the Council of Europe during the Irish presidency in 1996.

It was against the background of the burgeoning relationship between the two countries that, in 2006, the Irish Croatian Business Association inaugurated a series of lectures named in honour of Dr. Čičin-Šain. The lectures are an annual event but the venue rotates biannually between Dublin and Zagreb being held in those cities under the auspices of the Central Bank of Ireland and the National Bank of Croatia respectively. The involvement of these two national institutions is particularly appropriate given that Dr. Čičin-Šain was the first Governor of the Croatian National Bank after Croatia achieved its independence and, while Ambassador to Ireland, he was highly instrumental in forging the strongest of links between the two organisations.

The purpose of the lectures is to promote discussion and facilitate contact between Ireland and Croatia. It was originally envisaged that they would

čivo gospodarskim pitanjima, no s godinama predavanja su počela obuhvaćati znatno šire područje, rekao bih s pozitivnim rezultatima.

Prvo predavanje u Dublinu je 29. rujna 2006. održao sam dr. Čičin-Šain. Iako je predložena tema, kako je sam priznao, bila "Irška – Europska unija i Hrvatska", on je iskoristio neku vrstu svog "prava prve noći" i odlučio se za izlaganje u kojem je prvo objasnio kako je u Hrvatskoj nakon osamostaljenja uspostavljen autonomni monetarni sustav, nakon čega se pozabavio kasnijim i tekućim izazovima u Hrvatskoj u svjetlu irsko-hrvatskih odnosa.

Iako je u rujnu 2006. irsko tržište nekretnina već pokazivalo znakove pada koji će uslijediti, i to ne mekog pada, kako se to općenito prognoziralo u službenim irskim krugovima, zanimljivo je prisjetiti se da je nepristrani, ali dobro obaviješteni promatrač poput dr. Čičin-Šaina tada primijetio da se "*činjenica da su mnogi u Hrvatskoj uistinu općinjeni irskim ukupnim razvojem može pripisati nizu činjenica, ali i nekoj vrsti naivnog samozavaravanja*". Dr. Čičin-Šain naglasio je i da "*mnogi Hrvati vjeruju da su Irči izumili neku čarobnu formulu uz pomoć koje se siromašna zemlja praktički preko noći može pretvoriti u vrlo bogatu*".

Imajući na umu pristojnost koja je tom čovjeku bila urođena, nema nikakve sumnje da je dr. Čičin-Šain, premda vrlo diplomatski, u tom trenutku ne samo uputio blag prijekor naivnosti svojih zemljaka, nego i izrazio zabrinutost da bi se pandže Keltskog Tigra na kraju mogle pokazati manje snažne nego što je to on sam navajljivao svojom glasnom rikom.

Iako je iz današnje perspektive lako doći u iskušenje da se iz ograničenih izvadaka dugog predavanja iščita i previše značenja, nema sumnje da je dr. Čičin-Šain bio uvjeren da u irskom gospodarskom modelu ima mnogo aspekata iz kojih bi Hrvatska mogla izvući korist. Uvijek se jako divio načinu na koji je Irska iskoristila razmjerno malen broj svojih prednosti maloga otvorenoga gospodarstva. Snažno je vjerovao u irski pristup privlačenju stranih ulaganja, nisku stopu poreza na dobit, neovisan i učinkovit

relate exclusively to matters of economic interest but, as the series has evolved, this requirement has occasionally given way to a broader criterion with, I might add, only beneficial effects.

*The first lecture was delivered by Dr. Čičin-Šain himself in Dublin on September 29th, 2006. The suggested topic, as he himself acknowledged, was "Ireland – The European Union and Croatia" but, exercising a form of disquisitional *droit de seigneur*, he opted instead to deliver a paper which firstly explained how an autonomous monetary system was established in Croatia after independence and then addressed the subsequent and ongoing challenges to Croatia in a largely Irish-Croatian context.*

While, even in September 2006, there were already signs in the Irish property market that not only was that market in for a landing but not the soft landing then so widely predicted in official Irish circles, it is of considerable interest to note that a detached, albeit a very informed, observer such as Dr. Čičin-Šain should remark that "the fact that many Croats [were] genuinely fascinated by Ireland's overall development could be attributed to a number of facts but also to a kind of naïve wishful thinking". Dr. Čičin-Šain also observed that many Croats seemed to believe "that the Irish have discovered some miraculous device by which a poor country can be turned into a highly prosperous one, almost overnight".

Bearing in mind the innate politeness of the man, one cannot doubt but that, most diplomatically, Dr. Čičin-Šain was at that point not only gently chiding the naivety of his fellow Croats but also expressing a concern that the claws and sinews of the Celtic tiger might ultimately prove less robust than its much self-publicised roar.

One can be tempted with the benefit of hindsight to read too much into limited excerpts from lengthy discourses and there is no doubt but that Dr. Čičin-Šain strongly believed that there were many aspects of the Irish economic model which Croatia could emulate with profit. He was always a great admirer of the way in which Ireland played to the relatively few strengths of its being a small open economy. He strongly believed in Ireland's approach to attracting foreign investment, its low corporate tax rate, its independent and efficiently

pravni sustav, povezanost irskoga obrazovnog sustava i gospodarskog planiranja i tako dalje. Smatrao je da sve to Hrvatskoj može poslužiti kao pouka. Čvrsto se zalago za ulogu koju su irski konzultanti imali i mogli imati u pružanju pomoći razvoju Hrvatske.

Treba reći, međutim, i da je njegova ocjena aspekata irskog modela koje bi Hrvatska trebala oponašati još zanimljivija imamo li na umu jednako poznate aspekte koje nije naveo, poput neprihvatljivo visoke cijene za državu onoga što se euphemistički naziva "socijalnim partnerstvom", širenja rasta utemeljenog na pretjeranom zaduživanju i kreditiranju te nezdrave ovisnosti o neodrživoj ekspanziji domaćega građevinskog sektora, ili drugim riječima, napuštanom nekretninskom balonu.

Na predavanje dr. Ćićin-Šaina iz 2006. godine uzvratnim je izlaganjem odgovorio John Hurley, tadašnji guverner Irske središnje banke i bivši irski ministar financija te veliki prijatelj svih privrženika promicanju irsko-hrvatskih odnosa. Treba reći da bi bez početne podrške guvernera Hurleya izgledi za pokretanje predavanja "Ante Ćićin-Šain" bili znatno manji. Iznimno uspjeh u razvoju ukupnih irsko-hrvatskih odnosa u velikoj mjeri treba zahvaliti posvećenosti guvernera Hurleya njihovu promicanju.

Malo je ljudi u Irskoj, uključujući političare i novinare, koji se ne bi složili s ocjenom koju je guverner Hurley tada iznio u odgovoru na predavanje dr. Ćićin-Šaina o važnosti za irski gospodarski razvoj *"obilježja kao što su zdrava makroekonomска политика, снажна приврженост слободној трговини, лабаво регулирано, компетитивно пословно окружење те добро образована и флексибилна радна снага"*.

Fleksibilnost radne snage zapravo je postojala uglavnom u privatnom sektoru (a iskreno govoreći, i u samoj središnjoj banci), dok je koncept "labave regulacije" danas, oslanjajući se na naknadnu pamet, postao drugo ime za "nikakvu regulaciju" i posrnuli bankovni sustav. Naravno, isticanje labave regulacije kao faktora koji je pridonio stvaranju ukupnoga irskog "poslovног окружења" 2006. bi godine bilo shvaće-

functioning legal system, the linkages between the Irish educational system and Irish economic planning and so on. He saw all of these as offering lessons from which Croatia could learn. He firmly advocated the role that was being and could potentially be further played by Irish consultants in assisting Croatia's development.

However, that having been said, his assessment of which aspects of the Irish model were worthy of emulation by Croatia is more interesting for those then equally well known aspects of it which he omitted, such as the ultimately unjustifiable cost for the state of what was euphemistically called "social partnership", an expansion in growth dependent on excessive credit/debt and an unhealthy dependence on an unsustainable domestic construction sector and, in effect, a massive property bubble.

The response to Dr. Ćićin-Šain's lecture in 2006 was given by John Hurley, then Governor of the Central Bank of Ireland, and a former Secretary General of the Irish Department of Finance and a huge friend of everyone committed to promoting Irish Croatian relations. It should be acknowledged that, without Governor Hurley's initial support for the project, the Ćićin-Šain lecture series would have been far less likely to have gotten off the ground. Indeed, the enormously successful development of overall Irish Croatian relations are in no small way due to the commitment of Governor Hurley to their promotion.

Few people in Ireland, including politicians and journalists, would have disagreed at the time with Governor Hurley's assessment, in his response to Dr. Ćićin-Šain's lecture, of the importance to Ireland's then perceived economic success of "features such as sound macroeconomic policies, a strong commitment to free trade, a lightly regulated competitive business environment and a well educated and flexible labour force".

Flexibility of the labour force was, actually, mainly to be found in the private sector (and, to be fair, was also to be found in the Central Bank itself) and the concept of "light regulation" has now, with of course the benefit of a lot of hindsight, become synonymous with "no regulation" and a wholly failed banking system. Of course, stressing light

no u prvom redu kao usporedba s glomaznom birokracijom općenito, a osobito s europskom birokratskom grdosijom. S druge strane, irska finansijska regulatorna agencija odabrala je regulatorni sustav zasnovan na "principima". Je li takav sustav zasnovan na "principima", ako se ispravno primjenjuje, u svojoj biti više ili manje uspješan od onoga koji se zasniva na "pravilima", nešto je o čemu se može razgovarati. Ono oko čega nema nikakve sumnje jest činjenica da se sustav zasnovan na "principima", na način kako je primijenjen u Irskoj, pokazao posve neučinkovit.

Zanimljivo je, nadalje, da je razina kreditnog rasta u irskom gospodarstvu kod guvernera Hurleya 2006. izazvala priličnu zabrinutost, s obzirom na to da je primjetio da korektivne administrativne mjere središnje banke ne pokazuju djelotvornost te da "ih treba promatrati kao kupovanje vremena koje će fiskalnoj politici omogućiti da ima veću ulogu". Nažalost, fiskalna politika bila je u rukama vlade i uoči parlamentarnih izbora 2007. godine nije se provodila pravodobno ili sa zadovoljavajućim učinkom.

Druge predavanje "Ante Čičin-Šain" održano je u Zagrebu 2007. godine. To je bio jedini od pet događaja o kojima ovdje govorimo na kojem zapravo nije bilo riječi o tome što se događa u Irskoj, već je sva pozornost bila usmjerena na Hrvatsku. Povjerenik Europske unije za unutarnje tržište Charlie McCreevy prihvatio je poziv za sudjelovanje, a tadašnji hrvatski premijer dr. Ivo Sanader prihvatio je poziv da iznese uzvratno izlaganje. Odluku da održi izlaganje povjerenik McCreevy donio je osobno i ona je, s obzirom na značajnu ulogu njegove uprave u pregovorima oko hrvatskog pristupa Europskoj uniji, bila iznimno važna Irsko-hrvatskoj poslovnoj udruzi, a vjerujemo i hrvatskim vlastima.

Nedugo prije početka skupa 2007. godine sa žaljenjem i velikim iznenađenjem primili smo vijest iz ureda dr. Sanadera da on ne može sudjelovati na predavanju jer je već najavio sudjelovanje na sastanku Europske pučke stranke u Rimu, na kojem je trebao biti izabran za potpredsjednika te organizacije. Na predavanju

regulation as a beneficial feature of the overall Irish "business environment" would in 2006 have been understood to be primarily by way of comparison with the excessive red tape associated with the worst features of bureaucracies in general and the European behemoth in particular. On the other hand, the Irish Financial Regulatory authorities did opt for a "principles" based system of regulation. Whether such a "principles" based system, if correctly applied, is inherently any more or less effective than a "rules" based alternative is a debatable point. What is not in doubt is that the "principles" based system as it was applied in Ireland proved wholly ineffective.

What is also interesting is that the level of credit growth in the Irish economy was obviously an area of considerable concern to Governor Hurley in 2006 observing as he did that remedial administrative actions taken by the Central Bank in this regard were not proving effective and "should be seen as buying time for fiscal policy to play a greater role". Unfortunately, fiscal policy was in the hands of government and, with a general election upcoming in 2007, was not applied in time or with sufficient effect.

The second Čičin-Šain lecture was held in Zagreb in 2007. It was the only one of the five events we cover here at which no attention was really paid to what was happening in Ireland and all attention was focused on Croatia. The EU Commissioner for the Internal Market, Charlie McCreevy, had accepted an invitation to deliver the lecture and the Croatian Prime Minister, Dr. Ivo Sanader, had agreed to deliver the response. The agreement to deliver the lecture was a personal decision of Commissioner McCreevy and, given the considerable role of his Directorate in the negotiations for Croatian accession to the European Union, was very much appreciated by the Irish Croatian Business Association and indeed, we felt, the Croatian authorities.

It was with regret and indeed surprise that, very shortly before the date of the 2007 lecture, Dr. Sanader's office indicated that he was unable to participate as he had now committed to attending a meeting of the European People's Party in Rome at which he was to be elected one of the Vice-Presidents of that organisation. In his stead,

ga je tako zamijenio potpredsjednik hrvatske Vlade zadužen za gospodarstvo Damir Polančec. Budući da je na dan predavanja ujutro još bio u Zagrebu, premijer Sanader ipak se sastao s povjerenikom McCreevym, s kojim je održao i zajedničku novinsku konferenciju.

Povjerenik McCreevy u svojem se izlaganju usredotočio na organizaciju unutarnjeg tržišta i njegovu važnost za Hrvatsku. Nastojao je uspostaviti ravnotežu između priznaja napretka koji je Hrvatska ostvarila u približavanju Europskoj uniji i davanja poticaja da Hrvatska što prije ispunji sva preostala mjerila iz europske pravne stečevine.

Možda i važnija od sadržaja samog izlaganja bila je činjenica da ga iznosi visoki povjerenik EU, koji je zbog toga došao u Zagreb. Tome je nesumnjivo pridonijelo i veliko osobno prijateljstvo između organizatora i povjerenika McCreevya, koje je poslužilo za izgradnju dubljih budućih odnosa između mnogih uključenih u pregovore i, željni bismo vjerovati, barem donekle olakšalo njihov tijek.

Uistinu, osobni angažman povjerenika McCreevya tijekom predavanja i povezanih dogadaja poslužio je kao potvrda riječi dr. Čičin-Šaina iz njegova prvog izlaganja o irskoj sposobnosti za progimanje "profesionalne stručnosti" i "opuštenog ponašanja".

U uzvratnom izlaganju potpredsjednik vlade ministar Damir Polančec naveo je nekoliko izazova s kojima se Hrvatska suočava na svojem putu prema članstvu u Europskoj uniji te ukratko izložio postojeće mogućnosti i potankosti glede mnogih pozitivnih kretanja u hrvatskom gospodarstvu.

Treće predavanje "Ante Čičin-Šain" održano je 2008. godine u Dublinu, gdje je govor održao dr. Robin Harris, ugledni britanski autor i komentator te jedan od kreatora politike iz vremena mandata barunice Thatcher na čelu britanske vlade. Kako se nije radilo ni o Ircu ni o Hrvatu, odabir dr. Harrisa neke je iznenadio, no vjerovalo se – kako se poslije pokazalo, ispravno – da će ocjenu hrvatskih političkih i gospodarskih izgleda i mogućnosti u toj fazi ciklusa predavanja

Deputy Prime Minister for the Economy, Mr. Damir Polančec, was volunteered as a substitute for the Prime Minister who, however, was still in Zagreb on the morning of the lecture when he met Commissioner McCreevy and gave a joint press conference with him.

*Commissioner McCreevy's lecture focused on developments in the organisation of the internal market and their relevance to Croatia. He clearly sought to strike a balance between acknowledging the progress already made by Croatia in its transition towards European Union accession while also urging Croatia to move quickly towards meeting all of the outstanding benchmarks on the *acquis*.*

Perhaps as important as the content of the lecture itself was the fact that a senior EU Commissioner was giving it and indeed that he came to Zagreb to do so. Undoubtedly, the close personal friendships which existed between the organisers of the event and Commissioner McCreevy greatly facilitated the development of deeper relationships for the future between many of those involved in the negotiations and, one hopes to think, may have smoothed at least part of the course of those negotiations down the line.

Certainly, the warmth of Commissioner McCreevy's own engagement with the lecture and associated events did bear out Dr. Čičin-Šain's remark in his inaugural lecture about the Irish ability to mix "professional competence" and "relaxed personal behaviour".

In his response, Deputy Prime Minister Polančec identified several challenges facing Croatia in its progress towards European Union membership, outlined where opportunities existed and detailed many positive developments in the Croatian economy.

The third Čičin-Šain lecture was given in Dublin in 2008 by Dr. Robin Harris, the distinguished British author and commentator who had served as a member of the 10 Downing Street Policy Unit which advised Baroness Thatcher when she was Prime Minister of the United Kingdom. Being neither Irish or Croatian, the choice of Dr. Harris surprised some but it was believed – rightly as it turned out – that an assessment of Croatia's pros-

najbolje dati neki nesumnjivi, ali ipak kritički raspoložen prijatelj Hrvatske.

Na kraju je dr. Harris održao nadahnuto izlaganje koje je prisutna irska publika ocijenila iznimno informativnim i zanimljivim i u kojem je obrazložio razloge nastanka samostalne Republike Hrvatske te ispitao izazove s kojima se ona suočava, mogućnosti koje pred njom stoe i prilike koje joj se pružaju. Kako su neki primjetili, predavanje dr. Harrisa bilo je užitak slušati, ali i vrijedno poslje iskoristiti kao izvor informacija.

S obzirom na njegovu političku pozadinu ne čudi da je dr. Harris ocijenio da u irskom modelu ima mnogo toga čemu se treba diviti, poput niske stope poreza na dobit, sposobnosti za privlačenje stranih ulaganja itd. Međutim, iako je jasno istaknuo one aspekte irskog modela koje preporučuje Hrvatskoj, predložio je i oprez u odnosu na neke druge, osobito izdvojivši sustav "socijalnog partnerstva". Jasno je naglasio da je takav sustav, zasnovan na galantnom pristupu vlade kao poslodavca u javnom sektoru plaćama i poreznim olakšicama, utemeljen na vjerovanju da on tako "utječe na to da ljudi više sudjeluju u promjenama nego što bi to inače činili." Ocijenio je da "takav sustavni dogovor u Velikoj Britaniji ne bi funkcionirao", kao što nije funkcionirao ni 1970-ih godina, kada ga se nastojalo uvesti. Dodao je i da, kad on funkcionira, kao što je većina Iraca 2006. još vjerovala, "to je onda na štetu nečeg drugog, budući da se javlja nedjelotvornost kada se proizvodni faktori ne rabe za maksimiziranje njihova outputa u potpuno konkurentnom okruženju. Dakako, gradani mogu svjesno odlučiti da ne maksimiziraju opseg tržišta – i u tom će slučaju naprsto imati manje nego što bi mogli."

Kako se poslje pokazalo, "socijalno partnerstvo" nije funkcioniralo ni u Irskoj. Zapravo se dogodilo da je kratkoročni porast prihoda od poreza do kojeg je došlo u godinama brzog rasta Keltskog Tigra namamio vladu u zamku realnoga i velikoga dugoročnog povećanja plaća u javnom sektoru, pa i plaća samih političara, u zamjenu za maglovita obećanja

pects and options both political and economic by an undoubtedly, but by no means uncritical, friend of Croatia would be appropriate at that stage in the cycle of the lecture series.

In the event, Dr. Harris delivered a *tour de force* which was regarded by his largely Irish audience as being remarkably informative and insightful about the background to and the reasons for the emergence of the independent Republic of Croatia, the challenges confronting it, the options facing it and the opportunities available to it. As several who were in attendance later remarked, it was a very enjoyable lecture to hear and even more informative still when read subsequently.

Dr. Harris, not surprisingly given his own political background, saw much in the Irish model to admire such as the low Irish corporate tax rate, Ireland's ability to attract foreign investment, etc. and he said as much. However, while he clearly did point to aspects of the Irish model which he commended to Croats, he advised caution in relation to some others, in particular the system of "social partnership". He expressly observed that such a system, based on a generous approach to both pay and tax breaks by government in its role as the public service employer, was posited on the belief that "it influences people to cooperate more with change than they would otherwise do". He said that "such systematic consultation wouldn't work in Britain" and had not worked when it was tried there in the 70's. He added that, when it does work, which most people in Ireland in 2006 still believed it did, "it does so at a cost because there are inefficiencies involved when the factors of production are not applied to maximise their outputs in a fully competitive environment. It is, of course, open to people to choose not to maximise the scope for markets – it's just that they will be poorer than they might have been".

As it transpired, "social partnership" had not worked in Ireland either. What had actually happened was that the short term increase in tax revenues generated during the boom years of the Celtic tiger had lured the government into giving real and large long-term pay increases to the public service, and indeed the politicians themselves, in

o nedefiniranim uštedama i prilagodbama u budućnosti.

Do 2010. godine doći će do uvodenja dodatnih davanja na prihode državnih službenika – u biti smanjenja plaća koja je vlada u uzaludnom nastojanju da ih učini politički prihvatljivijima nazvala drugim imenom – a “socijalno partnerstvo” tada se ogledalo u drugom sporazumu (onome s Croke Parka), prema kojem su sindikati javnih službi dali svoj pristanak na daljnje uštede i prilagodbe, ali ovog puta ne u zamjenu za povećanja plaća, nego za obećanje vlade da ih neće dalje smanjivati.

Iako je predavanje dr. Harrisa sadržavalo neke vrlo značajne stvari za Irsku, glavni je predmet njegova interesa, dakako, bila Hrvatska i tu su se njegovi osvrti i na gospodarski razvoj i na regionalnu politiku pokazali vrlo poticajnjima za razmišljanje. To se osobito odnosi na primjedbe dr. Harrisa koje se tiču hrvatskih odnosa s Bosnom i Hercegovinom i koje za moje sunarodnjaka nakon mnogo godina sukoba u Sjevernoj Irskoj i mirovnog procesa koji je nakon njih uslijedio imaju posebno značenje.

I danas, tri godine poslije, predavanje koje je dr. Harris održao može biti korisno za kreatore politike u Hrvatskoj, a mogli bismo dodati, i u Irskoj.

Uzvratno izlaganje na predavanje dr. Harrisa održao je sudac irskog Vrhovnog suda Adrian Hardiman, jedan od najcjenjenijih irskih pravnih stručnjaka i pisaca te dugogodišnji prijatelj Hrvatske. Iako je sam primijetio da položaj suca ograničava njegove mogućnosti da govorи o stvarima “političke naravi”, eleganciju i duh njegova govora dugo će pamtitи svи koji su ga imali povlasticу čuti.

Ugledni je sudac u obliku anegdota tako ipak iznio neka više povijesna nego politička zapažanja koja su pokazala da se, čak i kad bi to smio, zapravo ne bi mogao ozbiljnije ne složiti s onime što je rekao dr. Harris.

Iako je – s obzirom na svoj neekonomski i nepolitički sadržaj – u cijelokupnom kontekstu izlaganja koja ovdje opisuјemo bio na neki način neobičan, govor suca Hardimana zbog mno-

exchange for vague commitments to unspecified economies and flexibilities “down the road”.

By 2010, so-called income levies – in reality pay cuts by another and, the government vainly hoped, a more politically acceptable name – were being imposed on public servants and by then “social partnership” was being reflected in another (the Croke Park) deal whereby further economies and flexibilities were being promised by the public service trade unions but now in exchange, not for pay increases, but rather a commitment by government not to cut public service pay even further.

While obviously Dr. Harris therefore delivered a lecture with points of considerable significance for Ireland, the primary focus of the lecture was of course Croatia and here his views both as regards economic development and regional policy are very thought provoking. In particular, his observations regarding Croatian relations with Bosnia resonate with my fellow countrymen given the many years of the Northern Ireland conflict and the many subsequent years of the peace process.

Even three years after he delivered it, the lecture given by Dr. Harris could still be very usefully considered by Croatian policy makers and, one might add, Irish ones.

The response to Dr. Harris was delivered by a Judge of the Irish Supreme Court, Mr. Justice Adrian Hardiman, one of Ireland’s most distinguished jurists, an accomplished writer himself and a long time friend of Croatia. As he himself remarked, his position as a Judge circumscribed his ability to address issues “of a political nature” but the elegance and wit of his contribution will long be remembered by all of those who were privileged to hear it.

That said, the Learned Judge, albeit under the guise of a personal anecdote, did deliver some historical if not necessarily political observations which tended to show that, even if he had felt enabled to do so, he would not in fact have been in any considerable disagreement with Dr. Harris.

Although somewhat unusual in the overall context of the addresses reproduced here – on account of its non-economic and, mostly, non-political content – Mr. Justice Hardiman’s contri-

gih je razloga dragulj u nizu predavanja "Ante Ćićin-Šain".

Povijesno je, međutim, važna činjenica da je treće predavanje održano 8. listopada 2008., odnosno samo tjedan dana nakon što je irska vlada dala državno jamstvo za sve obvezne svih šest domaćih irskih banaka. Jedna je od neposrednih posljedica tog jamstva, iako iz današnje točke gledišta djeluje kao ironija sudbine, veliki priljev novca u irske banke koje su dobitne jamstvo iz Velike Britanije i drugih europskih zemalja, i to na veliku i razumljivu žalost njihovih vlasta. Tako nije bilo nikakvo čudo da je u vrijeme predavanja u prostoru središnje banke – osim na najvišem katu, gdje se predavanje održavalo – vladala prilično napeta atmosfera. Zato želim izraziti zahvalnost Irskoj središnjoj banci zbog ustrajnosti u njezinu nastojanju da događaj uspije u vrlo teškim uvjetima.

Cetvrtro je predavanje 2009. godine u Zagrebu održao rektor Irskoga nacionalnog sveučilišta dr. Maurice Manning, koji je isto tako i predsjednik irske Komisije za ljudska prava, bivši zastupnik u irskom parlamentu te bivši član irskog Senata.

Naravno, tada je već bila jasna činjenica da su irske banke koje su dobitne jamstvo insolventne i da je to jamstvo prijetnja finansijskoj održivosti irske države, premda ozbiljnost te prijetnje još nije bila shvaćena. U takvoj je situaciji rektor Manning, istaknuvši kako je dr. Ćićin-Šain iskoristio svoje uvodno predavanje 2006. godine za predstavljanje irskoj publici izazova koji stoje pred Hrvatskom, zaključio da bi bilo primjerenovo da on pred hrvatskom publikom govorи o kontekstu krize u kojoj se našla Irska.

Možda najzanimljivije zapožanje u iznimno informativnom, ali jezgovitom izlaganju rektora Manninga odnosilo se na ironiju prema kojoj su irski mediji, tada već najglasniji u pozivima na odmazdu protiv bankara, regulatora, političara i poslovnih vođa koje su okrivljivali za guranje Irske u gospodarski kaos, i sami odigrali nemalu ulogu u stvaranju i izvlačenju koristi iz nekretninskog balona koji je toliko pridonio nastanku tog kaosa.

bution to this series is in many ways the gem of the collection.

Historically significant, however, is the fact that the third lecture was delivered on October 8th, 2008, i.e. only a week after the giving by the Irish government of a guarantee by the Irish state of all the liabilities of all the six domestic Irish banks. One of the immediate effects of the guarantee, rather ironically in retrospect, was a massive inflow of money to the guaranteed Irish banks from the UK and elsewhere in Europe, much to the understandable chagrin of the authorities in those countries. Small wonder then that, when the lecture took place, apart from the top floor where it was held the atmosphere elsewhere in the Central Bank was pretty fraught and I do wish to acknowledge our gratitude to the Central Bank for persevering with its commitment in very difficult circumstances.

The fourth lecture was delivered in Zagreb in 2009 by the Chancellor of the National University of Ireland, Dr. Maurice Manning, also the President of the Human Rights Commission of Ireland, a former member of the Irish parliament and indeed a former Leader of the Irish Senate.

By now of course, as far as Ireland was concerned, the fact that the guaranteed Irish banks were insolvent and that the guarantee posed a threat to the financial viability of the Irish state was clear, even if the scale of the threat was still not fully acknowledged. It was against this background that Chancellor Manning, pointing out how Dr. Ćićin-Šain had used the inaugural lecture in 2006 to address before an Irish audience the challenges facing Croatia, decided that it would be appropriate for him to address before a Croatian audience the context of the crisis in Ireland.

In the course of a very informative but nevertheless succinct discourse, a most interesting and little heard observation made by the Chancellor related to the irony whereby the Irish media, by then at the forefront of the calls for vengeance on the bankers, regulators, politicians and business leaders blamed for getting Ireland into its economic mess, had itself played no little part in creating and profiting from the property bubble that so contributed to the creation of that mess.

No nisu mediji bili jedini element irskog društva koje je rektor Manning prepoznao kao one koji su odigrali neslavnu ulogu u nastanku krize. Iako irski parlament teoretski ima veću moć od vlade, koja mu je odgovorna, kako je primijetio rektor Manning, irski je politički sustav tako uspostavljen da parlament kao korporativno tijelo „ne vjeruje ozbiljno – osim u iznimnim okolnostima – da može utjecati na oblik i sadržaj zakona”, odnosno suprotstaviti se vlasti u temeljnim gospodarskim pitanjima.

Među bojnim je poklicima političkih stranaka koje su 2011. pobijedile na irskim parlamentarnim izborima bila „politička reforma”, no tek treba vidjeti hoće li njihovi lideri koji danas sjede u vlasti pokazati ikakvu želju za povećanje utjecaja parlamenta na štetu vlastite moći. Treba isto tako reći da se oni koji su izgubili izbore danas svim srcem, doduše s kašnjenjem, zalažu za tip reforme koju su tako spektakularno propustili provesti onda kad su za to imali mogućnosti.

Mišljenje rektora Manninga nešto je što bi parlamentarci svuda trebali ozbiljno uzeti u obzir, a osobito u Irskoj i Hrvatskoj, zemljama čiji su politički sustavi obilježeni vladama s velikim izvršnim ovlastima i slabim parlamentarnim nadzorom.

Uzvratno izlaganje na predavanje rektora Manninga iznio je Emil Tedeschi, poznati hrvatski poduzetnik i nasljednik dr. Čičin-Šaina na položaju irskoga počasnoga konzula u Republici Hrvatskoj. Predavanje „Ante Čičin-Šain“ 2009. godine održano je ne samo u dramatičnom trenutku irske povijesti nego i u vrijeme velike političke nestabilnosti u Hrvatskoj: nedugo prije predavanja dr. Sanader je neočekivano podnio ostavku na položaj predsjednika Vlade i HDZ-a i zemlja se suočavala sa, kako se činilo, prilично nepredvidljivim predsjedničkim izborima.

Predavanje 2009. godine bilo je, nažalost, i prvo koje je održano bez prisutnosti dr. Čičin-Šaina, koji je u prosincu 2008. iznenada tražično preminuo.

Smrt dr. Čičin-Šaina i gubitak tako iznimnog čovjeka poslužili su Emili Tedeschiju

Nor was the media the only part of the Irish establishment identified by Chancellor Manning as having played a less than glorious part in the lead up to the crisis. While in theory the Irish parliament enjoys great powers and can hold the government accountable to it, as Chancellor Manning observed, the Irish political system is such that, as a corporate entity, the parliament “does not seriously believe – except in rare circumstances – that it can influence the shape and content of legislation” or effectively challenge government on matters of fundamental economic concern.

One of the catch cries of the political parties who won the 2011 Irish general election was ‘political reform’ but it remains to be seen whether, now that they are in government, their leaders, who of course today comprise the cabinet, will have any appetite for increasing the power of parliament at their own expense. In fairness, those who lost the election are now enormously, if belatedly, enthusiastic for the type of reform they so spectacularly failed to implement when they were in a position to do so.

Certainly Chancellor Manning’s views merit very serious consideration by parliamentarians everywhere and, particularly, Ireland and Croatia where strong executive government and weak parliamentary oversight are frequently said to be prevalent features of the two countries’ respective political systems.

The response to Chancellor Manning’s lecture was given by Mr. Emil Tedeschi, the very prominent Croatian entrepreneur and Dr. Čičin-Šain’s successor as Irish Honorary Consul to Croatia. The 2009 lecture took place at not only a dramatic juncture in Irish history but also at a time of considerable political uncertainty in Croatia; Dr. Sanader had shortly before unexpectedly resigned as Prime Minister and leader of the HDZ and, in addition, the country was facing into what appeared a pretty unpredictable presidential election.

The 2009 lecture was also the first not to be attended by Dr. Čičin-Šain who had suddenly and tragically passed away in December, 2008.

The death of Dr. Čičin-Šain and the loss thereby of such a remarkable man inspired Emil

kao nadahnuće ne samo za uistinu dirljiv govor u čast dr. Čičin-Šaina već i za snažan poziv na odlučan povratak pristojnosti, integritetu i napretku u Hrvatskoj.

Naravno, kao Ircu s dubokim zanimanjem za Hrvatsku, no nekome tko ipak nije Hrvat, uvijek mi je teško ili čak nemoguće dobro ocijeniti komunikaciju među samim Hrvatima. Međutim, i ja i drugi Irči koji su slušali izlaganje g. Tedeschija bili smo uvjereni da je poruka koju je on tako snažno i elokventno tog dana uputio trebala odjeknuti među znatno širom publikom u Hrvatskoj od one koja je tada bila prisutna na predavanju u Hrvatskoj narodnoj banci.

Peto predavanje „Ante Čičin-Šain“ održano je u rujnu 2010. u Dublinu. U zanimljivoj reprizi nekih elemenata inauguralnog događaja iz 2006. godine predavanje je održao novi guverner Irske središnje banke profesor Patrick Honohan, koji je u rujnu 2009. na tom položaju naslijedio guvernera Hurleya. Igrom slučaja jedan od posljednjih skupova na kojima je guverner Honohan govorio prije toga bila je 15. dubrovačka ekonomski konferencija Hrvatske narodne banke održana u lipnju 2009. godine, pa je tako na petom predavanju „Ante Čičin-Šain“ on iznio nove poglede na temu kojom se tamo bavio: „Članstvo u eurozoni i stabilnost banaka – prijatelji ili neprijatelji? Lekcije iz Irske“. Želio bih i osobno izraziti duboku zahvalnost guverneru Honohanu zbog prihvatanja tog zadatka u tako teškom trenutku i zahvaliti mu u ime svih nas uključenih u njegovanje napisane koje predavanje „Ante Čičin-Šain“ ima u učvršćivanju irsko-hrvatskih odnosa.

Kao što se može i prepostaviti, s obzirom na hrvatsko približavanje članstvu u Europskoj uniji, a kasnije i eurozoni, ova je tema bila iznimno važna i za Hrvatsku, i za Irsku.

Nadalje, irsko iskustvo u razdoblju od priključenja nekadašnjoj Europskoj ekonomskoj zajednici 1973. godine odvijek je bilo jak argument onih koji se zalažu za članstvo Hrvatske u Europskoj uniji. Do 2010. godine to je iskustvo postalo, a vjerujemo da je i danas, jednako snažan argument i onima koji se nalaze na drugoj strani debate.

Tedeschi to deliver not only a truly moving eulogy for Čičin-Šain but a tremendously powerful call for a recommitment to decency, integrity and progress in Croatia.

As an Irish person with a deep interest in Croatia but obviously not a Croat myself, it is of course always difficult if not impossible to judge accurately the discourse between Croats and Croats but certainly I, and the other Irish who heard Mr. Tedeschi, believed that the message he so forcibly and eloquently imparted that day was aimed at and intended to resonate with a far wider Croatian audience than was present for the lecture in the Croatian National Bank.

The fifth lecture was delivered in Dublin in September, 2010. In an interesting reprise of some of the features of the 2006 inaugural event, on this occasion the lecture was delivered by the new Governor of the Irish Central Bank, Professor Patrick Honohan, who had succeeded Governor Hurley in September, 2009. Coincidentally, one of the last major events Governor Honohan had spoken at prior to his appointment was the fifteenth Dubrovnik Economic Conference organised by the Croatian National Bank in June, 2009 and indeed the fifth Čičin-Šain lecture comprised his updated views on the topic he then addressed, i.e. “Euro Membership and Bank Stability – Friends or Foes? Lessons from Ireland”. I do wish to record my deep personal gratitude to Governor Honohan for undertaking this commitment at such a difficult time and thank him on behalf of all of us involved in perpetuating the Čičin-Šain legacy as cementing Irish Croatian relations.

Clearly, given Croatia’s progress towards membership of the European Union and later, presumably, the Euro System, this topic was of considerable relevance to Croatia as well as Ireland.

Furthermore, the Irish experience since we joined the old EEC in 1973 had always been a powerful argument deployed by those advocating Croatian membership of the European Union. By 2010, that experience had arguably become and, one must assume, still remains a potentially equally powerful argument for those on the other side of that debate.

Na početku svojeg izlaganja guverner Honohan postavio je pitanje može li se, i u kojoj mjeri, irski ulazak u eurozonu okriviti za nastanak finansijske krize u zemlji. Danas je u Irskoj uvriježeno mišljenje da je nekretninski balon nastao kao neizbjegna posljedica niskih kamatnih stopa i veće dostupnosti kredita nakon irskog prihvatanja eura.

Iako guverner Honohan nije doveo u pitanje značenje tih faktora, istaknuo je važnost činjenice da su, bez obzira na gubitak kontrole nad monetarnom politikom nakon ulaska u sustav eura, „*irske vlasti na raspolaganju imale dovoljno instrumenata za provođenje politike kojom su mogle sprječiti pojavu neravnoteže, ali se njima naprosto nisu dovoljno djelotvorno koristile*“.

Bilo je jako puno govora o tome kako su se ovlasti za određivanje bankovne regulative mogle iskoristiti za sprečavanje pretjeranog priljeva sredstava koji je doveo do naglog rasta. Najveći broj prijedloga uključivao je ili dodatne mjere u cilju jačanja bankovnog regulatornog režima koje bi trebalo donijeti Bazelski odbor za superviziju banaka, što bi se odnosilo na sve zemlje, ili načine kako bi središnje banke ili regulatori u pojedinim zemljama mogli provoditi važne diskrecijske mjere ugradene u taj okvir, kao što je Španjolska središnja banka tako uspješno učinila odredivši vlastita pravila rezerviranja u godinama prije nastanka krize.

Promatraju li se te stvari iz perspektive malih gospodarstava kakva su hrvatsko i irsko, zapanjuje činjenica da bazelska pravila, koja se jednako primjenjuju na sve zemlje, ne pružaju dovoljnu zaštitu onima najranjivijima. S druge strane, primjena neovisnih diskrecijskih mjera nacionalnih bankovnih regulatora u područjima s tako značajnim makroekonomskim učinkom na nacionalni gospodarski rast dovodi u pitanje odgovornost i adekvatnost demokratskih mandata bankovnih regulatora.

Još jedan način za kontrolu priljeva sredstava koji je doveo do naglog rasta moglo je biti pribjegavanje desetjećima primjenjivanog mehanizma kojim je irska funta bila vezana uz britansku. Taj bi mehanizam uključivao sudje-

At the outset of his lecture, Governor Honohan queried the extent, if any, to which Ireland's entry into the Euro zone was to blame for the Irish financial crisis. It is a widely held view nowadays in Ireland that the property bubble was the inevitable consequence of the low interest rates and increased credit availability that flowed from Euro membership.

While Governor Honohan did not dispute the significance of these factors, he strongly contended that, notwithstanding the loss of control over monetary policy which followed from joining the Euro System, “the Irish authorities did retain sufficient policy instruments to have combated the emergence of imbalances; they simply did not use these effectively”.

There have been intense debates about how the banking regulatory powers might have been used to prevent the excessive inflow of funds which fuelled the boom. Most of the suggestions advanced have either concentrated on what additional measures the Basle Committee should now adopt for the strengthening of the banking regulatory regime which applies in all countries or have emphasised how central banks or regulators in individual countries might exercise the significant discretions built into that framework, as the Spanish Central Bank did to such beneficial effect by setting its own provisioning rules during the years prior to the crisis.

Looking at this from the perspective of small economies like Croatia and Ireland, it is striking that those Basle rules which apply commonly to all countries are unlikely to provide sufficient protection for the most vulnerable. On the other hand, the exercise of independent discretion by national banking regulators in areas with such a significant macroeconomic impact on national economic growth raises its own concerns around accountability and the adequacy of the democratic mandates which banking regulators have.

An alternative possible way to have controlled the inflow of funds which fuelled the boom would have been to resort to a mechanism used decades before when the Irish pound was linked to sterling. This mechanism would have

lovanje regulatornih tijela sa zakonskim ovlastima za određivanje iznosa maksimalnih neto inozemnih obveza irskoga bankovnog sustava. Taj bi iznos obuhvaćao sve inozemne bankovne i nebankovne depozite te stanje na tekućem računu platne bilance. Nakon određivanja taj bi iznos onda bio razmjerno raspoređen na sve banke aktivne na irskom tržištu. U vrijeme veznosti irske funte uz britansku osnovna je funkcija neto inozemnih obveza bilo ograničavanje stupnja irske izloženosti deviznom riziku, uz dodatni učinak sprečavanja priljeva novca iz Velike Britanije koji bi inflatorno djelovao na ponudu novca u Irskoj, iako u to doba zapravo i nije bilo velike opasnosti da će se to dogoditi.

Kao i kod svih opcija pri odabiru politika, takav bi pristup imao svoje prednosti i nedostatke. Jedna je od njegovih ključnih prednosti činjenica da bi on uključivao postojanje eksplicitnoga zakonskog okvira koji bi prepoznavao osobitu ranjivost malih i otvorenih gospodarstava unutar europske monetarne unije te središnjim bankama takvih zemalja dao jasan i snažan mandat za kontrolu rizika povezanog s time. Takav "personalizirani" zakonski pristup bio bi osobito koristan za kontrolu rasta pojedinačnih gospodarstava, budući da bi provedbu tog zadatka olakšavao transparentan mandat demokratski izabranih nacionalnih parlamenta, pa on stoga ne bi bio prepušten volji regulatora ili se ne bi obavljao pod krinkom mikrobonitetnog nadzora pojedinačnih banaka, što ionako nije slučaj.

Guverner Honohan istaknuo je i da je, premda je do sredine prošlog desetljeća postalo jasno da je nužna ozbiljna korekcija cijena stanova, "bilo malo onih koji su sa sigurnošću predviđeli probleme sa solventnošću banaka". Treba napomenuti i da se najveći dio "službene" Irske, čak i u času kad je zemlja shvatila da je suočena s bankovnom insolventnošću, još uvijek nalazio u stanju koje bismo mogli opisati kao poricanje koje graniči s patološkim.

Dalje u svojem izlaganju guverner Honohan je iznio činjenicu da je i Portugal prihvatio euro no iako, najblaže rečeno, "ni priča te zemlje nije sasvim bezazlena", njezino članstvo u eurozoni

involved the regulatory authorities being given a statutory power to determine a Net External Liability (NEL) ceiling figure for the Irish banking system. This figure would have included all external bank and non bank deposits and current account balances. Once the figure was set, it would then have been apportioned amongst the banks active in the Irish market on a proportionate basis. During the link with sterling, the primary function of the NEL was to limit the amount of Irish exposure to foreign exchange risk but it also had the ancillary effect of preventing any inflow of UK money inflating the money supply in Ireland, not indeed that in those days there was much danger of that happening.

As with all policy options, such an approach would have advantages and disadvantages. However, one key advantage of such an approach would be that it would involve an explicit statutory framework which recognised the particular vulnerability of small open economies within the European monetary union and give a clear, strong mandate to their central banks to control this risk. Such a "bespoke" statutory approach would have particular merit as what is being managed is the growth of individual economies, a task which would benefit from a transparent mandate from democratically elected national parliaments rather than being left to the discretion of regulators or done under the guise of micro-prudential supervision of individual banks, which it is not.

Governor Honohan also pointed out that, while it was becoming increasingly clear by the mid 00's that a severe correction in the price of housing was inevitable, "few confidently predicted bank solvency problems". Indeed, it is worth noting that, even when bank insolvency was staring the country in the face, most of "official" Ireland was still in what can really only be described as a state of denial bordering on the pathological.

Further on in his paper, Governor Honohan cited the fact that while Portugal had also joined the Euro and, as he noted in what was certainly not an overstatement, its story was "not altogether a benign one", its membership of the Euro zone

ipak nije potaknulo onakav tip neodrživog rasta kakav se dogodio u Irskoj.

Guverner Honohan stoga je iznio svoje mišljenje prema kojem se članstvo u eurozoni ne samo ne može okriviti za nastanak irske finansijske krize nego bi i posljedice kolapsa do kojeg je u Irskoj došlo, u slučaju da zemlja nije bila u sustavu eura, bile mnogo teže.

Hrvatima tako nije upućena poruka da irsko iskustvo pokazuje da bi se male zemlje poput Hrvatske trebale bojati europskih integracija, nego da bi trebali pokazati veću odgovornost od Iraca u načinu prilagodbe tim integracijama.

Jesmo li mogli biti dalje od stava koji je općenito prevladavao 2006. godine?

Uzvratno izlaganje na predavanje guvernera Honohana održao je g. Neven Mates, savjetnik guvernera Hrvatske narodne banke i bivši šef misije MMF-a u Moskvi.

G. Mates se složio s tvrdnjom guvernera Honohana da je „*potpora zemalja članica eurozone Irskoj od trenutka izbijanja krize (bila) iznimna*“. Međutim, u svojem vrlo oštom odgovoru osvrnuo se i na guvernerovo mišljenje o ulozi koju je irsko članstvo u eurozoni imalo na sam nastanak krize.

Akademsko ozračje u kojem je predavanje 2010. godine održano zapravo je bilo obilježeno općenito žustrijom razmjenom mišljenja nego što je to bilo na bilo kojem od proteklih događaja, možda i zbog toga što su prijašnja predavanja organizirana uz preveliki oprez i želju za izgradnju prijateljstva, a na račun intelektualne strogosti. To je nešto o čemu treba voditi računa i u budućnosti.

Ipak, prvi pet predavanja „Ante Čičin-Šain“ i više je nego opravdalo očekivanja s kojima su 2006. godine pokrenuta. Raznolikost izlagачa i kvaliteta izlaganja dovoljno govore za sebe. S obzirom na dosadašnje iskustvo ovaj događaj može imati samo uzbudljivu i obećavajuću budućnost, vrhunac koje će biti na kraju sljedećega petogodišnjeg ciklusa 2016. godine, kada će Hrvatska obilježiti četvrt stoljeća samostalnosti, a Irska stotu godišnjicu Uskrsnog ustanka iz 1916., kojim je otvoren put nastanku irske države.

did not trigger the kind of unsustainable boom that occurred in Ireland.

Ultimately, Governor Honohan's view was that Euro membership was not to blame for the Irish financial crisis and that, if Ireland had not been part of the Euro system when the collapse occurred, the consequences of the collapse would have been even worse.

For Croats the message was not that the Irish experience means that small countries such as Croatia should fear European integration, but rather that they should be more responsible than the Irish in their adaptation to it.

How further could we have come from the view generally prevailing in 2006?

The response to Governor Honohan's lecture was given by Mr. Neven Mates, advisor to the Governor of the Croatian National Bank and a former head of the IMF mission to Moscow.

Mr. Mates agreed with Governor Honohan's assertion that “the support of the Euro zone to Ireland since the outbreak of the crisis [had] been enormous”. However, in a very trenchant response he also took issue with the Governor's view of the role Irish membership of the zone played in producing the crisis in the first place.

In fact, the academic tenor of the 2010 event made for a generally more robust exchange of views than had occurred at any of the previous lectures and, on reflection, the organisation of the events prior to that may well have been excessively cautious and have striven for amicability at the expense of intellectual rigour. It is a thought for the future.

However, the first five Čičin-Šain lectures more than lived up to the expectations with which the series was inaugurated in 2006. The diversity of the speakers and the quality of the lectures speak for themselves. With such a track record, the event can only have a promising and exciting future and it is noteworthy that the next five year cycle will culminate in 2016 when Croatia will celebrate a quarter century of independence and Ireland will mark the 100th anniversary of the Easter Rising of 1916 which led on to the creation of the Irish State.

Na kraju, kao osoba koja je počašćena mogućnošću da osmisli ovaj uvod, imam zadatak odati priznanje svojim kolegama koji su sudjelovali u dosadašnjim predavanjima.

Osim onih koji su održali predavanja i uzvratna izlaganja (kojima smo duboko zahvalni, posebno imamo li na umu da su to učinili besplatno!), želio bih zahvaliti osoblju obju banaka, članovima Irsko-hrvatske poslovne udruge, g. Padraicu Whiteu i g. Johnu O'Callaghanu, kao i veleposlanicima i službenicima hrvatskog veleposlanstva u Dublinu, koji su u ovih pet godina uložili puno naporu u održavanje predavanja.

Što se tiče Irske središnje banke, osobito bih želio zahvaliti g. Neilu Whoriskiju i gđi Theresi Sheehan na strpljenju i podrći koju su pružili, često u vrlo teškim okolnostima koje su vladale u Banci. Irska središnja banka doista je bila među prvim irskim institucijama koje su uspostavile vezu s mlaodom Republikom Hrvatskom i uz doprinos svojih guvernera Hurleya i Honohana, kao i angažman različitih odjela, od kovnica do ekonomista, te nadasve dobru volju svojih zaposlenika, uvjek bila predvodnica u razvoju odnosa između dviju zemalja.

U hrvatskom su veleposlanstvu cijelo vrijeme i u svakom smislu bili nezaobilazni veleposlanici Nenad Prelog i Veselko Grubišić, kao i zamjenici veleposlanika Antun Babić i gđa Ingrid Szabo. Posebno bih istaknuo posvećenost ovom dogadjaju veleposlanika Grubišića, bez čijeg bi angažmana bilo mnogo teže organizirati predavanja u Hrvatskoj i čija su stalna potpora i poticaj bili iznimno važni. Udruga je danas, u trenutku kad predavanja ulaze u novi ciklus, zahvalna na podršci i novoj hrvatskoj veleposlanici u Irskoj gđi Jasni Ognjanovac. Ne treba zaboraviti spomenuti ni bivšega irskog veleposlanika u Hrvatskoj Patricka McCabea, kao ni g. Tedeschija, koji je ne samo održao izlaganje 2009. godine nego i učinio puno da predavanja u Zagrebu 2007. i 2009. ostanu u tako dobrom sjećanju.

Godine 2010. godine Irsko-hrvatskoj poslovnoj udruzi pomoći je pružila gđa Darielle Sweeney, koja je koordinirala organizaciju predavanja u Dublinu i znatno pridoniijela njegovu uspjehu.

In conclusion, as the person fortunate enough to be given the opportunity to provide this Introduction, it falls to me to acknowledge my colleagues in the venture.

Apart from those who delivered the lectures and gave the responses (and to all of whom we are profoundly grateful particularly as they performed without charge!), I wish to thank all of the staff of the two Banks, the members of the Irish Croatian Business Association, Mr. Padraig White and Mr. John O'Callaghan, the Ambassadors and officials at the Croatian Embassy in Dublin who over the years did so much to make the events possible.

At the Central Bank of Ireland, I particularly wish to thank Mr. Neil Whorisky and Ms. Theresa Sheehan for their patience and support, often afforded in the midst of very trying circumstances in the bank. Indeed, the Central Bank of Ireland was one of the first Irish institutions to engage with the new Republic of Croatia and from the contributions of Governor Hurley and Governor Honohan, through the engagement of such diverse departments of the organisation from its Currency Centre to its economists and above all through the goodwill of so many of its staff, it has always been at the forefront of developing relations between the two countries.

At the Croatian Embassy, over the years Ambassadors Nenad Prelog and Veselko Grubišić, Deputy Ambassador Antun Babic and Ms. Ingrid Szabo were indispensable in many ways. In particular, without Ambassador Grubišić's commitment to the event it would have been much more difficult to arrange the lectures held in Croatia and his constant support and encouragement were much appreciated. The Association is already grateful for the support of the new Croatian Ambassador to Ireland, Ms. Jasna Ognjanovac, as the series enters its next cycle. It is also appropriate to acknowledge the support of the former Irish Ambassador to Croatia, Patrick McCabe, and to thank Mr. Tedeschi who, apart from his address in 2009, did much to make the events in Zagreb in 2007 and 2009 so memorable.

In 2010, the Irish Croatian Business Association was fortunate to have the help of Ms. Darielle Sweeney who coordinated the holding of the event

Nadalje, cijelo je vrijeme bio uključen i velik broj osoba koje su davale snažnu podršku irsko-hrvatskim odnosima iz pozadine – poput Shana Englisha, Jima Nugenta, Petera Stewarta, Georgea McGratha, Seana Ó hUllacháina i Davida Nolana, kao i Mire Kovačića u Hrvatskoj.

Želio bih odati priznanje i svojoj tajnici Ruth Brooks na strpljivosti i ustrajnosti koju je pokazivala cijelo vrijeme mojeg angažmana u ovom projektu.

Ipak, postoji jedna osoba koja je više od svih ostalih zaslužna za uspjeh predavanja "Ante Čičin-Šain".

Imali smo sreću da u Hrvatskoj narodnoj banci uživamo podršku guvernera Rohatinskog, zamjenika guvernera Borisa Vujčića te viceguvernera Adolfa Matejke i gđe Nine Srkalović.

Međutim, bez predanosti viceguvernera Tomislava Presečana ovaj niz predavanja vjerojatno nikada ne bi ni bio pokrenut, a zasigurno ne bi prerastao u ono što istinski vjerujem da jest – dragocjen i inovativan kamen temeljac irsko-hrvatskih odnosa.

Svojim je angažmanom Tomislav stekao velik broj prijatelja i štovatelja u Irskoj, baš kao i sam pokojni Ante Čičin-Šain. Njegova prirođena dobra volja, nepokolebljiva upornost, bezgranični entuzijazam i tvrdoglavva posvećenost poslu služili su kao podrška ovom događaju od njegova početka, a iskreno se nadam da će tako ostati i ubuduće.

Na kraju, Vesna Čičin-Šain je, uz samog Antu, bila još jedna velika inspiracija onima koji su pokrenuli niz predavanja. Znamo da ona cijeni ova predavanja ne samo zbog činjenice da ona odaju počast sjećanju na njezinu pokojnog supruga nego i zbog toga što ona s pravom služe kao potvrda njezinu vlastitom višegodišnjem doprinosu unapređivanju hrvatsko-irskih odnosa.

No najveće priznanje za potporu u razvoju irsko-hrvatskih odnosa zasluguje moja obitelj, koja je bila i najveća žrtva cijelogog mog angažmana. Osobito bih želio istaknuti svoju suprugu Caitrionu, i zahvaliti joj na podršci, strpljenju i savjetima koje sam od nje dobio.

in Dublin that year and who did so much to make it a success. Also, over the years many great supporters of Irish Croatian relations - Shane English, Jim Nugent, Peter Stewart, George McGrath, Sean Ó hUllacháin and David Nolan have been stalwarts behind the scenes as also, in Croatia, has Miro Kovačić.

I also wish to thank my secretary, Ruth Brooks, for her patience and perseverance throughout my engagement with this project.

But, above all others, there is one person without whom the event would not have prospered as it has.

At the Croatian National Bank we have been fortunate to have enjoyed the support of Governor Rohatinski, Deputy Governor Boris Vujčić Vice-Governor Adolf Matejka and Ms. Nina Srkalović.

However, without the commitment of Vice-Governor Tomislav Presečan, the series would probably never have gotten off the ground in the first place and would certainly not have become what I genuinely believe is acknowledged to be a valuable and innovative cornerstone in Irish – Croatian relations.

During the course of his involvement, Tomislav has made and won nearly as many Irish friends and admirers as the late Ante Čičin-Šain himself. His natural good humour, his unflappable disposition, his boundless enthusiasm and his sheer dedication and hard work have underpinned the event from the start and it is to be sincerely hoped will continue to do so into the future.

Finally, Vesna Čičin-Šain was, in addition to Ante, the other great inspiration to those who inaugurated the series. We know that she appreciates the lectures for honouring, as they do, the memory of her late husband but, in truth, they also quite appropriately and justly honour her own considerable contribution over the years to furthering Croatian Irish relations.

However, the greatest supporters and victims of my entire involvement in Irish Croatian relations have been my family and I especially wish to thank and acknowledge my partner Caitriona for her encouragement, tolerance and sound advice.

Predavanje:
dr. Ante Ćićin-Šain

Uzvratno izlaganje:
g. John Hurley

Lecture:
Dr Ante Ćićin-Šain

Response:
Mr John Hurley

Predavanje Lecture



dr. Ante Čičin-Šain
počasni konzul Irske u Hrvatskoj

*Dr Ante Čičin-Šain
Honorary Consul of Ireland to Croatia*

INAUGURACIJSKO PREDAVANJE IRSKO-HRVATSKOJ POSLOVNOJ UDRUZI

DUBLIN, 29. RUJNA 2006.

Neizmjerno sam zahvalan i polaskan što sam pozvan održati inauguracijsko predavanje ovako uglednoj publici. Prvi mi je put dodijeljena takva čast. Tema koju su predložili organizatori ovoga skupa "Irska – Europska unija i Hrvatska" vrlo je izazovna. Odlučio sam odbaciti manje ambicioznu temu. Ali, pokazalo se da je čak i tu manje ambicioznu temu vrlo teško svladati u razumnom roku.

Ne računajući uvodni prikaz stanja, moje se izlaganje sastoji od dva glavna dijela. Prvi se dio bavi pitanjima koja se odnose na uspostavljanje samostalnoga monetarnog sustava u Hrvatskoj. Ono je bilo među osnovnim preduvjetima neovisnosti Hrvatske i njezina ukupnoga daljnog razvoja. Vrlo sam sretan što sam u tom procesu imao važnu ulogu.

Drugi dio izlaganja posvećen je sadašnjim i budućim izazovima Hrvatskoj u napredovanju prema članstvu u Europskoj uniji. Iznimno mi je drago zamijetiti da je na tom putu Hrvatska snažno poduprta osobito jakom irskom pomoći koja proizlazi iz raznih izvora. Pitanja o kojima se govori u tom dijelu izlaganja uvelike se preklapaju s mojim aktivnostima kao počasnoga konzula Irske u Hrvatskoj. Zbog same

INAUGURAL LECTURE TO THE IRISH-CROATIAN BUSINESS ASSOCIATION

DUBLIN 29TH SEPTEMBER 2006

I am infinitely grateful and flattered to have been invited to deliver an Inaugural Lecture, no less, to this distinguished audience. This is the first time that I have been accorded such an honour. The topic suggested by the Organisers of this event "Ireland – The European Union and Croatia" is a highly challenging one. I decided to select a less ambitious one. But even that less ambitious one turned out to be very difficult to master within reasonable time limits.

Apart from an introductory background, my paper consists of two main parts. The first deals with issues relating to the establishment of an autonomous monetary system for Croatia. This was one of the basic pre-requisites for Croatia's national independence and all its subsequent development. I am very glad to have played an important role within that process.

The second part of my presentation is devoted to the present and future challenges to Croatia's own progress towards membership of the European Union. I am extremely glad to note that, on this path, Croatia is vigorously supported by exceptionally strong Irish assistance, emanating from various sources. Issues discussed in this part of my paper coincide largely with

svoje prirode taj dio izlaganja valja smatrati kontinuiranim pothvatom. Stoga je njegov za-vršni dio dan samo u obliku natuknica. Njihov je cilj potaknuti otvorenu raspravu i daljnju plodnu suradnju.

Prije nego što prijedem na temu izlaganja, želio bih posebno zahvaliti našem velikom prijatelju, g. Gerryju Danaheru, koji je bio glavna pokretna snaga gotovo svih irsko-hrvatskih inicijativa od trenutka kad smo se prvi put sreli 1995. godine.

UTJECAJ IRSKIH ISKUSTAVA KAO SMJERNICA ZA HRVATSKU

PRIKAZ STANJA

1. Hrvatski građani, uključujući većinu istaknutih intelektualaca, promatrali su zapadnoeropske integracijske procese sa zavissću i velikim zanimanjem od samih njihovih početaka. Hrvati, kao i Slovenci, smatraju da tradicionalno pripadaju zapadnoj civilizaciji i dijele njezine vrijednosti. Stoga je lako razumljivo da smo se osjećali frustrirano jer smo bili odsjećeni od zapadnoeropske integracije. (Građani ostalih konstitutivnih republika bivše Jugoslavije nisu bili posebno opterećeni takvom privrženošću.) Zapadnoeropsku integraciju također smo smatrali – posebice Hrvati i Slovenci – vrlo poželjnom alternativom socijalističkoj (poslije nesvrstanoj) Jugoslaviji, koja je stalno klizila iz jedne u drugu krizu i kojom su i dalje dominirale Srbija i birokracija komunističke partije.

2. Tijekom cijelog razdoblja socijalističke Jugoslavije svaki je neovisan pristup zapadnoeropskim integracijskim aranžmanima bio institucionalno zapriječen, ne samo unutarnjim uređenjem Jugoslavije već i aktualnim politikama država članica Europske zajednice (EZ), koje nisu bile ni zainteresirane ni spremne prihvatići nijednu socijalističku državu. Poslije su u svojim odnosima s bivšom Jugoslavijom zapadnoeropske države izrazito okljevale poduzeti bilo kakav korak koji bi se mogao smatrati poticajem za njezinu dezintegraciju. Tijekom

my activities as Ireland's Honorary Consul in Croatia. Due to its intrinsic nature, this part of my presentation is (and should be) an ongoing enterprise. Therefore, its final part is given only in the form of talking points. They are intended to provide some inspiration for open discussion and further fruitful cooperation.

Before moving to the subject of my presentation I would like to express my particular thanks to our great friend, Mr. Gerry Danaher, who has been the main driving force behind virtually all Irish-Croatian initiatives since we first met back in 1995.

THE IMPACT OF IRISH EXPERIENCES AS A GUIDELINE FOR CROATIA

THE BACKGROUND

1. Croatian citizens, including the majority of prominent intellectuals, have viewed Western European integration processes with envy and keen interest from its early inception. Croats, like Slovenians, regard themselves as traditionally belonging to, and sharing in, the values of Western civilisation. It is therefore easily understandable that we felt frustrated at being cut off from Western European integration. (The citizens of other constituent republics of the former Yugoslavia were not particularly burdened by such attachments.) Western European integration was also viewed – particularly by Croats and Slovenians – as a highly desirable alternative to the socialist (later non-aligned) Yugoslavia, which kept slipping from one crisis to another and continued to be dominated by Serbia and the Communist party bureaucracy.

2. During the whole period of socialist Yugoslavia, any independent approach towards Western European integration arrangements was institutionally blocked, not only by internal Yugoslav arrangements, but also by the prevailing policies of the European Community (EC) member states who were neither interested in nor prepared to accept any socialist country. Later on, in their relations with the former Yugoslavia, Western European countries were

cijelog razdoblja hladnog rata nesvrstana je Jugoslavija ustvari uživala u nadasve povlaštenom položaju. Sa završetkom hladnoga rata važnost nesvrstane Jugoslavije korjenito se promjenila, ali trebalo je proći dosta vremena da se ta promjena ispravno shvati.

3. Jugoslavija je ušla u posthladnoratovsko razdoblje s posebnim i neobičnim gospodarskim sustavom koji se obično opisuje kao socijalističko tržišno gospodarstvo. Unatoč zamjetnim nedostacima u mnogim je aspektima taj sustav bio superioran tradicionalnim centralnoplanskim sustavima. Zbog toga, a i zbog svojih vrlo raznovrsnih komercijalnih i političkih veza s državama članicama Europe-ske zajednice (EZ), bivša Jugoslavija bila je jedna od prvih "socijalističkih" država koje su sklopile sveobuhvatan Sporazum o suradnji. Sporazum je potpisana već 1980., a postupno je primjenjivan od 1983. Bio je zamišljen kao sporazum o povlaštenoj trgovini, a osiguravao je i značajnu finansijsku pomoć, sličnu onoj koja se daje putem programa PHARE, koji je započet tek 1990. Usto, može se reći da je taj sporazum mogao utrti put i početku pregovora o ulasku u EZ/EU. Među ostalim, iznimno kooperativno stajalište EZ/EU prema bivšoj Jugoslaviji prouzročio je strah da bi se višenacionalna Jugoslavija mogla raspasti i da bi nakon toga mogli uslijediti oružani sukobi i krvoproljeće s nepredvidivim posljedicama.

4. Posljednja faza jugoslavenske krize počela je s usponom Slobodana Miloševića na vlast u Srbiji 1987. godine. Iako su kretanja unutar Jugoslavije bila pomno praćena, trebalo je proći dosta vremena da međunarodna zajednica, posebice EZ, pokaže zanimanje i spremnost za djelovanje. Kad se to napokon dogodilo u ljeto 1991., već je bilo prekasno. U tom smislu valja promatrati iznenadan i iznimno jak, ali isključivo diplomatski, angažman EU u jugoslavenskoj krizi. Tek u trenutku prvih otvorenih sukoba u Jugoslaviji, EZ je odlučio "izravno intervenirati" tako što je poslao diplomatske misije sastavljene od visokorangiranih

highly reluctant to undertake any move that could be interpreted as any kind of encouragement towards its disintegration. Throughout the Cold War period, non-aligned Yugoslavia in fact enjoyed a highly privileged position. With the end of the Cold War, the importance of non-aligned Yugoslavia changed fundamentally but it took quite some time before this change was properly understood.

3. Yugoslavia entered the post Cold War period with its particular and peculiar economic system usually described as a socialist market economy. Despite its notable deficiencies, it was in many respects superior to traditional central planning systems. Due to this and its already very diversified commercial and political links with European Community (EC) member countries, the former Yugoslavia was among the first "socialist" countries to have concluded a comprehensive Cooperation Agreement. It was signed as early as 1980 and gradually implemented from 1983. This Agreement was conceived as a preferential trade agreement, also providing for notable financial assistance, along lines similar to the PHARE programme, which was launched only in 1990. It can in addition be said that this Agreement could have also opened the way for the beginning of EC/EU entry negotiations. One of the reasons for the EC/EU's highly cooperative attitude towards the former Yugoslavia was the fear that multinational Yugoslavia could fall apart and be superceded by armed hostilities and bloodshed with unforeseeable consequences.

4. The final stage of Yugoslavia's crisis started with the accession of Slobodan Milošević to power in Serbia in 1987. Although developments inside Yugoslavia were closely monitored, it took a very long time until the international community, and in particular the EC, displayed interest and a readiness to act. By the time it finally happened in Summer 1991, it was already too late. It is in this context that one has to see the sudden and exceptionally strong but purely diplomatic EU engagement in the Yugoslav crisis. It was only at the time of the first open clashes in Yugoslavia that the EC decided to "in-

članova. Trojka EZ-a, koju su činili ministri vanjskih poslova prethodne, tadašnje i buduće države predsjedateljice, doputovala je u Jugoslaviju čak tri puta u razdoblju od dva tjedna krajem lipnja i početkom srpnja 1991. Iako su neki od tih posjeta bili praćeni obećanjima o potencijalno privlačnim „mrkvama“ u obliku dodatne gospodarske pomoći u iznosu od gotovo 5 milijardi dolara, jedini vidljivi rezultat tih misija bio je sporazum dogovoren 8. srpnja na Brijunskim otocima, koji je pozivao na tro-mjesečni moratorij svih aktivnosti usmjerenih prema dezintegraciji Jugoslavije. Neki su ga autori opisali kao sporazum o razdoblju „za rashladivanje“.

5. Kad je došlo do konačnog pada jugoslavenske federacije u ljeto 1991., prethodni ugovorni sporazumi EZ-a i Jugoslavije bili su zapravo izgubljeni. U tom je razdoblju Hrvatska prije svega bila suočena s borbotom za fizički opstanak i postupno ponovno uspostavljanje osnovne kontrole nad svojim teritorijem. Osim toga, morali smo uspostaviti vlastite međunarodne odnose, u čemu je potpuno novi skup sporazuma s Europskom zajednicom dobivao sve veću važnost. U tom sam razdoblju bio na čelu nekih važnih državnih tijela: od kolovoza 1990. do svibnja 1992. bio sam guverner Hrvatske narodne banke, nakon toga sam bio prvi voditelj Misije Republike Hrvatske pri Europskoj zajednici u Bruxellesu (1992. – 1994.), potom veleposlanik u Velikoj Britaniji i napislostjetku veleposlanik u Irskoj (1995. – 1997.).

USPOSTAVLJANJE SAMOSTALNOGA MONETARNOG SUSTAVA KAO PREDUVJET ZA NACIONALNU NEOVISNOST I DALJNJI RAZVOJ

6. S obzirom na činjenicu da ovaj događaj velikodušno potpomaže Irska središnja banka, mislim da je primjereno reći nekoliko riječi o putu Hrvatske do njezine monetarne samostalnosti, koji se zapravo odvijao tijekom druge polovine 1991., te o njezinu jedinstvenom stabilizacijskom programu pokrenutom početkom listopada 1993. Vjerujem da je to

tervene directly” by sending high ranking diplomatic missions. The EC’s presidential troika, compromising past, present and future Presidency Ministers of Foreign Affairs, travelled to Yugoslavia no less than three times in two weeks in late June and early July, 1991. Although some of these visits were accompanied with promises of potentially attractive “carrots” in the form of additional economic assistance amounting to almost five billion dollars, the only visible result of these missions was an agreement, struck on July 8th on the Brioni Islands, which called for a three month moratorium on all actions predisposing towards the disintegration of Yugoslavia. Some authors described this arrangement as an agreement on a “cooling off” period.

5. With the final collapse of the Yugoslav federation in Summer 1991, previous contractual arrangements concluded between the EC and Yugoslavia were effectively lost. By that time Croatia was above all else faced with a fight for its physical survival and a gradual reestablishment of basic control over its national territory. Alongside these primary objectives, we had to establish our own international relations whereby an entirely new set of arrangements with the European Community grew to prominent importance. Throughout this period of time, I was in charge of some important national entities: between August, 1990 and May, 1992 I was Governor of the Croatian National Bank; after this as the first Head of a Croatian Mission to the EC in Brussels (1992-1994); then as Ambassador to the UK (1994-1997) and finally Ambassador to Ireland (1995-1997).

SETTING UP AN AUTONOMOUS MONETARY SYSTEM AS A PRECONDITION FOR NATIONAL INDEPENDENCE AND SUBSEQUENT DEVELOPMENT

6. Given the fact that this event is generously facilitated by the Central Bank of Ireland, I think it only appropriate to say a few words about Croatia’s path to its monetary autonomy, essentially carried out during the second half of 1991, and its subsequent and unique stabilisation programme, launched in early October,

neophodno za razumijevanje prirode gospodarskih i socijalnih problema s kojima se Hrvatska sada suočava, ali i za utvrđivanje problema s kojima će se tek suočiti. Doista se nadam da će unutar tog procesa Hrvatska i dalje imati koristi od irskog iskustva i aktivne prisutnosti brojnih irskih konzultantanata.

7. Dok sam bio na čelu Hrvatske narodne banke, bavio sam se dvama glavnim zadacima, a to su: a) osigurati miran izlazak hrvatskih banaka i drugih novčanih institucija iz socijalističkoga monetarnog sustava bivše Jugoslavije i b) osigurati, koliko je moguće, neometan početak neovisnoga hrvatskoga monetarnog sustava oblikovanog u skladu s potrebama tržišnoga gospodarstva.

8. Koliko mi je poznato, Irska je svoju središnju banku osnovala tek 1943. godine, tj. više od dvadeset godina nakon stjecanja neovisnosti, a na potpunu monetarnu neovisnost prešla je tek 1979., kad je irska funta uvedena kao vlastita irska valuta sa slobodnim fluktuirajućim tečajem. S obzirom na činjenicu da je Hrvatska uspjela uspostaviti svoju monetarnu neovisnost usred rata, čak i prije međunarodnog priznanja, ovoj bi publici trebalo biti zanimljivo čuti kako smo uspjeli ispuniti taj zadatak u najnepovoljnijim okolnostima.

9. U institucionalnom smislu bili u dosta povoljnem položaju zbog federalne strukture bivše Jugoslavije, čiji je centralno-bankarski sustav bio organiziran prema federalnim načelima, slično Sustavu saveznih pričuva u Sjedinjenim Američkim Državama ili pokrajinskim središnjim bankama u Njemačkoj. (Europska središnja banka također je organizirana na sličnim načelima.) Zahvaljujući takvom institucionalnom uređenju Hrvatska narodna banka već je znatno prije pada Jugoslavije postojala kao dobro organizirana članica jugoslavenskoga centralnobankarskog sustava. Takvo se uređenje zasnivalo na jugoslavenskom ustavu iz 1974. Uz ostale funkcije središnje banke, kao što je nadzor nad bankama, središnje banke republika bivše Ju-

1993. *I believe that this is necessary in order to understand the nature of the economic and social problems currently faced by Croatia, but also as a means to identify further problems that still have to be faced. I very much hope that, within this process, Croatia will continue to benefit from Irish experiences and the active presence of numerous Irish consultants.*

7. *As head of the Croatian National Bank, I was engaged in two main tasks: (i) to provide for an orderly exit of Croatian banks and other monetary institutions from the socialist monetary system of the former Yugoslavia, and (ii) to provide for a hopefully smooth start for an autonomous Croatian monetary system, shaped in accordance with the needs of free market economies.*

8. *As far as I know, Ireland only established her own Central Bank in 1943, i.e. more than twenty years after gaining national independence, and then only moved to full monetary independence in 1979, when the Irish Punt was introduced as Ireland's own free floating currency. In view of the fact that Croatia managed to establish its monetary autonomy in the midst of war, even ahead of its international recognition, it should be interesting for this audience to hear how we managed to accomplish this task under the most adverse of circumstances.*

9. *Institutionally, we were in a rather favourable position due to the federal structure of the former Yugoslavia, the central bank system of which was organised along federal principles, similar to the system of Federal Reserve Banks in the United States or the Landeszentral banks in Germany. (The European Central Bank is also organised on the basis of similar principles.) Thanks to such institutional arrangements, the Croatian National Bank already existed as a well organised member of the Yugoslav central banking system well in advance of Yugoslavia's collapse. This arrangement went back to the 1974 Yugoslav Constitution. Apart from other central bank functions, such as bank supervision, the central banks of the republics which comprised*

goslavije imale su i ovlast odobravanja kredita iz primarne emisije (primarni novac) poslovnim bankama sa sjedištem u njihovim republikama. Naravno, takvi su krediti mogli biti odobreni samo u skladu sa zajedničkim kreditnim politikama donesenima za Jugoslaviju kao cjelinu. Zbog takvog je uređenja Hrvatska narodna banka već bila monetarna vlast koja je dobro funkcionirala u trenutku kad sam došao na njezino čelo. Međutim, do tada nam je već postalo jasno da će se, prije ili kasnije, Jugoslavija raspasti. Stoga smo se morali početi pripremati za monetarnu neovisnost. Pritisak da smislimo odgovarajuće prijedloge neprestano je rastao zbog toga što se jugoslavenski monetarni sustav sve više zloupotrebljavao. Zato smo počeli raditi na različitim programima usmjerenima k ostvarenju našeg cilja. Dok smo raspravljali o različitim prijedlozima i planovima za uspostavljanje vlastitoga monetarnog sustava, iznenadni događaji natjerali su nas da djelujemo gotovo istog trenutka.

10. Odlučni događaj potaknut je svečanom – ali iznenadnom – odlukom slovenskih i hrvatskih vlasti od 15. lipnja 1991. da proglaše deklaracije o nacionalnoj neovisnosti. Iako sam bio visokopozicioniran javni dužnosnik, o toj sam odluci obaviješten tek nekoliko sati prije sazivanja izvanredne sjednice Hrvatskoga sabora. Razlog za tu užurbanu hrvatsku odluku o proglašenju nacionalne neovisnosti od dana 25. lipnja 1991. bila je odlučnost Hrvatske da ne zaostane za Slovenijom. S obzirom na to da su Slovenci čvrsto odlučili proglašiti svoju vlastitu deklaraciju o neovisnosti, hrvatsko vodstvo osjećalo je da treba djelovati istodobno. Deklaracije su doista proglašene 25. lipnja 1991. na zasebnim – kasnopođnevnim – sjednicama hrvatskoga i slovenskoga parlamenta.

11. Odmah nakon slovenske deklaracije o neovisnosti uslijedila je akcija slovenske policije s ciljem preuzimanja potpune kontrole nad graničnim postajama na granicama (bivše Jugoslavije) s Austrijom i Italijom. Postojeće jugoslavenske federalne vlasti reagirale su u

the former Yugoslavia were also entrusted with the authority to grant primary credits (high powered money) to commercial banks domiciled in their respective republics. Obviously, such credits could be extended only in accordance with jointly determined credit policies for Yugoslavia as a whole. Due to the existence of such arrangements, the Croatian National Bank was already a well functioning monetary authority by the time I came to head it. By that time, however, it was clear to us that, sooner or later, Yugoslavia would disintegrate. Accordingly, we had to start to prepare for our monetary independence. The pressure to come up with appropriate proposals increased steadily, due to the growing misuse of the Yugoslav monetary system. Consequently, we had started to work on various programmes directed towards achieving our goal. While we were discussing various proposals and plans to set up our own autonomous monetary system, sudden events forced us to act almost instantaneously.

10. The decisive event was triggered by the solemn – but sudden – decision of the Slovenian and Croatian authorities to proclaim respective declarations of national independence on June 15th 1991. Despite being a high ranking public servant, I was only informed about this decision a few hours before the Croatian Parliament was to be convened in an extraordinary session. The reason for this precipitous Croatian decision to declare national independence with effect from June 25th, 1991 was Croatia's determination not to be left behind by Slovenia. As the Slovenians were firmly determined to proclaim their own Declaration of Independence, the Croatian leadership felt that it had to act simultaneously. Respective declarations were indeed proclaimed on June 25th, 1991 by separate – late afternoon – sessions of the Croatian and Slovenian Parliaments.

11. The Slovenian Declaration of Independence was immediately followed by a Slovenian police action intended to take full control over border posts on the (ex Yugoslav) borders with Austria and Italy. Still existing Yugoslav federal authorities reacted within hours by ordering their, but Serbian controlled, army

roku od nekoliko sati izdavanjem naredbe svojoj armiji JNA (pod srpskom kontrolom) da protiv Slovenije započne vojne akcije sljedećeg jutra. Tijekom tog istog dana, 26. lipnja, pozvani smo na izvanrednu sjednicu Odbora guvernera Narodne banke Jugoslavije, čiji sam bio član kao guverner Hrvatske narodne banke. Beogradski sastanak održan je sljedećeg jutra, 27. lipnja. Kad smo zamjenik guvernera i ja stigli u Beograd, uvidjeli smo da naši slovenski kolege neće nazočiti tom sastanku Odbora. Objasnjenje koje su dali Slovenci bilo je da nisu mogli putovati zbog bombardiranja zračne luke u Ljubljani. Na sastanku Odbora uručen nam je opsežan dokument koji su zaposlenici Narodne banke Jugoslavije u Beogradu pripremili preko noći. Dokument je bio zamišljen i sastavljen kao tobožnji odgovor jugoslavenskih federalnih vlasti na slovensku i hrvatsku deklaraciju o neovisnosti. Nakon što smo razmotrili sadržaj predloženog dokumenta, shvatili smo da se njime Hrvatska i Slovenija *de facto* izbacuju iz jugoslavenskoga monetarnog sustava. To nije bilo izričito navedeno, ali nije bilo sumnje da se predložene odluke svode na stvarnu suspenziju ključnih ovlasti koje su Slovenija i Hrvatska imale kao konstitutivne članice jugoslavenskoga centralnobankarskog sustava. Hrvatska i slovenska središnja banka trebale su biti oštro kažnjene i, štoviše, ustvari dokrajčene. Namjera je bila da nam se oduzme ovlast odobravanja svih vrsta kredita domaćim poslovnim bankama, trebali smo biti u potpunosti odsječeni od dostave novih novčanica dinara (čije se tiskanje nastavilo samo u Beogradu), naposljetku, naša cjelokupna ovlast izdavanja odobrenja za međunarodne kreditne transakcije trebala je biti u potpunosti suspendirana. Shvativši što bi takve odluke doista značile, napustili smo beogradski sastanak Odbora nakon snažnog protestiranja. Naš protest, nakon kojega je uslijedio odlazak iz Beograda prije predviđenog vremena, nije sprječio ostale članove Odbora da donesu sve odluke koje su bile prvočno predložene.

*– the JNA – to launch military actions against Slovenia the next morning. During the same day, i.e. June 26th, we were summoned to attend an extraordinary session of the Yugoslav Central Bank Board of Governors of which I was a member as the Governor of the Croatian National Bank. The Belgrade Board meeting was held on the following morning, June 27th. As we, i.e. myself and the Deputy Governor, arrived in Belgrade we realised immediately that our Slovenian colleagues would not be attending that Board meeting. The explanation given by the Slovenians was that they could not travel due to the bombing of Ljubljana airport. At the Board meeting we were presented with an elaborate document prepared overnight by the staff of the Yugoslav Central Bank in Belgrade. It was conceived and drafted as a purported response by the Yugoslav federal authorities to the Slovenian and Croatian Declarations of Independence. On consideration of the content of the proposed document we realised immediately that Croatia and Slovenia were to be expelled *de facto* from the Yugoslav monetary system. This was not stated explicitly but there was no doubt that the proposed decisions amounted to a virtual suspension of crucially important competencies which we possessed as constituent members of the Yugoslav central banking system. The Croatian and Slovenian national banks were to be severely punished, indeed practically killed off. It was intended that we were to be deprived of the authority to extend any credit facilities to local commercial banks; we were to be completely cut off from any supply of new dinar bank notes (which continued to be printed only in Belgrade); finally, our entire authority concerning the issuance of permits for international credit transactions was to be fully suspended. Realising what such decisions would really mean, we left the Belgrade Board meeting after mounting a strong protest. Our protest, followed by our advanced departure from Belgrade, did not prevent the other Board members from adopting all of the decisions that they had originally proposed.*

12. Nakon tog sastanka uvidjeli smo da moramo vrlo brzo djelovati. Nije bilo više vremena. Djelujući pod iznimnim vremenjskim pritiskom, uspjeli smo, ustvari, u roku od tjedan dana pripremiti sve neophodne dokumente, objasniti njihovu važnost i uvjeriti dužnosnike hrvatske vlade i parlamenta da je nužno donijeti odluke koje su preduvjet za uspostavljanje neovisnoga hrvatskoga monetarnog sustava. Na temelju tih odluka, koje je na kraju donijela naša Vlada, Hrvatska narodna banka ponovno je dobila mogućnost da odobrava kredite za refinanciranje hrvatskim poslovnim bankama već 4. srpnja 1991. Od tog dana počeli smo djelovati kao samostalna središnja banka.

13. Naravno, da bismo mogli svladati taj zadatak u tako kratkom razdoblju, bili smo prisiljeni pribjeći određenim prečacima. Glavni prečac (ili domišljatost) bila je naša odluka da u početku nastavimo postupati u skladu s postojećim jugoslavenskim propisima unatoč činjenici da se više nismo smatrali pripadnicima jugoslavenskoga monetarnog sustava. U tih nekoliko dana napokon smo se uspjeli dogоворити о imenu naše nove valute. Odgovarajući propisi doneseni su pravodobno i nove su novčanice naručene. Pripremili smo zakon o osnivanju neovisne Hrvatske narodne banke i Vlada ga je odobrila. Ipak, službeno proglašenje odgođeno je za tri mjeseca, tj. do isteka dogovorenoga briјunskega moratorija. Naše nove novčanice, nominirane u hrvatskim dinarima, naručene su od tiskara u Švedskoj, ali trebale su biti isporučene tek četiri mjeseca poslije. U međuvremenu nismo imali izbora, već smo morali nastaviti upotrebljavati jugoslavenske novčanice i kovanice dinara. Srećom, u trezorima smo imali pričuvu dinarskih novčanica koja je bila dovoljna za razdoblje do isporuke naših vlastitih novčanica (hrvatskog dinara). Te novčanice uvedene su neposredno prije Božića 1991., čime je formalno završen proces uspostavljanja naše monetarne neovisnosti.

14. Daljnji, i najvažniji, događaj, početak provedbe sveobuhvatnoga stabilizacijskog

12. Following that Board meeting we realised that we had to move very quickly. There was no time left. Acting under enormous time pressure we managed, essentially within one week, to prepare all necessary documents, to explain their significance and to convince the Croatian Government and the parliament officials of the necessary decisions that had to be taken as a precondition for the establishment of an autonomous Croatian monetary system. On the basis of those decisions, taken ultimately by our Government, the Croatian National Bank regained its capacity to provide refinancing facilities to Croatian commercial banks as early as July 4th, 1991. From that day on we started to act as an autonomous central bank.

13. Obviously, in order to master such a task within so brief a period of time, we were forced to resort to some shortcuts. The main shortcut (or contrivance) was our decision to continue initially to act in accordance with existing Yugoslav regulations, despite the fact that we no longer regarded ourselves as belonging to the Yugoslav monetary system. During those few days we finally managed to agree on the name of our new currency. Appropriate legislation was duly adopted and new banknotes were ordered. The law on the establishment of an autonomous Croatian National Bank was prepared by us and approved by the Government. But its official proclamation was postponed for three months, i.e. until after the expiry of the agreed Brioni moratorium. Our new banknotes, denominated in Croatian Dinars, were ordered from printers in Sweden but were only due to be delivered four months later. In the meantime, we had no choice other than to continue to use Yugoslav dinar notes and coins. Fortunately, we had in our vaults a reserve of dinar notes sufficient for the period until the delivery of our own (Croatian Dinar) banknotes. Those were introduced just before Christmas 1991 and, with this, the process of our monetary autonomy was formally completed.

14. A further and most important development, the launching of a comprehensive stabi-

programa zajedno s napuštanjem naslijedene socijalističke prakse, uspješno je obavljen do listopada 1993. U početku je taj program dočekan s velikim skepticizmom, i u zemlji i u inozemstvu. Bio je to neobičan i jedinstven stabilizacijski program. Kažem da je bio jedinstven posebice stoga što je proveden usred rata, kad je sudbina cijele zemlje još uvek bila upitna. Budući da je cijeli program bio utemeljen na tečajnoj stabilnosti, pojavili su se i drugi znatni rizici. Autor i glavna pokretnačka snaga programa bio je Borislav Škegro, zamjenik predsjednika Vlade, zajedno s još četvoricom mlađih ekonomista koji su u to vrijeme bili slabo poznati. Na kraju se pokazalo da je program bio iznimno uspješan. Od početka njegove provedbe Hrvatska je uživala u stabilnosti cijena i tečaja, koja je bila praćena održivim rastom BDP-a i malom aprecijacijom naše valute. Moram dodati da nemam pravo pripisivati si bilo kakve osobne zasluge za stabilizacijski program iz 1993. U trenutku kad je počela njegova provedba, više nisam bio u Banci, pa čak ni u Hrvatskoj.

15. Problem deviznih pričuva bio je, na neki neobičan način, vrlo jednostavan. Hrvatska narodna banka uopće nije imala pričuva. U početku nismo imali nijedan dolar, pa tako ni račune otvorene kod banaka u inozemstvu. (Prve, vrlo male pričuve počele su nastajati tek u rujnu 1991.) Kako bismo preživjeli s takvim nedostatkom deviznih sredstava, morali smo se usredotočiti na uspostavu vlastitoga kreditiblita. To je doista zahtijevalo iznimne napore. Tijekom prvog tjedna naše monetarne neovisnosti, početkom srpnja 1991. bili smo prisiljeni pretvoriti sve devizne depozite hrvatskih građana kod hrvatskih banaka u blokirane petogodišnje depozite, koji su postali državni dug i donosili kamate od 5%. To je značilo da naša monetarna neovisnost nije počela s deviznim pričuvama u iznosu nula, već sa znatnim negativnim stanjem od gotovo 2,6 milijarde američkih dolara. Nedugo zatim, bili smo prisiljeni pregovarati i prihvatići udio Hrvatske u dugovima bivše Jugoslavije Pariškom i Lon-

lisation programme coupled with the abandonment of the inherited socialist practices, was successfully carried out by October, 1993. This programme was initially met with great scepticism, both at home and abroad. It was an unorthodox and unique stabilisation programme. I say that it was unique particularly because it was launched in the midst of a war when the destiny of the whole country was still in question. As the whole programme was anchored to exchange rate stability, considerable additional risks emerged. The author and the main driving force behind this programme was Mr. B. Škegro, the Deputy Prime Minister, together with four young economists who were barely known at that time. Ultimately it turned out to be a great success. Since it was launched, Croatia has enjoyed price and exchange rate stability, accompanied by sustained GDP growth and some slight appreciation of our currency. I have to add that I am not entitled to claim any personal credit for the 1993 stabilisation programme. By the time of its launching I was not longer in the Bank, nor even in Croatia.

15. *The problem of foreign exchange reserves was, in a peculiar way, very simple. The Croatian National Bank did not have any reserves at all. Initially, we had not a single dollar and therefore no accounts with foreign banks. (The first, very modest, reserves started to be built up only during August, 1991.) In order to survive with such a shortage of foreign exchange funds we had to concentrate on building up our own credibility. This required extremely heavy investment indeed. During the very first week of our monetary independence, i.e. early July, 1991, we were forced to convert all foreign exchange deposits of Croatian citizens with Croatian banks into blocked five year deposits conceived as Government debt and carrying 5% interest. This implied that our monetary independence did not start with zero forex reserves but rather with a notable negative balance, amounting close to 2.6 billion US dollars. Shortly afterwards, we were forced to negotiate and to accept Croatia's share of the former Yugoslavia's*

donskom klubu kreditora. To je značilo prihvatanje dodatnoga inozemnog duga, u iznosu većem od 3,8 milijarde američkih dolara.

16. Hrvatske poslovne banke ovlaštene za obavljanje deviznih transakcija imale su – prije svega za transakcijske potrebe – odredene, strogo ograničene količine deviznih sredstava kod svojih inozemnih korespondenata. Prema našim saznanjima ukupan iznos tih sredstava u trenutku odvajanja od Jugoslavije bio je oko 400 milijuna dolara. Taj je iznos ustvari činio ukupan iznos likvidnih sredstava dostupnih svim hrvatskim poslovnim bankama i njihovim klijentima. Međutim, iako je taj iznos bio malen, postojala je opasnost da će i on bude blokirani i tako postane nedostupan bilo kome u Hrvatskoj. To se dogodilo u listopadu 1991. nakon što je Narodna banka Jugoslavije poslala okružnicu vodećim središnjim bankama diljem svijeta. Zahtjevalo se da se sva devizna sredstva, uključujući likvidna sredstva, koja se drže u korist hrvatskih i slovenskih poslovnih banaka, blokiraju i drže u skrbništvu sve dok se ne razjasne tobožnji prijestupi koje su navodno počinile te dvije države i/ili njihovi bankovni sustavi. Obaviješteni smo da su taj zahtjev Narodne banke Jugoslavije u početku prihvatile dvije od najvažnijih europskih središnjih banaka. Svjestan potencijalnih katastrofalnih posljedica te blokade i toga malog iznosa deviznih sredstava koji je pripadao hrvatskim poslovnim bankama, počeo sam činiti sve što sam mogao kako bih otklonio prijetnju. Nasreću, neposredna je prijetnja doista brzo otklonjena. Vjerujem da bi bilo korisno ukratko opisati epizodu koja se odigrala nekoliko mjeseci prije, a koja je, čini se, značajno pridonijela uklanjanju te prijetnje i uspostavljanju našega međunarodnoga kredibiliteta.

17. Ta se epizoda dogodila početkom 1991. Odnosi se na dobro poznato nezakonito kreiranje primarnog novca koje je provodila Narodna banka Srbije. Narodna skupština Srbije donijela je 28. prosinca 1990. tajni zakon i dva podzakonska akta, objavljena u "strogom povjerljivim" (tj. tajnim) srpskim Narodnim

debts towards the Paris and London creditor clubs. This involved accepting additional external debt of more than 3.8 billion US dollars.

16. Croatian commercial banks, authorised for foreign exchange transactions, were – primarily for transaction purposes – holding certain, strictly limited, foreign exchange funds with their foreign correspondents. As far as we knew, the overall amount of such funds at the time of our separation from Yugoslavia amounted to up to 400 million dollars approximately. This represented, in fact, the total amount of working balances accessible to all Croatian banks and their customers. However modest, even these funds were in danger of being blocked and therefore becoming unusable for anyone in Croatia. This happened in October 1991 following a circular letter from the Yugoslav Central Bank addressed to leading central banks worldwide. It was requested that all foreign exchange funds, including working balances, held in favour of Croatian and Slovenian commercial banks, be blocked and kept in custody for as long as it would take to clarify alleged contraventions supposedly committed by these two countries and/or their banking systems. We were notified that this request of the Yugoslav Central Bank was initially acceded to by two of the most important European central banks. Being aware of the potentially disastrous consequences of this blockade for those few forex funds belonging to Croatian commercial banks, I started to do all that I could in order to get this threat removed. Fortunately enough, the imminent threat was indeed quickly removed. I believe that it may be worthwhile to describe briefly an episode which occurred several months before but which seems to have notably contributed towards removing this threat and establishing our international credibility.

17. This episode occurred in early 1991. It related to the well known illegal creation of high powered money carried out by the National Bank of Serbia. On December 28th, 1990 the National Assembly of Serbia passed a secret law and two by-laws, all published in a "strictly confidential" (i.e. secret) Serbian Official Gazette, instructing

novinama, kojima se Narodnoj banci Srbije nalaže da odobri (*ex nihilo*) šestomjesečni kredit skupini srpskih poslovnih banaka u iznosu od 18,2 milijarde jugoslavenskih dinara, uz kamatnu stopu upola manju od ionako već niske eskontne stope. Srpske banke upotrijebile su veći dio tih sredstava za kupnju deviznih sredstava u iznosu od gotovo 1,5 milijardi njemačkih maraka. Te su kupnje formalno obavljane na službenome jugoslavenskom deviznom tržištu, ali je veći dio tih sredstava dolazio od Narodne banke Jugoslavije. Time je potrošen značajan dio – oko jedna trećina – zajedničkih deviznih pričuva Jugoslavije. Cjelokupna operacija, provedena tijekom noći na prijelazu iz 1990. u 1991. godinu, bila je skrivena i sve uključene strane držale su je u strogoj tajnosti. Ipak, početkom siječnja 1991. za nju se doznao i izbio je veliki skandal. Sa svih strana pojavili su se zahtjevi da se cijela stvar ne samo osudi već – što je još važnije – da se nezakonito stečena sredstva vrate u Narodnu banku Jugoslavije te da se počinitelji primjereno kazne. Budući da su ti zahtjevi bili ignorirani, pojavio se niz prijedloga za poduzimanje jednostranih akcija kako bi se nadoknadila šteta koju su počinile srpske vlasti.

18. Slično tome, uskoro smo se suočili s brojnim zahtjevima, od kojih su neki potjecali i od članova tadašnje hrvatske Vlade, da Hrvatska narodna banka odobri analogni kredit u iznosu od najmanje 30 milijardi jugoslavenskih dinara. Iako su pritisak, pa i iskušenje, bili vrlo jaki, mi u Hrvatskoj narodnoj banci oštro smo se protivili takvim idejama zbog mnogih razloga. Međutim, javni i politički pritisak da popustimo tim zahtjevima snažno su i brzo jačali. Kako bismo riješili te pritiske, shvatio sam da moram potražiti snažnog saveznika koji bi nam mogao pomoći. Već 9. siječnja 1991. otpotovao sam u Njemačku radi prije dogovorenih posjeta središnjoj banci pokrajine Baden-Württemberg u Stuttgартu i njemačkoj središnjoj banci u Frankfurtu. U obje su me banke primili njihovi visoki dužnosnici, uključujući predsjednike tih banaka,

*the Serbian Central Bank to grant (*ex nihilo*) six months credit to a group of Serbian commercial banks, amounting to 18.2 billion Yugoslav dinars, at half of the official, already low, discount rate. Serbian banks used these funds mainly to buy foreign exchange funds, amounting to close to 1.5 billion German marks. These purchases were formally carried out on the official Yugoslav foreign exchange market but the overwhelming part of these funds came from the Yugoslav Central Bank. Thereby, a substantial part – about one third – of joint Yugoslav foreign exchange reserves became depleted. The whole operation, carried out virtually overnight by the turn of the year 1990/1991, was hidden and kept strictly secret by all parties involved. However, by early January 1991, it had become known and was immediately regarded as a major scandal. There were widespread requests that the whole affair be not only condemned but – even more importantly – that the illegally appropriated funds be returned to the Yugoslav Central Bank and the perpetrators duly punished. As all such requests were in reality ignored, a number of proposals emerged for unilateral actions in order to compensate for the damage engineered by the Serbian authorities.*

18. Along similar lines we were quickly confronted with a demand put forward by numerous people, including some members of the then Croatian Government, asking that the Croatian National Bank should extend an analogous credit facility amounting to no less than 30 billion Yugoslav dinars. Although the pressure, and also the temptation, were very strong, we in the Croatian National Bank were strongly opposed to all such ideas on a number of grounds. However, the public and political pressure to yield to these demands grew strongly and rapidly. In order to deal with these pressures I realised that I had to look for some powerful ally who could help us. Already, on January 9th, 1991, I had travelled to Germany in order to pay previously scheduled visits to the Landeszentralbank Baden-Württemberg in Stuttgart and to the Bundesbank in Frankfurt. In both banks I was received by their senior officials, including the respective

profesora N. Klotena i dr. H. Schlesingera. Tijekom sastanaka spomenuo sam im naš problem koji je proizlazio iz rastućih domaćih pritisaka da slijedimo srpski primjer kako bismo nadoknadiли štetu koju je Hrvatska pretrpjela. Njihova neposredna reakcija bilo je oštro odbijanje bilo kakvog prijedloga osmislenog na tragu politike koju je Srbija upravo donijela. U početku sam bio vrlo iznenaden intenzitetom zanimanja koje su moji njemački domaćini posvećivali navodnom srpskom kreditiranju primarnog novca. Poslije sam shvatio da je to njihovo snažno zanimanje za ovaj slučaj možda bilo pod utjecajem problema koje su takvi predsedani mogli stvoriti u kontekstu tada još "nepredviđene" zajedničke Europske središnje banke (ESB). Neke pojedinosti u vezi s tim događajem objavljene su još 1994. u knjizi skupine autora koje je okupila njemačka središnja banka u Frankfurtu (vidi *Geld und Moral*, urednici H. Hesse i O. Issing, Verlag Vahlen, München 1994.).

19. Ohrabren čvrstim stajalištem koje su zauzeli vodeći njemački središnji bankari, po povratku u Hrvatsku otišao sam do predsjednika F. Tuđmana kako bih ga obavijestio o mišljenju i savjetu koje su mi dali njemački domaćini. On je odmah razumio poruku i zatražio od Vlade da se predložena osvetnička akcija, koja je već uvelike uznapredovala, odgodi na neodređeno vrijeme. Pokazalo se da je ta odluka za mene bila i vrlo sretna i vrlo nesretna. S jedne strane, mogao sam je smatrati osobnom pobjedom nad nizom vrlo značajnih ljudi, od kojih bi se neki i okoristili takvim potezom, a s druge strane, morao sam prihvatići činjenicu da postoji skupina vrlo utjecajnih neprijatelja koji neće prestati tražiti priliku da me uklone iz Banke. U svakom slučaju najvažniji rezultat cijelog pothvata, koji s radošću spominjem, bila je potpora koju smo dobili od njemačke središnje banke otprilike devet mjeseci poslije, u listopadu 1991., kad je odbila zahtjev Narodne banke Jugoslavije da blokira sva sredstva hrvatskih i slovenskih poslovnih banaka deponirana u Njemačkoj.

*Bank Presidents, Prof. N. Kloten and Dr. H. Schlesinger. During my meetings with them I mentioned our problem arising out of increasing local pressures to follow the Serbian example in order to compensate for the damage Croatia had suffered. Their immediate reaction was a strongly worded rejection of any proposal conceived along similar lines to the policy just adopted by Serbia. Initially I was quite surprised by the intensity of interest that my German hosts were devoting to the alleged Serbian creation of high powered money. Later on, I came to understand that their keen interest in this case might have been influenced by the potential problems such precedents could have created in the context of the as yet "unenvisioned" common European Central Bank (ECB). Some details relating to this event were published, back in 1994, in a book prepared by a group of authors assembled by the Bundesbank in Frankfurt. (See *Geld und Moral*, edited by H. Hesse and O. Issing, Verlag Vahlen, München 1994.)*

19. Encouraged by the firm attitude taken by the leading German central bankers, upon my return to Croatia I went straight away to see President F. Tuđman in order to inform him of the opinion and the advice expressed by my German hosts. He immediately understood the message and asked the Government that the proposed retaliative action, which had already advanced notably, be called off indefinitely. This decision turned out to be a very mixed blessing for me. On the one hand, I could regard it as a personal victory over a number of very significant people, some indeed potential beneficiaries of any such move, while on the other hand I had to accept that I was now left with a group of highly influential adversaries who would not cease to look for my removal from the Bank. Anyway, the most important result of the whole exercise, to which I am glad to refer, was the support which we received from the German Bundesbank some nine months later in October 1991 when they refused to comply with the request of the Yugoslav Central Bank demanding the blockage of all Croatian and Slovenian

Mogli bismo se zapitati bi li njemačka središnja banka tako postupila da nismo poslušali njezin savjet nakon događaja u Srbiji. Francuska središnja banka bila je druga velika središnja banka koja nam je pružila sličnu potporu u vezi s tim iznimno važnim pitanjem i zadovoljstvo mi je reći da sam prije toga imao čast osobno upoznati njezina guvernera, g. Jacquesa de Larosierea.

VLASTITI PUT HRVATSKE PREMA EUROPSKOJ INTEGRACIJI UZ POTPORU IRSKIH DUŽNOSNIKA I INDIVIDUALNIH AKCIJA

20. Dopustite mi da prijeđem na drugi dio izlaganja. Hrvatski odnosi s EZ-om/EU prošli su kroz faze uspona i padova. Prva takva faza dogodila se u vrijeme kad je Hrvatska još bila dio jugoslavenske federacije. Spomenuti Sporazum o suradnji između EZ-a i bivše Jugoslavije stvorio je neku osnovu za razvoj prisnijih odnosa između hrvatskih poduzeća i njihovih europskih partnera. S konačnim padom Jugoslavije u drugoj polovini 1991. taj je sporazum ustvari zanemaren.

21. Druga faza – tj. prva samostalna faza Hrvatske – počela je krajem 1992. nakon otvaranja prve Misije Republike Hrvatske pri EZ-u u Bruxellesu. U početku su neki segmenti naših trgovinskih odnosa s EZ-om i dalje imali koristi od preferencijalnih aranžmana uspostavljenih sporazumom s bivšom Jugoslavijom. Ipak, s vremenom smo počeli stvarati vlastiti skup aranžmana s EZ-om. Na posljeku je taj proces doveo do zaključenja okvirnog sporazuma o sudjelovanju Hrvatske u programu PHARE, koji je potpisana 27. srpnja 1995. Istodobno smo započeli pregovore o zaključenju našeg prvog sporazuma s EZ-om o trgovini i prometu. Nažalost, sve to naglo je prekinuto u kolovozu 1995., kad je pod predsjedanjem Španjolske EZ jednostrano prekinuo sve takve aranžmane s Hrvatskom. Povod za odluku bila su kaznena djela koje su hrvatske snage navodno počinile protiv lokalnoga srpskog stanovništva tijekom i nakon vojne operacije Oluja, kojom je napokon za-

commercial bank funds in Germany. It could be asked if the Bundesbank would have acted as it did if we had not adhered to its advice following the Serbian affair. The Banque de France was the other major European central bank which gave us similar support on this crucially important issue and I am glad to say that, previously, I had the honour to become personally acquainted with its President, Mr. Jacques de Larosiere.

CROATIA'S OWN WAY TOWARDS EUROPEAN INTEGRATION SUPPORTED BY IRISH OFFICIALS AND INDIVIDUAL ACTIONS

20. Let me now turn to the second part of my presentation. Croatian relations with the EC/EU went through various phases of ups and downs. The first such phase occurred during the time when Croatia was still a part of the Yugoslav federation. The previously mentioned Cooperation Agreement between the EC and former Yugoslavia provided some basis for the development of closer relations between Croatian companies and their European partners. With the final collapse of Yugoslavia during the second half of 1991, this Agreement was virtually abandoned.

21. The second phase – i.e. Croatia's own first phase – began by the end of 1992, following the opening of the first Croatian Mission with the EC in Brussels. Initially some parts of our trade relations with the EC could still benefit from preferential arrangements established by the Agreement with ex-Yugoslavia. However, with the passage of time we started to develop Croatia's own set of arrangements with the EC. Ultimately, this process led to the conclusion of a Framework Agreement on Croatia's accession to the PHARE Programme, which was signed on July 27th, 1995. Simultaneously, we had also started negotiations on the conclusion of our first Agreement with the EC on Trade & Transportation. Unfortunately, all of this came to an abrupt end in August, 1995 when, under the Spanish Presidency, the EC unilaterally suspended all such arrangements with Croatia. The decision was attributed to alleged violations by Croatian forces against the local Serbian popu-

vršeno oslobođanje Hrvatske. Odluka predsjedateljice EU iz 1995. o jednostranoj suspenziji okvirnog ugovora s Hrvatskom dovela je do šestogodišnjeg kašnjenja u našem pristupanju europskoj integraciji. Tijekom tog razdoblja, a i poslije, pred Hrvatsku je bio postavljan sve veći broj političkih uvjeta.

22. Trenutačno se nalazimo u razdoblju koje bi se moglo opisati kao treća – tj. druga samostalna faza Hrvatske – faza odnosa s Europskom unijom (EU). Nakon zastoja koji je uslijedio poslije jednostrane suspenzije okvirnog sporazuma u kolovozu 1995., naši su se odnosi s EU ponovno počeli razvijati, ali vrlo sporo. Sad mi je veliko zadovoljstvo istaknuti da su se neki vrlo važni dogadaji koji su značajno poboljšali naša nastojanja da se približimo EU, dogodili tijekom posljednja dva razdoblja irskog predsjedanja EU. U razdoblju irskog predsjedanja od srpnja do prosinca 1996. Hrvatska je napokon postala punopravna članica Vijeća Europe. Nakon toga uslijedilo je naše članstvo u Svjetskoj trgovinskoj organizaciji (WTO). To su bili neki od bitnih koraka koje je trebalo napraviti na našem putu pristupanja EU.

23. Tijekom posljednjeg irskog predsjedanja EU – u prvoj polovini 2004. – svladana je još jedna vrlo važna zapreka kad je Hrvatska stekla status države kandidatkinje za punopravno članstvo u EU. Službeni pregovori koji će naponjaku dovesti do članstva Hrvatske u EU napokon su otvoreni početkom listopada 2005. Pregovori koji su u tijeku odvijaju se relativno dobro. Glavna zapreka koju još treba ukloniti dolazi izvana. Ona je posljedica implikacija sadržanih u Sporazumu iz Nice koje se odnose na broj dodatnih europskih država koje će biti primljene u punopravno članstvo EU. Iako vjerujemo da će se na novoj međuvladinoj konferenciji Sporazum iz Nice promijeniti ili nadopuniti, hrvatski pregovarački timovi, koji obuhvaćaju predstavnike i stručnjake iz svih političkih stranaka, sada su u potpunosti angažirani na odgovarajućim postupcima tzv. *screeninga* i drugim postupci-

lation during and after the military operation Oluja/Storm by which Croatia's liberation war finally ended. The 1995 EU Presidential decision on unilateral suspension of the Framework Agreement with Croatia led to a delay of some six years in our approach towards European integration. Throughout this period, as well as afterwards, Croatia was subjected to an ever increasing number of political conditions.

22. Presently, we are in what can be described as a third – i.e. Croatia's own second – phase of relations with the European Union (EU). After the setback following August 1995's unilateral suspension of the Framework Agreement, our relations with the EU began evolving again, but quite slowly. I am now very glad to point out that some highly important events leading towards the substantial improvement of our efforts to come definitively closer to the EU occurred during the last two Irish EU Presidencies. During the July-December 1996 Irish Presidency, Croatia finally became a fully fledged member of the Council of Europe. This was followed later by our membership of the World Trade Organisation (WTO). These were some of the vital steps that had to be met on our way towards EU accession.

23. During the last Irish EU Presidency – the first half of 2004 – a further highly important hurdle was crossed as Croatia was accepted as a recognised candidate for full EU membership. Formal negotiations, leading ultimately to Croatia's EU membership, were finally opened in early October, 2005. Ongoing negotiations are proceeding reasonably well. The main obstacle that remains to be removed is of external origin. It is due to the implications of the Treaty of Nice relating to the number of further European countries to be admitted to full EU membership. While we trust that a new Intergovernmental Conference will change or amend the Nice Treaty, Croatian negotiation teams, comprised of representatives and experts from all political parties, are now fully engaged in respective screening and other procedures to ensure that there are no other external obstacles to be removed.

ma kako bi se uklonile sve druge potencijalne vanjske zapreke.

24. Iako iznimno cijenimo irsku diplomatsku i političku potporu, mislim da je pošteno reći da Hrvatska, sa strukturnoga gledišta, ima još veće koristi od pomoći različitih konzultanata iz Irske. Oni su angažirani na osnovi različitih aranžmana, od kojih su neki u izravnoj nadležnosti hrvatske Vlade i njezinih agencija, neki u nadležnosti međunarodnih organizacija koje Hrvatskoj pružaju tehničku pomoć, dok su neki angažirani na neformalnoj i isključivo individualnoj osnovi. U međuvremenu je nekoliko irskih državljana osnovalo poduzeća u Hrvatskoj ili su kupili nekretnine, što je daljnje jačanje irske prisutnosti u Hrvatskoj. Pokazalo se da su aktivnost i prisutnost svih tih ljudi iz Irske iznimno korisni za Hrvatsku zbog mnogih razloga: a) oni sa sobom donose posebne oblike iskustava, stručno znanje i vještine koje su osobito potrebne, ali trenutačno nisu dostupne u Hrvatskoj i b) većina Hrvata irske stručnjake smatra dobrohotnim, sposobnim i pouzdanim konzultantima od konzultanata iz nekih drugih razvijenih zemalja. Čini se da su vrlo uspješni u uspostavljanju dobrog odnosa s odgovarajućim stranama u Hrvatskoj. Koliko mogu primjetiti, čini se da je to umnogome posljedica jedinstvene mješavine profesionalne stručnosti i opuštenog ponašanja pojedinaca.

25. Osim zahvaljujući inherentnim kvalitetama irskih konzultanata, njihova opća pozitivna percepcija u Hrvatskoj posljedica je i činjenice da su mnogi Hrvati iskreno općinjeni ukupnim razvojem i poviješću Irske. Ta se općinjenost može pripisati nizu činjenica, ali i nekoj vrsti naivnoga samozavaravanja. Osnovne činjenice očigledne su i ne treba ih zanemariti: slična veličina obiju zemalja, i u smislu broja stanovnika i po teritoriju, određene sličnosti u povijesnom razvoju, tradicionalna privrženost katolicizmu, iznimno jaka emigracija i relativno kasno uspostavljanje nacionalne neovisnosti. Uza sve to tu je i važna činjenica da je Irska, koja je prije stotinu

24. *Although we highly appreciate Irish diplomatic and political support, I think it is fair to say that Croatia is, structurally, benefiting even more from the assistance of numerous Irish consultants. They are engaged under various arrangements, some of them directly by the Croatia Government and its agencies, some by international organisations providing technical assistance to Croatia, and some others on an informal, purely individual basis. In the meantime, several Irish citizens have set up companies in Croatia or bought properties; a further strengthening of the Irish presence in Croatia. The activity and presence of all those Irish people turns out to be highly beneficial for Croatia for a number of reasons: (i) they carry with them particular forms of experience, expert knowledge and skills which are badly needed but not, presently, available in Croatia, and (ii) Irish experts are perceived by most Croats as benevolent, competent and more trustworthy than consultants from some other developed countries. It seems that they are quite successful in getting along with their Croatian counterparts. As far as I can note, a lot of this seems to be due to a unique mixture of professional competence coupled with relaxed personal behaviour.*

25. *Apart from the intrinsic qualities of Irish consultants, their widely positive perception in Croatia is due also to the fact that many Croats are genuinely fascinated by Ireland's overall development and history. This fascination can be attributed to a number of facts but also to a kind of naïve wishful thinking. Basic facts are evident and should not be overlooked: the similar size of the respective countries, both in terms of population and territory; some similarities in historical development; traditional adherence to Catholicism; exceptionally strong emigration and relatively late establishment of national independence. Apart from all that, there is also the important fact that Ireland, which one hundred years ago was one of the poorest countries in Europe (at that time notably less prosperous than Croatia), has suddenly become one of the best performing and*

godina bila jedna od najsramašnijih država u Europi (u to vrijeme znatno manje prosperiteta od Hrvatske), iznenada postala jedna od najuspješnijih i najnaprednijih europskih država. To je fascinantno prema svim standardima. Ta je činjenica utjecala i na moje hrvatske sunarodnjake. Čini se da su počeli vjerovati da su Irci otkrili neko čarobno sredstvo kojim se siromašna zemlja može pretvoriti u iznimno prosperitetnu gotovo preko noći. Jasno je da je to jako pojednostavljeno, ali ipak odgovarajuće objašnjenje za općinenost prosječnoga Hrvata irskim uspjehom.

26. S obzirom na sve što je rečeno, ne bi nas trebao iznenaditi broj irskih konzultanata koji su izravno angažirani u Hrvatskoj ili na neki drugi način rade s hrvatskim vlastima u sklopu različitih aranžmana. Koliko mi je poznato, gotovo stalno imamo više od deset irskih konzultanata koji su aktivno prisutni u Hrvatskoj. To je znatno veći broj od broja konzultanata angažiranih iz bilo koje druge zemlje. Osim toga, brojni hrvatski subjekti odabrali su Irsku kao zemlju čija bi rješenja i/ili posebne obrasce razvoja trebalo proučavati kako bi ih se moglo primijeniti u Hrvatskoj. Zbog toga smo svjedoci neprekidne rijeke hrvatskih dužnosnika i znanstvenika koji putuju u Irsku da bi se na licu mjesta upoznali s odgovarajućim irskim rješenjima. Ukupno gledajući, može se reći da je u proteklih desetak godina Irska za Hrvatsku postala glavno ishodište razvoja utemeljenog na znanju. Iako nemam informacija o izvozu irskoga znanja i iskustva u druge zemlje, usuđujem se pitati postoji li ijedna druga zemlja koja je toliko željna učiti iz irskog iskustva i okoristiti se njime kao Hrvatska.

ODABRANI IZAZOVI ZA DALJNU IRSKO-HRVATSKU SURADNJU

27. Među gotovo bezbrojnim važnim pitanjima koja bi se mogla (i trebala) obraditi u sklopu različitih oblika irsko-hrvatske suradnje, želio bih izdvojiti "samo" tri. Ta pitanja čine tri široko definirane teme. Predlažem te teme imajući ponajprije na umu najzamršnije

most prosperous countries in Europe. This is fascinating by any standard. This fact has had its impact also on my Croatian countrymen. It seems that they have come to believe that the Irish have discovered some miraculous device by which a poor country can be turned into a highly prosperous one, almost overnight. Obviously, this is a highly simplified but nevertheless still a representative explanation for the average Croat's fascination with Irish success.

26. In view of all that has previously been said, one should not be surprised by the number of Irish consultants directly engaged in Croatia or otherwise working with Croatian authorities within various arrangements. As far as I know, we have, almost permanently, more than ten Irish consultants actively present in Croatia. This is notably more than the number of consultants engaged from any other country. In addition to this, numerous Croatian entities have selected Ireland as the preferred county whose solutions and/or particular patterns of development should be studied, with a view to their implementation in Croatia. Due to this, we are also witnessing a continuous flow of Croatian officials and scholars travelling to Ireland in order to get acquainted with respective Irish solutions on the spot. Taken together, it can now be said that over the past ten years or so Ireland has emerged as Croatia's major supplier of knowledge based development. I have no information about Ireland's "know-how" exports to other countries; nevertheless I dare to question if there is any other country which is so keen to learn and to profit from Irish experience as Croatia.

SELECTED CHALLENGES FOR FURTHER IRISH CROATIAN COOPERATION

27. Out of an almost infinite number of important issues which could (and should) be addressed within various forms of Irish/Croatian cooperation, I would like to single out "only" three. They constitute three widely defined topics. I am suggesting these topics having in mind, primarily, the most intricate and most urgent problems faced presently by different

i najhitnije probleme s kojima se sada suočavaju razni segmenti hrvatskog društva. Osim teškog posla koji treba obaviti i koji se odnosi na golem broj realnih problema, potrebna nam je i pomoć da razriješimo svojevrsnu pomutnju koja proizlazi iz nekih pogrešnih ideja. Uvjeren sam da bi se irski doprinos razjašnjavanju/ukidanju tih dilema mogao pokazati kao iznimno vrijedna usluga Hrvatskoj u cijelini. Ta glavna pitanja, kojima bismo se mogli baviti u budućoj irsko-hrvatskoj suradnji, pokušat će vesti pod samo nekoliko široko definiranih točaka.

NATUKNICE ZA RAZGOVOR

A. Odgovarajuće razumijevanje suvremenog svijeta u kojemu svi mi živimo. Između ostalog, to se odnosi na razumijevanje stvarnog značenja naslijedenog pojma nacionalnog suvereniteta. Što to doista znači danas za malu zemlju koja želi uživati u blagostanju? To bi također trebalo dovesti do bavljenja pojmom rastućeg euroskepticizma u današnjoj Hrvatskoj.

B. Primjereno upoznavanje s irskim i hrvatskim obrascima razvoja u nedavnoj prošlosti. Pomnije promatranje tih kretanja trebalo bi svakako dovesti do nekoliko važnih spoznaja, npr. razumijevanja ključne važnosti potpune reforme sektora obrazovanja kao preduvjeta za restrukturiranje svih drugih sektora. Čini se da mi u Hrvatskoj još nismo shvatili značenje i implikacije uslužnoga gospodarstva. U tom se smislu također treba pozabaviti demografskim kretanjima i njihovim implikacijama na tržiste rada i imigracijsku politiku.

C. Reforme sektora javne uprave i pravosuđa u Hrvatskoj. Sve više smo svjesni temeljnih promjena koje su potrebne u tim područjima. Ipak, ostvarivanje tih promjena teče vrlo sporo. Zbog čega predvidene reforme napreduju tako sporo? Kako bi i u kojem roku Hrvatska mogla imati koristi od irskih iskustava? Koje osnovne preduvjete treba ispuniti?

segments of Croatian society. Apart from the hard work that has to be carried out on a vast number of real issues, we also need assistance in order to dispel a certain amount of confusion arising out of some misplaced ideas. I am convinced that an Irish contribution towards the clarification/dismantling of such dilemmas could turn out to be a highly valuable service to Croatia as a whole. The main real issues, which might be addressed within future Irish-Croatian cooperation, I will try to sum up under just a few widely defined headings.

-TALKING POINTS-

A. *Understanding properly the contemporary world in which we all live. This implies, among other things, understanding the actual meaning of the inherited concept of national sovereignty. What does it really mean today, particularly for a small country that wants to enjoy prosperity? By implication, this should also lead to addressing the phenomenon of rising euro-scepticism in contemporary Croatia.*

B. *Getting appropriately acquainted with Irish and Croatian development patterns pursued in the recent past. A closer look at these developments should necessarily lead to a number of important insights; e.g. understanding the crucial importance of a complete reform of the educational sector as a precondition for restructuring all other sectors. We, in Croatia, are apparently still at odds with the meaning and implications of a service based economy. Demographic developments with their implications for labour markets and immigration policies should also be addressed within this context.*

C. *Public administration and judicial sector reforms in Croatia. We are increasingly aware of fundamental changes that are necessary in these areas. However, the achievement of these changes is very slow. Why are the envisaged reforms proceeding so slowly? How and within what time range could Croatia benefit from Irish experiences? What are the basic pre-conditions that have to be mastered?*

Uzvratno izlaganje Response

g. John Hurley
guverner Irske središnje banke

*Mr John Hurley
Governor of the Central Bank of Ireland*



UZVRATNO IZLAGANJE GUVERNERA JOHNA HURLEYA NA GOVOR DR. ANTE ČIČIN-ŠAINA

Iznimno mi je zadovoljstvo govoriti na današnjem skupu i iznijeti uzvratno izlaganje na vrlo zanimljiv govor koji je održao dr. Čičin-Šain. Ova večer svjedoči o izvrsnim odnosima između irskih i hrvatskih poslovnih, financijskih i političkih krugova. Isto tako, drago mi je vidjeti neka poznata lica s večere koju sam 2002. godine organizirao za ovu udružugu. Ne mogu reći, međutim, da je moje iskustvo rada u središnjoj banci obuhvaćalo tako velike i neposredne izazove kao što su oni s kojima se susretao dr. Čičin-Šain, bez obzira na to što se misli o dogadjajima na sastancima u Frankfurtu.

Irska i Hrvatska imaju mnogo toga zajedničkog, između ostalog i zbog toga što su stoljećima bile u sastavu velikih carstava, nakon čega su postale male neovisne zemlje. Mogu u potpunosti razumjeti osjećaj žaljenja u mnogih Hrvata zbog godina koje su proveli odsjećeni od Zapadne Europe. S nestrpljenjem očekujem dan kad će Hrvatska zauzeti svoje, zasluženo mjesto u Europskoj uniji.

GOVERNOR JOHN HURLEY'S RESPONSE TO DR. ANTE ČIČIN-ŠAIN LECTURE

It gives me great pleasure to speak to you this evening and to respond to what was a very interesting speech by Dr. Čičin-Šain. I see this evening as indicative of excellent relations between Ireland and Croatia in business, financial and political circles. I am also pleased to see some familiar faces from a dinner that I hosted in 2002 for this association. I cannot say, however, that that my experience of central banking has included quite so many immediate and intense challenges as that of Dr. Čičin-Šain, no matter what one might think goes on during meetings in Frankfurt.

Ireland and Croatia have a good deal in common, not least due to the fact that both have been occupied for centuries as part of much greater empires but have evolved into small, independent countries. And I can fully understand the sense of regret among Croatians for the years that you spent cut off from Western Europe. I very much look forward to the day when Croatia takes its rightful place in the EU.

Many of you will be aware of a rather special link between Croatia and our own central bank.

Mnogi od vas svjesni su posebne veze koja postoji između središnjih banaka naših dviju zemalja. Kao što znate, vaš predsjednik vlade g. Sanader i naš Taoiseach (premijer, op. prev.) g. Ahern najavili su prošle godine da će naše središnje banke zajednički izdati kolekcionarske kovance u spomen na djelo hrvatskoga kipara Ivana Meštrovića. G. Meštrović je 1927. dao prijedlog za izgled prvih kovanica Slobodne Države Irskog. Nažalost, zbog otežanog kontakta – on se tada nalazio u Sjedinjenim Državama – njegov je prijedlog stigao prekasno i nije uzet u obzir. Predsjednik Odbora za izgled novca, irski pjesnik William Butler Yeats, poslije je napisao: "On je izradio veličanstveno rješenje i, kad je shvatio da je rok za slanje prijedloga istekao, velikodušno ga je darovao Slobodnoj Državi Irskoj." Nada-namo se da ćemo ovaj komplet kovanica, koje već sada obećavaju da će biti među najpopularnijima, izdati početkom idućeg ljeta.

Osvrnemo li se na povijest naših dviju središnjih banaka, jasno je da je Hrvatska u vrlo kratkom vremenu morala poduzeti velik broj koraka, i to u iznimno neprijateljskom okruženju. Ne mogu dovoljno istaknuti ulogu dr. Čičin-Šaina i njegovih suradnika te zahvalnost koju im hrvatski narod zbog toga duguje. Kad se naša zemlja 1922. odvojila od Ujedinjenoga Kraljevstva, imali smo značajnu prednost zbog već dobro razvijenog bankovnog sustava. S obzirom na previranja koja su uslijedila u godinama nakon osamostaljenja, Irska se odlučila za opreman pristup. Svi su se slagali da je novoj državi potrebna vlastita valuta, ali uz vrlo važan uvjet da ne smije biti manje pouzdana od funte sterlinga, koja se u Irskoj upotrebljavala od 1826. godine. Prve irske kovance izdane su 1926. s fiksnim paritetom prema britanskoj funti. Godine 1927. oformljena je Valutna komisija, kojoj je glavni zadatak bilo pokretanje valute i razvoj novčarske i bankovne statistike. Irska središnja banka nastala je tek 1943. godine i postupno je, u sljedećih 30 godina, preuzela najveći broj ovlasti koje se obično povezuju sa središnjim bankama.

Svjestan sam da se takav tijek događa jako razlikuje od hrvatskog iskustva koje poznajemo.

As you know, your Prime Minister, Mr Sanader, and our Taoiseach, Mr Ahern, announced last year that our two central banks would cooperate in issuing collector coins to commemorate the work of Croatian sculptor, Ivan Mestrovic. Mr Mestrovic submitted a design for the first coinage of the Irish Free State in 1927. Unfortunately, because of difficulty contacting him – he was in the United States – his design arrived too late for consideration. The Chairman of the Design Committee, Irish poet William Butler Yeats, subsequently wrote "He made one magnificent design and, on discovering that the date had passed, gave it to the Irish Free State with great generosity". We hope to launch this coin set early next summer and it already promises to be one of our most popular collections.

Looking at our respective central banking histories, it is clear that Croatia had to take a remarkable number of steps in a very short space of time and, moreover, in a very hostile environment. I cannot speak highly enough of the role that you Dr. Čičin-Šain and others played and the Croatian nation is in your debt. When our country became independent of the United Kingdom in 1922, we had the distinct advantage that there was already a well-developed banking system. Given the upheavals of the years following independence, a cautious approach was taken. It was generally acknowledged that the new State needed a distinctive currency. But with a very important proviso, that it should command no less confidence than sterling, which had been the currency of Ireland since 1826. The first Irish coins were issued in 1926 and on a fixed parity with sterling. The Currency Commission was then established in 1927, essentially to issue currency and develop money and banking statistics. The Central Bank only came into being in 1943, gradually gaining most of the powers normally associated with central banks over the following 30 years.

I am conscious that this pace of progress contrasts greatly with what we have heard about the Croatian experience. We might won-

Mogli bismo se zapitati zašto ondašnje irske vlasti nisu bile odlučnije u želji da ostvare monetarnu neovisnost, no vezanost valute uz funtu sterlinga uglavnom se nije dovodila u pitanje. Ona je odražavala visok stupanj trgovinske povezanosti i mobilnosti radne snage i kapitala u odnosu na Veliku Britaniju. U svijetu fiksnih tečajeva veza s funtom sterlinga dobro je funkcionirala sve do sloma sustava iz Bretton Woodsa početkom 1970-ih godina.

S prijelazom na generalizirani fluktuirajući tečaj koji se tada dogodio u pitanje je došla i svrhotivost vezanja irske funte uz funtu sterlinga. Ustrajno visoka stopa inflacije u Velikoj Britaniji u kombinaciji sa značajnom deprecijacijom funte izazvala je preko tečajne veze podjednako visoku inflaciju i u Irskoj. Uspostava Europskoga monetarnog sustava (EMS) – čiji je glavni cilj bio da bude “zona monetarne stabilnosti” – omogućila nam je uvoz niže inflacije iz središnjih zemalja EU nesklonih inflaciji. Irska je pristupila EMS-u odmah nakon njegove uspostave 1979. godine, čime je okončala vezu s funtom sterlinga.

Naše iskustvo s EMS-om prvih godina nije uvijek bilo pozitivno. Stabilnost su osobito potkopavale procikličke politike, pa smo nekoliko puta bili prisiljeni na devalvaciju. Krajem 1980-ih godina fiskalna je politika postavljena na zdrave noge, a uklonjena je i proturječnost između stava domaće politike i ciljanog tečaja. To je postavilo temelje za gospodarski napredak koji je slijedio.

U nastavku treba reći da ne postoji jedan, određeni razlog zašto je u irskom gospodarstvu u razdoblju od kraja 1980-ih do sredine 1990-ih godina došlo do tako dramatičnog uzleta. Glavna je pouka koju možemo izvući iz vlastitog iskustva važnost obilježja kao što su zdrava makroekonomski politika, snažna privrženost slobodnoj trgovini, labavo regulirano, kompetitivno poslovno okruženje te dobro obrazovana i fleksibilna radna snaga. No neki od tih uzroka ne mogu se kopirati – poput prednosti koju je Irskoj donijela činjenica da se radi o zemlji u kojoj se govori engleski, s čvrstim vezama s američkom poslovnom

der why the authorities at the time were not more determined to achieve monetary independence but the link with sterling was largely unquestioned. This reflected a high degree of trade integration and capital and labour mobility with the UK. In a world of fixed exchange rates, the sterling link served us well until the breakdown of the Bretton Woods arrangements in the early 1970s.

With the move to generalised floating that occurred at this time, the appropriateness of the link to sterling came to be questioned. Persistently high inflation rates in the UK coupled with a significant depreciation of sterling fed through the exchange rate link to similarly high inflation rates in Ireland. The establishment of the European Monetary System (EMS) – with its primary objective of being a ‘zone of monetary stability’ – offered us the opportunity of importing lower inflation from the more inflation-averse core EU countries. Ireland joined the EMS at its inception in 1979, ending the link with sterling.

Our experience in the EMS in the early years was not always positive. In particular, the pursuit of pro-cyclical policies undermined stability and we were forced to devalue on a number of occasions. In the late 1980s, fiscal policy was put on a sound footing and the inconsistency between the stance of domestic policy and the exchange rate objective was resolved. This in turn laid the groundwork for much of the economic advancement that was to follow.

Having said this, there is no single reason why the Irish economic story turned around so dramatically between the mid-1980s and the mid-1990s. The main lesson from our own experience is the importance of features such as sound macroeconomic policies, a strong commitment to free trade, a lightly-regulated competitive business environment and a well-educated and flexible labour force. However, some reasons are not ones that can be copied – for example, the benefits of being an English-speaking nation with close ties to the US business community through the Irish-American diaspora.

zajednicom stvorenima uz pomoć irske dijaspore u Americi.

Ne može se precijeniti ni važnost obrazovanja. Činjenica je da mnogi komentatori ključnom smatraju odluku o besplatnom srednjoškolskom obrazovanju iz 1969. godine, budući da je ona dovela do pojave većeg broja dobro obrazovanih radnika sredinom 1980-ih. Takva politika mora ići ruku pod ruku s otvorenošću stranim ulaganjima – bez njih će obrazovani radnici naprosto napustiti zemlju u potrazi za dobrim poslovima, umjesto da ti poslovi dođu k njima. Važan je i utjecaj aktivne industrijske politike jer su tvrtke sklone povezivanju u industrijske grupacije radi ostvarivanja ekonomije razmjera itd. Tako je, primjerice, Irska u 1980-ima i početkom 1990-ih aktivno tragala za informatičkim tvrtkama, kad je u blizini Dublina i nastao njihov *cluster*. Pošto su u zemlji počele djelovati neke velike tvrtke, bilo je puno lakše privući i manje tvrtke iz istog sektora.

Spomenuta otvorenost stranim ulaganjima navodi me da se osvrnem na pitanje nacionalne suverenosti koje je dr. Čičin-Šain spomenuo. Irska je u prvih 35 godina postojanja države pretežno provodila protekcionističku i prema unutra okrenutu politiku. Bez obzira na malo domaće tržište naglasak razvojne politike bio je na promicanju domaće industrije uz pomoć visokih carinskih barijera. Nije čudo da takva politika nije mogla uspješno dovesti do kontinuiranoga gospodarskog rasta i porasta životnog standarda. Nije bilo povećanja zaposlenosti, a iseljavanje je dosezalo vrlo visoku razinu. Posljedica protekcionističke politike bio je i malen i nedjelotvoran domaći sektor, koji je uglavnom bio u funkciji domaćeg tržišta.

Mane protekcionizma i pretjeranog oslanjanja na poljoprivredu prepoznate su krajem 1950-ih godina, a u sljedećih se nekoliko desetljeća gospodarstvo otvorilo trgovini i ulaganjima. Fokus je osobito prebačen na privlačenje visokoproduktivnih i izvozno orijentiranih stranih tvrtki, što se pokazalo iznimno uspješnom politikom, koja je u posljednjih 40 godina stvorila temelje za gospodarski rast i prosperitet. Bilo

It is difficult to overstate the importance of education. Indeed, many commentators see the decision to make second level education free in 1969 as key, since it produced a pool of well-educated workers by the mid-1980s. This, however, needs to go hand-in-hand with openness to foreign investment – without this, educated workers will simply move to firms abroad rather than the firms moving to them. An active industrial policy can also help, as firms tend to cluster in industrial groups so as to achieve economies of scale in supplies etc. For example, Ireland actively targeted major IT firms in the 1980s and early 1990s, which has seen a cluster of such IT firms just outside Dublin. Once some major firms set up operations, it was much easier to attract smaller firms in the same industry.

This emphasis on openness to foreign investment allows me to pick up on the issue of national sovereignty that Dr. Čičin-Šain mentioned. Ireland adopted predominantly protectionist and inward-looking policies in the first 35 years of the State's existence. Notwithstanding the small domestic market, the emphasis of development policy was on promoting domestic industry behind high tariff barriers. Not surprisingly, these policies were not successful in delivering sustained economic growth and higher living standards. Employment failed to increase and emigration rose to very high levels. The legacy of protectionist policies was a small and inefficient indigenous sector, which primarily served the domestic market.

The failure of protectionism and over-reliance on agriculture were recognised in the late 1950s and, over the course of the following two decades, the economy was opened up to trade and investment. In particular, the focus shifted to attracting high-productivity export-oriented foreign industries, a policy which has been remarkably successful in generating economic growth and prosperity over the past 40 years. There have also been significant spin-offs in terms of servicing and supplying foreign firms, which has contributed to the development of the domestic services sector. Our success in gen-

je i tvrtki koje su specijalizirale svoje dijelove za servisiranje i opskrbu stranih tvrtki, što je pridonijelo razvoju domaćeg sektora usluga. Treba, međutim, reći da je naš uspjeh u povećanju zaposlenosti novijeg datuma jer je rezultat stavljanja težišta na obrazovanje, smanjenja destimulativnih mjera koje su prevladavale na tržištu rada sve do kraja 1980-ih godina i blagodati labavije regulacije tržišta proizvoda i rada.

Što se tiče ostalih faktora ključnih za naš gospodarski uspjeh, želio bih naglasiti i ulogu onih institucionalnih. Stroga i pravedna primjena zakona ključni je preduvjet ulaganja, dok administracija treba biti djelotvorna, s regulativom utemeljenom na ocjeni koristi i troška. Uvjeren sam da prevelika regulacija ima ključnu ulogu u gušenju poduzetništva u jednom broju gospodarstava eurozone. Za razliku od mnogih drugih strukturnih reforma, na ovom području često se mogu provesti poboljšanja uz nisku socijalnu cijenu.

Važan je i nacionalni konsenzus glede načina na koji treba ići naprijed, pri čemu je model socijalnog partnerstva Irskoj vrlo dobro poslužio. On tvrtkama i sindikatima omogućuje da uzmu u obzir nacionalni interes na način koji se od njih ne bi mogao očekivati da djeluju sami za sebe. Članovi sindikata i poslodavci uglavnom su ratificirali nacionalne sporazume koje su dogovorile njihove krovne organizacije.

Vrlo je važan i razvoj infrastrukture. Iz vremena kad sam bio u Ministarstvu financija znam da je kapitalna potrošnja obično ranjiva dio svakoga proračunskog procesa jer je njezin učinak u pravilu neposredan. Tu vrlo korisni mogu biti europski strukturni fondovi, zato što oni obično zahtijevaju sufinciranje iz nacionalnog proračuna. Kad oni postanu dostupni, gospodarstvo ostvaruje golemu korist, budući da domaći porezni obveznici plaćaju samo dio troškova, a uživaju u svim koristima. Dakako, Europskoj uniji vrlo je bitno da se njezin novac troši mudro, a i kriteriji su za ocjenu projekata strogi. Ipak, važno je iskoristiti puni potencijal strukturnih fondova i dragi mi je da Irska na temelju dugogodišnjeg iskustva može drugima dati praktične savjete.

erating employment, however, has been a more recent development and reflects the fruits of the increased emphasis on education, a reduction in the labour market disincentives which prevailed up to the late 1980s, and the benefits of a light degree of regulation of labour and product markets.

With regard to other important factors in our economic success, I would also like to emphasise the role of institutional factors. The rigorous and just enforcement of law is a basic requirement for investment while administration needs to be efficient, with regulations assessed on a cost-benefit basis. Indeed, I believe that over-regulation plays a key role in stifling enterprise in a number of euro area economies. Unlike many other structural reforms, improvements can be made in this area often with little social cost.

A national consensus on the way forward is also important and the social partnership model has served Ireland very well. This allows firms and unions to take account of the national interest in a way that they could not be expected to do if they each acted alone. And, by and large, union members and employers have ratified national agreements negotiated by their umbrella groups.

Development of infrastructure is also very important. I know from my days in the Department of Finance that capital spending tends to be a vulnerable part of any budgetary process, as the impact of current spending is usually more immediate. This is where EU structural funds can be of particular benefit, since they normally require co-funding from the national budget. Once this funding is made available, the returns to the economy are immense as the national taxpayer pays only part of the costs but reaps all the benefits. The EU is, of course, very anxious to see that its money is being spent wisely and criteria for project assessment are rigorous. Yet it is essential to maximise the full potential from structural funds and I am delighted that Ireland is providing practical advice from our many years of experience.

Naglašavam ove faktore zato što vjerujem da oni Hrvatskoj u ovom trenutku mogu biti važni. Kada pogledam hrvatsko gospodarstvo, moram reći da zadivljuje njegov napredak. Prijelaz na tržišno gospodarstvo bio je izvanredan. Zabilježen je snažan gospodarski rast, osobito nakon 2000. godine, i uspješan oporavak nakon bankovne krize 1998. i 1999. Valja izdvojiti i ostvarenu stabilnost cijena, jer je rast ukupnog indeksa cijena na malo u razdoblju od 2002. do 2004. iznosio tek oko 2%, nakon čega se povećao, uglavnom zbog porasta cijena energije i hrane. Sve to objašnjava kako je ostvarena visoka razina stabilnosti tečaja kune u odnosu na euro.

S finansijske strane proces privatizacije bankarskog sektora doveo je ne samo do velikog priljeva stranih ulaganja i znanja nego i do stvaranja stabilnoga i djelotvornoga bankovnog sustava. U Hrvatskoj danas banke posluju s profitom, a stope adekvatnosti kapitala uvelike nadilaze zakonski propisane. Premda to pogoduje razvoju financijskog posredovanja u ukupnom gospodarstvu, rast kredita nasreću nije dosegnuo iznimno visoke stope zabilježene u drugim zemljama Srednje i Istočne Europe. Čini se da su administrativne mjere koje središnja banka poduzima radi obuzdavanja rasta kredita ipak djelovale. Naše iskustvo, međutim, pokazuje da se one s vremenom počinju zaobilaziti, pa ih stoga treba promatrati kao način kupovanja vremena sve dok fiskalna politika ne preuzme veću ulogu u makroekonomskom uskladivanju.

Nadam se da sam vam u svom govoru dao materijala za razmišljanje o gospodarskom napretku. Na kraju bih želio istaknuti da Irska čvrsto podupire hrvatski cilj ulaska u članstvo EU i da smo s veseljem primili prošlogodišnju vijest o početku hrvatskih pregovora o pridruživanju. Hrvatska može poslužiti i kao pozitivan primjer drugim zemljama iz regije za spremnost EU da pomogne zemljama u njihovu napredovanju prema članstvu u europskim integracijama. Jako se radujem danu kad će Hrvatska postati članica Europske unije.

I emphasise these factors as I feel that they may have some relevance to Croatia today. When I look at the Croatian economy, however, I am struck by the extent of progress to date. The changeover to a market economy has been remarkable. Economic growth has been robust, particularly since 2000, and has recovered well from the banking crisis of 1998 and 1999. The achievement of price stability also deserves special mention, as headline inflation was close to just 2 per cent in the period 2002 to 2004 before rising largely due to energy and food prices. This is testament to the success in achieving a high degree of stability in the exchange rate of the kuna against the euro.

On the financial side, the privatisation process in banking has led to a huge inflow of foreign investment and expertise and created a stable and efficient banking system. Today, banks in Croatia are profitable and capital adequacy ratios are well above requirements. This is fostering the development of financial intermediation in the wider economy though, thankfully, credit growth has not reached the exceptionally high rates seen elsewhere in Central and Eastern Europe. Administrative measures undertaken by the central bank to dampen credit growth appear to have had some impact. But it has been our experience that that these are circumvented over time and should be seen as buying time for fiscal policy to play a greater role in macroeconomic adjustment.

I hope that I have provided some food for thought on economic development. I would like to end by emphasising that Ireland firmly supports Croatia's objective to become a member of the EU and were delighted to see the start of accession negotiations last year. Croatia can also act as a positive example to other countries in the region in terms of the willingness of the EU to help countries develop towards participation in European integration. I look forward to the day when Croatia becomes a member of the EU.

Predavanje:
g. Charlie McCreevy

Uzvratno izlaganje:
g. Damir Polančec

Lecture:
Mr Charlie McCreevy

Response:
Mr Damir Polančec

Predavanje Lecture



g. Charlie McCreevy
povjerenik Europske komisije

*Mr Charlie McCreevy
European Commissioner for Internal Market and Services*

Vaše ekscelencije, dame i gospodo,
veliko mi je zadovoljstvo biti danas ovdje,
u Zagrebu kako bih održao drugo predavanje
"Ante Čičin-Šain".

Ovom prilikom zahvaljujem Irsko-hrvatskoj
poslovnoj udruzi na organizaciji i Hrvatskoj na-
rodnoj banci što je pristala biti domaćin ovog
predavanja.

Na početku bih želio odati priznanje dr. Ante
Čičin-Šainu, za kojega znam da je, kao prvi
guverner Hrvatske narodne banke, nadgledao
uvodenje hrvatskog dinara.

Dr. Čičin-Šain bio je prvi veleposlanik Re-
publike Hrvatske u Irskoj, nakon čega je postao
prvi počasni konzul Irске u Hrvatskoj. Znam
da je i dalje duboko zainteresiran za Irsku i da
nikad nije prestao biti potpuno uključen u sve
aspekte irsko-hrvatskih odnosa i prijateljstva.

Želim također odati priznanje vašem premi-
jeru, koji je, znam, također bio na čelu kampa-
nije za članstvo Republike Hrvatske u Evropskoj
uniji, a koje će Hrvatskoj donijeti znatne koristi
u idućim godinama.

Hrvatska je prva zemlja kandidat za EU koju
sam posjetio otkako sam imenovan povjereni-
kom za unutarnje tržište. Kad se moja vlastita
zemlja pridružila EU – odnosno EEZ-u, kako se
prije 35 godina zvao – mogućnosti koje su nam
se tada otvorile, kao relativno nerazvijenoj drža-
vi članici, bile su goleme. Ipak, one nisu bile ni-
šta u usporedbi s današnjim mogućnostima.

Excellencies, Ladies and Gentlemen,

*It is a great pleasure for me to be here in
Zagreb today to deliver the second Čičin-Šain
Lecture.*

*I would like to thank the Irish Croatian Busi-
ness Association for organising and the Croatian
National Bank for hosting this lecture.*

*I want in the first instance to pay tribute to
Dr Ante Čičin-Šain, who I know, as first Gover-
nor of the Croatian National Bank, oversaw the
introduction of the Croatian dinar.*

*Dr Čičin-Šain was Croatia's first Ambassa-
dor to Ireland and after that became the first
Irish Honorary Consul to Croatia. I know that
he retains a deep interest in Ireland and has never
ceased to be centrally involved in all aspects of
Irish Croatian relations and friendship.*

*I want also to pay tribute to your Prime
Minister, who I know also has been at the
forefront of the campaign for Croatia's mem-
bership of the European Union, which will be
of considerable benefit to Croatia in the years
ahead.*

*Croatia is the first EU applicant country that
I have visited since my appointment as Com-
missioner for the Internal Market. When my
own country joined the EU – or the EEC as it
then was – 35 years ago, the opportunities that
opened up to us as a relatively under-developed
Member State were enormous. But they were as
nothing compared to today.*

Posljednja proširenja Europske unije – posebice pridruživanje deset novih država članica prije tri godine, među kojima je nekoliko brzorastućih gospodarstava s tržištima u nastajanju – donijela su Evropi novu veliku dinamičnost i stvorila nove poslovne mogućnosti na znatno većem tržištu. Potresi dvaju svjetskih ratova doveli su do povijesnih okolnosti zbog kojih se Hrvatska, koja je povjesno oduvijek bila u srcu Europe, kasno pridružuje procesu razvoja Europske unije. Međutim, mogućnosti jedinstvenog tržišta od 500 milijuna ljudi koji sada nastanjuju prošireno i još više jedinstveno tržište, takve su da će ih Hrvatska, siguran sam, najbolje iskoristiti kad se pridruži Uniji.

Nakon nekoliko godina slabijih gospodarskih rezultata Europa u posljednje vrijeme doživljava zamjetan rast. Čini se da je spremna nadmašiti gospodarskim rastom Sjedinjene Američke Države, i ove i sljedeće godine. Nezaposlenost u eurozoni smanjila se s više od 9% na manje od 7% u samo dvije godine. To je dobro. Ali nije dovoljno dobro. Gospodarski rast u nekim važnim državama članicama još uvek je sporiji nego što bi mogao biti. Za poboljšanje je ključno da se tržišna integracija i reforme koje smo pokrenuli prodube i ubrzaju u sljedećim godinama.

Očigledno je da Hrvatska ostvaruje kontinuirano poboljšanje relativnih gospodarskih pokazatelja: rast prelazi 6%, inflacija je oko prosjeka EU, a stalno se napreduje i u smanjenju manjka proračuna opće države. U svjetlu navedenog uopće ne sumnjam da će održivi napredak biti nagrađen, pod uvjetom da se strukturne reforme nastave i da se energično provode, te pod uvjetom da se obuzda rastuća neravnoteža na računu robne razmjene i tekućem računu platne bilance.

Hrvatski bi gospodarski uspjeh u budućnosti također trebali uvelike poboljšati uspješan prijenos i provedba pravne stečevine EU, okvira koji svim gospodarskim subjektima pruža jednaka pravila igre, na osnovi kojega međunarodni ulagači mogu imati povjerenje i povećati svoja izravna ulaganja u zemlju te koji potiče potenci-

The most recent EU enlargements – in particular the addition of ten new Member States three years ago – have brought a tremendous new dynamism to Europe, including several fast growing emerging economies – creating new business opportunities in a much bigger marketplace. Therefore, while the upheavals of two World Wars produced the accident of history whereby Croatia, which was always historically at the heart of Europe, is arriving late in the development of the European Union, the opportunities provided by the single market of 500 million people that now populate the enlarged and more single market, are one's I am sure Croatia will make the most of once it joins.

After several years of underperformance Europe has more recently experienced a significant upturn. It now looks set to outpace the United States in terms of economic growth both this year and next. Unemployment in the Eurozone has fallen from over 9 per cent to under 7 per cent in just two years. That's good. But it's not good enough. Growth in some significant Member States is still slower than it could be. The key to improvement is for the market integration and market reforms upon which we have embarked to go deeper and faster in the years ahead.

Clearly Croatia is achieving steady improvements in relative economic performance with growth running at more than 6 per cent, inflation at around the EU average, and steady progress in reducing the general government balance. Sustained progress along these lines will, I have no doubt, be rewarded, provided structural reforms continue and are implemented vigorously, and provided also that rising imbalances in the trade and current accounts are contained.

Croatia's economic success in the future should also be greatly enhanced by the effective transposition and implementation of the EU acquis, a framework that provides a level playing field for economic operators, one in which international investors can have the confidence to increase the flow of inward investment and

jal rasta hrvatskoga gospodarstva. Međutim, taj će potencijal isto tako ovisiti o sposobnosti EU da dodatno ojači integraciju europskoga tržišta, o našoj sposobnosti da nastavimo smanjivati prepreke prekograničnom tržišnom natjecanju, da djelotvorno provodimo postojeće zakone te osiguramo da se donošenje zakona u budućnosti temelji na jasnom planu usavršavanja propisa i povećavanja konkurentnosti. Europa također mora ostati predvodnica kad je riječ o naporima da se dodatno otvore svjetska tržišta, od čega bi svi imali koristi – i razvijene države i države u razvoju.

Globalizacija donosi goleme izazove. Ali mogućnosti koje otvorenost nudi i dinamičnost koju ona potiče, najbolje su jamstvo za rast blagostanja. To je razlog zbog kojeg Europa mora prigriliti globalizaciju i prihvatići promjene koje ona donosi.

Kao što znam iz iskustva vlastite zemlje, ako ste mala zemlja, to je nedostatak nemate li nemetan pristup velikim, otvorenim tržištima. Golema je prednost ako ga imate. Ali samo ako se usredotočite na ono što potiče izravna ulaganja u zemlju i poduzetništvo te ako to provodite – ako nastojite stvoriti djelotvornu komunikacijsku infrastrukturu, znatan intelektualni kapital, konkurentnu poreznu strukturu i pogodno zakonsko okružje te ako promičete fleksibilne zakone o radu, djelotvoran javni sektor te zdrave i održive javne financije. To su sve vitalno važni čimbenici. Naravno, malim je gospodarstvima teže zato što na svojem matičnom tržištu nemaju prednosti ekonomije razmjera. Ali imaju prednost fleksibilnosti, koja često izmiče velikim tržišnim natjecateljima. A biti uspješan u malom gospodarstvu, težeći izvrsnosti samo u malom broju područja – u kojima se komparativne prednosti mogu utvrditi i razvijati – može biti jako bitno za ukupne gospodarske rezultate i izvozni potencijal.

Ipak, ključnu važnost za dugoročni uspjeh svakoga gospodarstva imaju pravosude i javna uprava, koji osiguravaju da se pravni postupci provode pravedno, nepristrano i u skladu s potrebama tržišnoga gospodarstva, te da su pravila igre jednaka za sve gospodarske subjekte.

propel the growth potential of the Croatian economy. But that potential will be dependent too on the EU's ability to further deepen the integration of the European market, on our ability to continue to reduce the barriers to competition across borders, to effectively enforce our existing laws, and to ensure that future law making is based on our clear-cut agenda of better regulation and enhanced competitiveness. Europe must also remain at the forefront of the drive to further open up world markets from which everyone can benefit – developed and developing nations alike.

The challenges of globalization are formidable. But the opportunities that openness offers and the dynamism that it stimulates are the best guarantee of rising prosperity. That's why Europe must embrace globalization and embrace the changes that it demands.

As I know from the experience of my own country, smallness is a handicap if you don't have unfettered access to large, open markets. It is a tremendous benefit if you do. But only if you focus on and implement what it is that stimulates inward investment and entrepreneurship – the development of an efficient communications infrastructure, of a substantial pool of intellectual capital, of a competitive tax structure, of a light touch regulatory environment, the promotion of flexible labour laws, of an efficient public sector, and of sound and sustainable public finances. These are all vital elements. Small economies of course suffer the handicap of lack of scale in their home market. But they have the advantage of flexibility that often eludes larger competitors. And in a small economy being successful through the pursuit of excellence in just a small number of areas – where comparative advantage can be identified and developed – can make a big difference to overall economic performance and export potential.

What is critical to the long term success of any economy, however, is a judicial and public administration framework that ensures that the legal processes are fairly and impartially enforced and appropriate to the needs of a market

U tom smislu prijenos postojeće pravne stečevine EU ima jednako ključnu ulogu kao i daljnje mјere koje smo predvidjeli za iduće razdoblje.

Dosad je unutarnje tržište ostvarilo velik uspjeh: potaknulo je gospodarski rast u Europi, stvorilo milijune novih radnih mјesta, proširilo mogućnost izbora i intenziviralo tržišno natjecanje – na dobrobit svih građana Europe. Poduzećima je olakšana prekogranična trgovina, koja uz nove inicijative kao što su Direktiva o uslugama te modernizacija carinske unije postaje još lakša. To europskim poduzećima daje više mogućnosti za izvoz i rast. Ipak, mi još nismo ni blizu ostvarivanja našega punog potencijala – potencijala koji će se moći u potpunosti ostvariti kad još poradimo na liberalizaciji tržišta poput tržišta energije i tržišta poštanskih usluga, kad dodatno osnažimo integraciju finansijskog tržišta poboljšavajući njegovu infrastrukturu, pomoću jedinstvenoga paneuropskoga platnog sustava i slobodnjega prekograničnoga kretanja kapitala i investicijskih usluga. Jednako je važna i potreba da se ojačaju europske inovacijske sposobnosti pomoću djelotvornijeg i troškovno učinkovitijeg okvira za registriranje i zaštitu intelektualnog vlasništva. Na svim se spomenutim područjima trenutačno radi.

Želim vidjeti uspješniju provedbu i primjenu propisa o javnoj nabavi, što je, po mom mišljenju, posebno važno za nove države članice i države kandidate za članstvo u EU, u kojima nije sve onako kako bi trebalo ili moglo biti. Ne mogu dovoljno naglasiti koliko je to važno, ne samo zato što je poreznim obveznicima potrebno pružiti najbolju vrijednost za novac već i zato da bi se ulagačima i gospodarskim subjektima pokazalo da države članice imaju poštene, otvorene i transparentne sustave javne uprave te jednaku pravila igre za sve. Kad se to ostvari, potaknut će se ulaganja, ubrzat će se gospodarski rast, bit će veći prihodi državne blagajne i osigurat će se sredstva za financiranje daljnjega razvoja i poboljšanja infrastrukture te drugih javnih potreba putem opsežnijeg programa javne nabave. Postojeći okvir za javnu

economy, and that there is a level playing field for economic operators.

In this regard the transposition of the existing EU acquis has a key role to play as have further measures that we have in mind for the period ahead.

To date, the Internal Market has been a great success: It has boosted European growth, created millions of new jobs, expanded choice, and deepened competition – to the benefit of all the citizens of Europe. For businesses cross border trade is easier. And with recent initiatives – like the Services Directive and the modernized Customs Union – it is getting easier still. So Europe's businesses have more opportunities to export and grow. But we are still nowhere near reaching our full potential – potential that will only be fully realised when we have done more to liberalize markets like energy and postal services, when we further deepen financial market integration through improved financial market infrastructure, a single pan-European payment system, and freer movement of capital and investment services across borders. Equally important is the need to strengthen Europe's capacity to innovate through a more streamlined and cost effective framework for the registration and protection of intellectual property. Work is under way in all of these areas.

I want to see more effective application and enforcement of public procurement rules. This, I believe, is particularly important for new and applicant Member States where all has not been as it should be or could be. I cannot stress too strongly the importance of this not just from the perspective of delivering value for money to the taxpayer but also for signalling to investors and economic operators that Member States operate fair, open, transparent systems of public administration and a level playing field. When that is in place investment is stimulated, economic growth is faster, exchequer revenues are stronger and there is the means to finance more and better infrastructure and other public needs through a bigger public procurement programme. The current public procurement

nabavu u EU obuhvaća javne usluge i javne radove iznad minimalnih iznosa. No, nadam se da će se on uskoro proširiti kako bi obuhvatio koncesije, a s vremenom i javno-privatna partnerstva. Radi se također na jačanju okvira koji bi trebao omogućiti jednostavniju i manje opterećujuću pravnu zaštitu strankama oštećenima u natječajnom postupku, a pojasnit će se i pravila koja se odnose na nabavu sigurnosne i obrambene opreme. Konkurenca pri natjecanju i djelotvorna nabava imaju ključnu ulogu u jačanju gospodarske konkurentnosti. Njihova uspješnost može znatno smanjiti porezno opterećenje pojedinaca i poduzeća te poduprijeti postizanje zdravih javnih financija i finansijske stabilnosti. Prijenos propisa Europske unije o javnoj nabavi u nacionalne propise stoga je važan svim državama kandidatima, no još je važnija njihova uspješna provedba.

Sljedeće područje za koje znam da zanima građane Hrvatske jest pružanje usluga. Prošle je godine Direktiva o uslugama prošla proceduru u Parlamentu i Vijeću te se sad nalazi u fazi prijenosa u nacionalna zakonodavstva. Njezin je cilj da gradani, potrošači i poduzeća u najvećoj mogućoj mjeri uživaju dobrobiti jedinstvenog tržišta.

U deset godina od donošenja prvog programa jedinstvenog tržišta 1993. oticanje prepreka rezultiralo je otvaranjem barem 2,5 milijuna dodatnih radnih mjesta te povećanjem bogatstva za gotovo 900 milijardi eura (prosječno oko 6000 eura po obitelji u EU).

Kako su poduzeća nalazila nova tržišta u drugim državama članicama, jačalo je tržišno natjecanje. U mnogim su segmentima cijene smanjene, dok su se opseg i kvaliteta proizvoda dostupnih potrošačima povećali.

Međutim, najveću smo korist uočili na tržištu dobara. Kad je riječ o uslugama, jedinstveno tržište još ne funkcioniра onako kako bi trebalo. Još uvjek postoje prepreke koje pružateljima usluga onemogućuju uspostavljanje poslovnog nastana u drugim državama članicama – ili prekograničnu trgovinu. Potrebno je riješiti ta pitanja jer su usluge važne za EU. One čine između

framework in the EU covers public services and public works over minima thresholds. But it will, I hope, soon be extended to cover concessions and in due course public-private partnerships. We have also been working on the strengthening of the framework to facilitate simpler and less cumbersome remedies for aggrieved parties in the tendering process and will also be clarifying the rules applicable to the procurement of security and defence equipment. Competitive tendering and effective procurement play a key role in enhancing economic competitiveness. Done properly it can significantly reduce the tax burden on individuals and business, and helps to underpin sound public finances and financial stability. Transposition of the public procurement rules is therefore important for applicant Member States but effective enforcement is even more so.

Another area which I know is of interest to people in Croatia relates to the provision of services. Last year we completed the steering of the Services Directive through the Parliament and the Council and we are now at the transposition stage.

The Services Directive aims to maximise the benefits of the Single Market for citizens, consumers and businesses.

In the decade after the completion of the first Single Market programme in 1993, the removal of barriers created at least 2.5 million extra jobs and an increase in wealth of nearly €900 billion (on average about €6,000 per family in the EU).

Competition increased as companies found new markets in other Member States. In many areas, prices came down and the range and quality of products available to consumers increased.

But most of the benefits that we saw occurred in goods markets. For services, the Single Market is not yet working as well as it should. There are still barriers hindering service providers from establishing themselves in other Member States – or trading across borders. This needs to be addressed because services are im-

60% i 70% gospodarske aktivnosti u 27 država članica EU.

Kad se Direktiva o uslugama prenese u nacionalna zakonodavstva država članica, poduzeća će moći uspostaviti poslovni nastan bilo gdje u EU – štedeći vrijeme i novac. Pružatelji usluga moći će dobiti informacije te obaviti administrativne formalnosti na jednom mjestu u svakoj državi članici, što bi trebalo uvelike ubrzati dobivanje odobrenja za rad i smanjiti troškove. Poduzeće koje želi izgraditi i voditi hotel ili dućan u drugoj državi članici neće se više morati obraćati različitim tijelima na nacionalnoj, regionalnoj i lokalnoj razini.

Pružatelji usluga moći će putem interneta ispuniti sve formalnosti vezane uz pokretanje posla. Na taj će način izbjegći troškove i neugodnosti višekratnih posjeta različitim tijelima u državama članicama u kojima namjeravaju pružati usluge.

Sustavi izdavanja odobrenja za rad u državama članicama bit će jasniji, transparentniji, manje restriktivni i nediskriminacijski. Kako sada stvari stoje, dobivanje odobrenja za rad može biti pothvat nepredvidivog ishoda i trajanja, što podrazumijeva znatna kašnjenja i troškove glede naknada za pravne savjete, angažiranja osoblja u pregovorima i izgubljene dobiti.

Nadam se da će s vremenom – čak i ako to ne bude za mandata ove Komisije – Europa moći proširiti Direktivu o uslugama te opseg njezine primjene kako bi se ostvario iznimski potencijal, koji konkurentan i dinamičan sektor usluga može donijeti na paneuropskoj razini.

Naposljetu, dame i gospodo, dopustite mi da kažem nekoliko riječi o jedinstvenoj valuti i fiskalnoj politici.

Kao što je hrvatsko iskustvo već pokazalo, znatne se koristi mogu ostvariti pridruživanjem monetarnom sustavu koji je usmjeren na stabilnost. Odmah se može zamijetiti da nepostojanje potrebe konvertiranja valute omogućuje pojedincima i poduzećima uspješnije poslovanje unutar područja jedinstvene valute i smanjuje transakcijske troškove. Time se povećava transparentnost troškova i cijena, što s

portant to the EU. They account for between 60 and 70% of economic activity in the 27 Member States of the EU.

Once the Services Directive is transposed, businesses will be able to establish themselves anywhere in the EU – saving time and money. Service providers will be able to obtain information and complete administrative formalities through single points of contact in each Member State. This should substantially speed up authorisation and reduce costs. A business wishing to build and run a hotel or a store in another Member State will no longer have to deal with several different authorities at national, regional and local level.

A service provider will be able to complete all formalities to set up a business online. They will avoid the expense and inconvenience of multiple visits to authorities in the Member State into which they intend to provide services.

Authorisation schemes in Member States will be clearer, more transparent, less restrictive and non-discriminatory. Currently, getting authorisation can be an unpredictable and time-consuming exercise involving substantial delays and cost in terms of legal fees, staff dealing with negotiations and foregone profits.

In due course – even if not during the life of this Commission – I hope that Europe will be able to extend the Services Directive and widen its scope of application so that the huge potential that a competitive and dynamic pan-European services industry can bring is realised.

Lastly, Ladies and Gentlemen, I want to say a few words about the single currency and fiscal policy.

As the experience in Croatia has already demonstrated, the benefits of joining a stability-orientated monetary system are enormous. At the most obvious level, avoiding the need for currency conversion facilitates more efficient interaction within the single currency area for people and businesses and lowers transaction costs. It increases cost and price transparency which in turn stimulates greater competition and enhances productivity. But

druge strane potiče veću konkurentnost i povećava produktivnost. Međutim, tu doprinos jedinstvene valute ne prestaje: ona omogućuje zemljama iz europolodručja da budu uspješnije zastupljene na svjetskoj gospodarskoj sceni te da se suoči s izazovima koje im donosi globalno gospodarstvo. Europolodručje čini gotovo šestinu svjetskog BDP-a, a podjednak mu je i udjel u svjetskoj trgovinskoj razmjeni. Na euro se odnosi gotovo jedna trećina međunarodnog tržista duga i znatan dio međunarodnih bankovnih obveza i deviznih transakcija. Nove države članice imaju dobre izglede da ostvare dobrobit dalnjom monetarnom integracijom. Njihova su gospodarstva, uglavnom, vrlo otvorena i sve se više i više integriraju u gospodarstvo EU na područjima trgovine, inozemnih izravnih ulaganja i finansijske povezanosti. Izgledi su za daljnju gospodarsku i finansijsku integraciju dobri. Želio bih pohvaliti uspjeh koji je u razdoblju od proglašenja neovisnosti Hrvatska ostvarila povezujući vrijednost svoje valute prvo s njemačkom markom, a zatim s eustom, kao i u održavanju kretanja tečaja u uskom rasponu.

Međutim, izazovi s kojima se suočavaju nove države članice koje se žele priključiti europolodručju nisu zanemarivi: iako Hrvatsku trenutačno ne odlikuje tržiste rada s viškom radnih mjesta, kako se gospodarska ekspanzija bude nastavljala – i kako se kamatne stope budu približavale razinama u eurozonu – situacija bi se na tom području mogla promijeniti u srednjo-ročnom razdoblju. U tim će okolnostima biti važno da fiskalna politika ostane primjerena te da se izbjegnu prociklički impulsi. Razborita fiskalna politika, djelotvoran nadzor nad finansijskim sustavom i strukturne reforme kojima se liberaliziraju tržista rada, proizvoda i kapitala imaju ključnu ulogu u podupiranju eksterne održivosti i konkurentnosti. Za sve države članice – nove i one koje će to postati – obuzdavanje inflatornih pritisaka nije samo pitanje udovoljavanja maastrichtskim kriterijima u određenom trenutku nego i ključan element za očuvanje konkurentnosti i dugoročne makroekonomiske stabilnosti.

the single currency does more: It enables the Euro area countries to be more effectively represented on the world economic stage and to address the challenges faced by the global economy. The Euro area represents about one sixth of world GDP and roughly the same proportion of world trade. The Euro accounts for about one third of the international debt market and for a significant part of international bank liabilities and foreign exchange transactions. New Member States are very well placed to benefit from further monetary integration. They are, in the main, very open economies and are more and more closely integrated with the EU economy in terms of trade, foreign direct investment, and financial linkages. The prospects for further economic and financial integration are good. I want to commend Croatia's success since independence in tying the value of its currency to the Deutsche Mark in the first instance, and then to the Euro, and in keeping the exchange rate within a narrow band.

But the policy challenges for new Member States seeking to join the Euro area are not insubstantial: While Croatia for example does not presently have a tight labour market, as economic expansion continues – and with interest rates converging towards Eurozone levels – this could change over the medium term. It will be important in those circumstances that the fiscal stance remains appropriate and that pro-cyclical impulses are avoided. Prudent fiscal policies, effective financial supervision and structural reforms that liberalize labour, product, and capital markets play a key role in sustaining external sustainability and competitiveness. For all Member States – new and prospective – containing inflationary pressures is not just a question of meeting Maastricht criteria at a particular point in time but a key element to safeguard competitiveness and long-term macroeconomic stability.

Ladies and Gentlemen, it is only a few months since we celebrated the 50th anni-

Dame i gospodo, prošlo je tek nekoliko mjeseci od obilježavanja 50. obljetnice Ugovora iz Rima. Tijekom tog 50-godišnjeg razdoblja europske su integracije donijele veliko blagostanje članicama EU. I to ne samo blagostanje nego također slobodu i sigurnost. Međutim, to blagostanje, sloboda i sigurnost počivaju na istoj, jedinstvenoj osnovi – miru.

Kao i vi, dolazim iz zemlje koja je u prošlosti bila duboko podijeljena. Iznimno sam svjestan činjenice da se trajan mir može postići tek onda kad se pomirba između bivših neprijatelja duboko ukorijeni. To od ljudi zahtijeva zrelost, odnosno opruštanje prošlih događaja, a da ih se ne zaboravi, te suglasnost da se stare bitke ostave po strani i krene naprijed u ostvarivanje zajedničkih ciljeva.

Zbog paralelnog jačanja integracija i postupnog širenja Europa je danas puno sigurnija i bogatija nego na početku integracijskih procesa. I danas, s 27 država članica i brojem stanovnika od gotovo 500 milijuna, Europa je puno snažnija u svjetskim razmjerima nego prije 35 godina kad se, nakon pristupanja Ujedinjenog Kraljevstva, Irske i Danske, broj članica EU povećao sa šest na devet, i kad je broj stanovnika iznosio nešto manje od polovine sadašnjeg broja stanovnika. Danas je naš utjecaj na svjetsko gospodarstvo znatno veći, a s pristupanjem zemalja poput Hrvatske i drugih zemalja Europa će postati još snažnija i moćnija. Želim vam sve najbolje u dalnjem napretku na putu prema članstvu u EU. Nadam se da ćete se uspjeti brzo približiti ispunjenju svih dogovorenih minimalnih preduvjeta vezanih uz pravnu stečevinu EU. Hrvatska će se susresti s velikim izazovima i mogućnostima. Siguran sam da ćete se uspješno suočiti s tim izazovima i prigrlići mnoge uzbudljive mogućnosti koje će vam biti na raspaganju.

versary of the Treaty of Rome. Over the intervening 50 years European integration has brought great prosperity to the members of the EU. And not just prosperity: freedom and security too. But prosperity, freedom and security are built on the same, single foundation – peace.

Like you, I come from a country that in the past was deeply divided. I am acutely aware that lasting peace is only achieved when the roots of reconciliation between former enemies gets firmly entrenched. That requires maturity from people: it requires forgiving the past without forgetting it, agreeing to set aside ancient battles and to move forward on the basis of shared, common goals.

As a result of parallel deepening of integration and gradual widening, Europe is today much safer and more prosperous than it was when the integration process started. And now with 27 Member States and a population of close on 500 million Europe is much stronger and more powerful in the world than it was 35 years ago when – with the accession of the UK, Ireland and Denmark the EU expanded from 6 to 9 members and to a population of less than half its current level. Today our leverage in the world economy is immensely greater and with the accession of countries like Croatia and others, Europe will become stronger and more powerful still. I wish you well as you move further and further along the path towards EU membership. I hope you can move quickly towards meeting all of the agreed opening benchmarks on the acquis. The challenges and opportunities that lie ahead for Croatia are significant. I am sure that you will rise to those challenges and grasp the many exciting opportunities that are there for the taking.

Uzvratno izlaganje Response



g. Damir Polančec
potpredsjednik Vlade RH

*Mr Damir Polančec
Vice Prime Minister of the Government of the Republic of Croatia*

Poštovani gospodine povjereniče,
poštovane dame i gospodo,
zahvaljujem gospodinu povjereniku
McCreevyju na pozitivnom osvrtu na Repu-
bliku Hrvatsku.

Stoga, poštovani gospodine McCreevy, ek-
selencije, dame i gospodo,

dopustite da i sa svoje strane pridonesem
ovom pozitivnom ozračju. Nikako ne zanema-
rujući irsko podrijetlo gospodina povjerenika,
želim naglasiti kako je Irska, kao prijateljska dr-
žava s kojom Republika Hrvatska nema otvore-
na ni neriješena pitanja, oduvijek bila svojevrsni
model i uzor u kreiranju pravca prema kojem
usmjeravamo hrvatsko gospodarstvo.

Model ekonomskog razvoja Irske s kojim je
irsko gospodarstvo postalo jedno od europskih
gospodarstava s najvišim stopama rasta, svaka-
ko predstavlja nešto što je iznimno vrijedno
našeg proučavanja i iskorištavanja svih njego-
vih dobrih strana. Osobito kada govorimo o
odnosu prema inozemnim stranim ulaganjima,
otvorenosti ekonomije, orientaciji na europska
tržišta, edukaciji radne snage i o provedenim re-
formama javnih poduzeća i javnog sektora.

Govoreći o Europskoj uniji, ispunjavanje
uvjeta za punopravno članstvo, što je naš naj-
važniji strateški politički cilj, podrazumijeva

*Mr Commissioner,
Ladies and gentlemen,
I would like to thank the commissioner, Mr
McCreevy for his positive assessment of the Re-
public of Croatia.*

*Therefore, Mr McCreevy, your excellencies,
ladies and gentlemen,*

*Permit me to make my own contribution to
this positive mood. Keeping in mind the com-
missioner's Irish nationality, I wish to emphasize
that Ireland, as a friendly nation with which the
Republic of Croatia has no disputes nor unre-
solved matters, has always been something of a
model and exemplar for us when devising our
own priorities for the Croatian economy.*

*Ireland's economic development model,
which made the Irish economy one of the fast-
est-growing in Europe, certainly constitutes an
example worthy of study and emulation. This is
particularly true with regard to the attitude to-
ward foreign direct investment, economic open-
ness, the European market orientation, labour
force education and reform of public enterprises
and the public sector as a whole.*

*Speaking of the European Union, fulfilment
of the conditions for full membership, which is
our most important strategic political objective,
implies stability of democratic institutions, rule*

stabilnost institucija koje osiguravaju demokraciju, vladavinu prava i poštivanje demokratskih načela, ljudskih i manjinskih prava te potpuno funkcioniranje tržišnoga gospodarstva. Članstvo u EU nije samo sebi cilj, to je motiv za procese reformi kako bi se dosegнула razina napretka koji će u svakodnevnom životu osjetiti svi hrvatski građani.

Reforme podrazumijevaju i postavljanje realnih i ostvarivih ciljeva ekonomske politike: kroz srednjoročno razdoblje oni su usmjereni na jačanje gospodarstva i podizanje razine konkurenčnosti uz istovremeni rast zaposlenosti. U tom cilju koncentrirani smo na održanje stabilnog makroekonomskog okruženja i jačanje gospodarskog rasta.

U namjeri postizanja tog cilja Hrvatska pažljivo osluškuje napredak u provedbi Lisabonske strategije i aktivno dizajnira svoje buduće sudjelovanje u njezinoj provedbi. Hrvatsko gospodarstvo prati europske trendove i posvećeno je uspostavi društva utemeljenog na znanju što će pridonijeti dalnjem razvoju hrvatskoga gospodarstva.

Kao rastuće gospodarstvo u posttransicijskom razdoblju, suočeni smo s nekoliko izazova.

- **Trajno ulaganje u infrastrukturu**

Ulaganja u Infrastrukturu danas predstavljaju 7% udjela u BDP-u. Ovaj se broj primarno odnosi na ulaganja u energetiku i cestovnu infrastrukturu kao i racionalno korištenje prirodnih bogatstava i sustavnu zaštitu okoliša.

- **Promicanje aktivne politike tržišnog natjecanja uz uređivanje sustava dodjele državnih potpora**

Ovaj cilj podrazumijeva transparentnost dodjele potpora temeljenih na jasnim programima. Posebni, u tom smislu osjetljivi sektori jesu brodogradnja i Hrvatske željeznice. Iako je riječ o najmanje poželjnim potporama jer su usmjereni pojedinačnim poduzetnicima, odnosno sektorima s problemima u poslovanju, a koje su vrlo "nepopularne" u EU, mora se naglasiti da je u tim sektorima snažno započet proces sanacije i restrukturiranja.

of law and respect for democratic principles, human and minority rights and a fully functional market economy. EU membership is not an end unto itself, rather it is a motivating factor for reform processes to achieve a level of progress that will be felt by all Croatian citizens in their everyday lives.

Reform also implies setting realistic and feasible economic policy objectives: over the medium term they are oriented toward strengthening the economy and raising the level of competitiveness while simultaneously accelerating the country's development and increasing employment. To this end, we are concentrating on maintaining macroeconomic stability and spurring economic growth.

In the interest of achieving these objectives, Croatia is closely monitoring progress in implementation of the Lisbon Strategy and is actively formulating its own future participation in this implementation. The Croatian economy is in step with European trends and is dedicated to the establishment of a knowledge-based economy, which will contribute to further economic development.

As a growing economy in the post-transition phase, we find ourselves confronting several challenges.

- **Ongoing investment in infrastructure**

Infrastructure today accounts for 7% of GDP. This figure pertains first and foremost to energy and roads, as well as rational use of natural resources and systematic environmental protection.

- **Promotion of active market competition policies with parallel regulation of the system for granting state aid.**

This objective implies oversight of implementation of adopted legal standards and transparency of aid grants based on unambiguous programmes. Particularly sensitive sectors in this sense include shipbuilding and the national railroad company. Even though these types of subsidies are the least desirable because they are earmarked for individual enterprises and problem sectors which are very "unpopular" in the EU, it must be stressed that in these sectors a process of

• Promicanje aktivne politike zaposljavanja

Snižavanje stope nezaposlenosti jedan je od glavnih ciljeva hrvatske gospodarske politike. Prema podacima, u 2006. godini zabilježena je anketna stopa nezaposlenosti od 11,2%, što je najniža stopa nezaposlenosti u posljednjih osam godina. Ovi pokazatelji rezultat su, između ostalog, provedbe Nacionalnog akcijskog plana zaposljavanja za razdoblje 2005. – 2008., koji je pripremljen na temelju 10 preporuka Europske strategije zaposljavanja.

Najnoviji podaci HZZ-a pokazuju da je krajem kolovoza 2007. broj nezaposlenih na međugodišnjoj razini smanjen za preko 28 tisuća što govori o anketnoj stopi nezaposlenosti od 10,4%.

• Dovršetak procesa privatizacije

Daljnja privatizacija poduzeća u portfelju Hrvatskog fonda za privatizaciju prioritet je od kojeg ne odustajemo. Pritom želim naglasiti da osnovni cilj privatizacije nije i ne može biti samo prikupljanje novca u državni proračun, već prije svega povećanje konkurentnosti svake tvrtke koju se nastoji privatizirati. Cilj je privući strateškog partnera koji ima snage investirati, koji ima *know-how* i pristup globalnom tržištu na kojem se već dokazao.

• Reforma pravosuđa

Razvoj neovisnog i stručnog pravosudnog sustava predstavlja ključnu pretpostavku ne samo za pristupanje Hrvatske Europskoj uniji, već i za ukupni razvoj zemlje, te za uspostavu povjerenja u hrvatsko gospodarstvo, što je nužan preduvjet ulaganja. Glavni su preduvjeti za uspješnu provedbu reforme usavršavanje sudaca i državnih odvjetnika, te informatizacija cjelokupnog pravosudnog sustava.

Četiri osnovna područja reforme jesu: zemljische knjige, edukacije, smanjivanje zaostalih i neriješenih predmeta te stecajevi uz razvoj alternativnog rješavanja sporova. Time želimo postići učinkovitu pravnu zaštitu i stvoriti sigurno pravno okruženje.

Ovi izazovi ujedno su i izazovi s kojima se suočavamo u pristupnim pregovorima za članstvo u Europskoj uniji, a koji su ključan

rehabilitation and restructuring is in full swing.

• Promotion of active employment policies

Even though the key indicators are encouraging, lowering the unemployment rate is one of the major priorities of Croatian economic policy. According to data obtained in the Labour Force Survey in 2006, an unemployment rate of 11.2% was recorded, which is the lowest rate in the last eight years. These indicators are a direct result of implementation of the National Employment Action Plan for 2005–2008, which was prepared on the basis of the ten recommendations contained in the European Employment Strategy.

The most recent data from the National Employment Bureau indicate that by the end of August 2007, the number of unemployed at the year-on-year level decreased by over 10.4%.

• Completion of the privatization

Further privatization of companies in the Croatian Privatization Fund's portfolio is a priority that shall not forsake. Here I feel compelled to stress that the basic goal of privatization is not and cannot simply be to collect revenues for the central budget, rather it must entail raising the competitiveness of every firm that is to be privatized. The objective is to attract strategic partners that possess the strength to invest, the know-how and access to the global market, where they have already proven themselves.

• Judiciary reform

The development of an independent and expertise-based judicial system is more than a crucial prerequisite for Croatia's accession to the European Union, rather it is also a key condition for the country's overall development and for building trust in the Croatian economy, which is in turn an essential prerequisite for investment. The principal conditions for successful reforms are further education and training of judges and public attorneys, and computerization of the entire judicial system.

The four fundamental reform areas are: property registers, education, reduction of the case-load backlog and bankruptcies, with development of alternative avenues to settle disputes. With this we intend to achieve effective legal

čimbenik našeg budućeg sudjelovanja na unutarnjem tržištu Europske unije.

Govoreći o jedinstvenom tržištu, najzahjeviji test jest test realnosti može li EU od želje za jedinstvom postići i jedinstveno tržište koje će nastupati uz bok svjetskim ekonomijama poput SAD-a, Kine. Iako mlada, ova ideja zaživjela je u gospodarsku stvarnost. Ako je u posljednjem desetljeću unutarnje tržište stvorilo 2,5 milijuna novih radnih mjesta, želimo biti dijelom tog broja. I, ako je u tom razdoblju ostvareno 900 mlrd. € zarade, želimo da se dio te vrijednosti osjeti i na standardu naših građana. Nije bez značaja, što se Hrvatska, kao jedan od prvih koraka u preuzimanju goleme pravne stečevine odlučila fokusirati na pravnu stečevinu unutarnjeg tržišta. Želimo da investitori dolaze u sigurno okruženje uskladeno s odredbama, primjerice trgovačkog prava, bankarskog sektora i finansijskih usluga, računovodstva, intelektualnog vlasništva.

No, ovdje ne završava borba za sigurnost ulagača. U uvjetima gdje javna nabava čini i do 14% BDP-a, svjesni smo opasnosti pojave globalne pošasti korupcije u javnoj nabavi pri čemu je naš osnovni cilj briga za novac naših poreznih obveznika i postizanje uvjeta best value for money. Zato Vlada, u suradnji s Europskom unijom radi na novom zakonskom okviru za javne nabave čime ćemo, ne samo modernizirati pravila javnih natječaja već i ulti uvesti nove oblike postupaka kojima ćemo podići razinu transparentnosti ocjene ponuditelja i pružiti mogućnost njihovog međusobnog natjecanja. Novi Zakon, temeljen na pravnoj stečevini Europske unije, osim napora da se postigne veći stupanj transparentnosti i javnosti postupka, donosi i novosti kao što su:

- posebni načini nabave: dinamički sustav nabave, okvirni sporazum, okvirni ugovor
- elektronička dostava ponuda
- elektronička dražba
- javno otvaranje ponuda s mogućnošću nazočnosti svake osobe bez obzira na to je li ponuditelj u postupku nabave

protection and create a secure legal environment.

These challenges are the same ones we confront in accession negotiations for membership in the European Union, which are a key factor for our future participation in the European Union's internal market.

*Speaking of the common market, the most demanding test will be to determine whether the EU can transform its desire for unity into a genuine common market that will stand shoulder to shoulder with world economies such as that of the United States and China. Even though relatively recent, this idea has become an economic reality. If, over the past decade, the Internal Market has generated 2.5 million new jobs, then we want to be a part of it. And if during that same period €877 billion in earnings were generated, then we want a part of this value reflected in the living standards of our citizens. It is not coincidence that Croatia has decided to focus on the legal framework of the internal market as one of the first steps in assuming the EU's sizeable *acquis communautaire*. This is why today investors can enjoy a secure environment that complies with, for example, the provisions of regulations governing the corporate, banking and financial services sectors, accounting standards and intellectual property.*

*But the struggle to create security for investors does not end here, either. In a situation where public procurement accounts for up to 14% of GDP, we are aware of the dangers of that worldwide plague of corruption in public procurement deals, wherein our basic goal is to achieve the best value for money for our taxpayers. This is why the Government, in cooperation with the European Union, is devising a new legal framework with which we shall not only modernize the rules of public bidding but also introduce new forms of procedures that will raise the level of transparency and assessing bidders and make it possible for them to bid against each other. The new law, based on the European Union's *acquis communautaire*, contains, besides securing a greater degree of procedural transparency and public access, novelties such as:*

- mogućnost kontrole postupka nabave i ulaganje zahtjeva u svim fazama postupka nabave.
- Special procurement methods: dynamic procurement system, general framework agreements, framework contracts,
- Electronic delivery of bids,
- Electronic auctions,
- Public opening of bids with the possibility of attendance by each person regardless of whether the bidder is party to the procurement procedure,
- The possibility of oversight of procurement and investment in all procedural phases.

Javnim nabavama posvećena je posebna pažnja u pristupnim pregovorima te vjerujemo kako ćemo, uz suradnju Europske komisije, dovršiti i intenzivni proces ispunjavanja mjerila za otvaranje pregovora u ovom poglavljju.

U lipnju ove godine otvorili smo pregovore i o Slobodi pružanja usluga uz ispunjavanje 6 mjerila za njegovo zatvaranje. Mjerila se odnose na usklajivanje našeg zakonodavstva s pravnom stečevinom Unije. Složenost procesa usklajivanja, pa onda i njegovu dugotrajanost, dodatno diktira nova Direktiva o slobodi pružanja usluga koja nalaže članicama Unije da se s njome usklade do 28. prosinca 2009. Za Hrvatsku, kao buduću članicu, to znači da će njezin postupak pristupanja i usklađenja teći paralelno s usklajivanjem zakonodavstva članica EU s tom Direktivom te će biti moguća i razmjena iskustva u naporima za ostvarenje tog cilja.

Gospodarska politika Vlade Republike Hrvatske kroz operativne programe i projekte daje pozitivne gospodarske rezultate. Pokrenut je proces revitalizacije hrvatske industrije, a posebna briga posvećuje se izvozu.

Jednako tako, preokrenut je i trend stranih ulaganja koja su sada u najvećoj mjeri okrenuta ulaganju u proizvodne djelatnosti. Pritom ističem ulogu APIU koja velikim stranim ulagачima u RH služi kao „one stop shop“ agencija koja im pomaže u prevladavanju svih barijera i pribavljanju svih potrebnih dozvola za ulaganje, ali i ostvarenje prava na olakšice.

Sve to dovodi nas do pozitivnog trenda u hrvatskom gospodarstvu. Naveo bih vam nekoliko ilustrativnih brojki koje to i dokazuju:

- U prvom tromjesečju 2007. godine realna stopa rasta BDP-a iznosila je 7,0%, što je najviši rast još od trećeg tromjesečja 2002. godine. Uz dodatak da je rast BDP-a u 2006. godini bio 4,8%.

- Special procurement methods: dynamic procurement system, general framework agreements, framework contracts,
- Electronic delivery of bids,
- Electronic auctions,
- Public opening of bids with the possibility of attendance by each person regardless of whether the bidder is party to the procurement procedure,
- The possibility of oversight of procurement and investment in all procedural phases.

Special attention has been dedicated to public procurement in accession negotiations and we believe that with the cooperation of the European Commission we shall finalize and intensify the process of fulfilling the measures required to open negotiations on this chapter.

*In June of this year we also opened negotiations on Freedom to provide services with fulfilment of six measures to close this chapter. The measures pertain to alignment of our legislation with the Union's *acquis communautaire*. The complexity of this alignment process and its long-term nature are additionally dictated by the Directive on Freedom of Services, which requires EU member states to align their legislation therewith by 28 December 2009. For Croatia, as a future member, this means that its accession and alignment procedure will run parallel to alignment of legislation by EU member states where this Directive is concerned, and thus exchanges of experiences in efforts to achieve this goal will be possible.*

The Croatian Government's economic policy, implemented by means of operative programmes and projects, have generated positive economic results. A system to revitalize Croatian industry has been launched, and special care is being dedicated to exports.

By the same token, foreign investment trends have been re-oriented, and now most of such investments involve manufacturing activities. The role of the Direct Investment Promotion Agency must be emphasized in this regard, as it serves as a "one-stop shop" for major investors in Croatia, helping them overcome all barriers and secure all

- BDP po glavi stanovnika u eurima porastao je sa 7.000 eura u 2005. na 7.700 eura u 2006. godini.
- Snažna fiskalna konsolidacija započeta u 2004. godini rezultirala je više nego dvostrukim smanjenjem udjela fiskalnog deficitu u BDP-u u posljednje tri godine, odnosno sa 6,2% BDP-a u 2003. na 3,0% BDP-a u 2006. čime je ispunjen maastrichtski kriterij za ulazak u Europsku monetarnu uniju.
- U 2007. predviđamo daljnje smanjenje fiskalnog deficitu, točnije na 2,6% BDP-a, a taj će se trend nastaviti i u srednjoročnom razdoblju pri čemu predviđamo smanjenje fiskalnog deficitu na 0,5% BDP-a do 2010. ili čak njegov potpuni nestanak.
- Rast inozemnog duga usporen je s 31,3% u 2003. godini na 13,4% u 2006. godini te dodatno na 10,1% u svibnju 2007. godine, te je danas stabiliziran na razini od oko 85% BDP-a, a bitno je napomenuti da u BDP nije uračunat udio sive ekonomije.
- Udio opće države u ukupnom vanjskom dugu smanjen je u 2006. godini za 390 milijuna eura.
- Inozemni dug države smanjen je u prvih pet mjeseci 2007. godine za 156 milijuna eura.
- Smanjenjem fiskalnog deficitu te zaduživanjem na domaćem finansijskom tržištu država će pridonijeti stabilizaciji udjela inozemnog duga u BDP-u u srednjoročnom razdoblju.
- Inflacija u 2005. godini bila je na razini 3,3%, godinu poslije 3,2%, dok je u prvom polugodištu ove godine smanjena na oko 2% usprkos mnogim negativnim utjecajima na globalnom tržištu.

Dame i gospodo,

Europa se nalazi u fazi promjena i traženja novih komparativnih prednosti na temelju afirmacije uloge znanosti, tehnologije, informacijsko-komunikacijske infrastrukture te usluga. Ciljevi ove preobrazbe iskazani su u Lisabonskoj strategiji.

necessary licenses for their investments and exercise their right to incentives.

All of this leads us to the positive trends in the Croatian economy. I would like to cite several illustrative figures which serve as evidence of these trends:

- *Real GDP growth in the first quarter of 2007 was 7%, which is the highest growth since the third quarter of 2002. GDP growth in 2006 amounted to 4.8%.*
- *Per capita GDP in euros has grown from €7,000 in 2005 to €7,700 in 2006.*
- *The intense fiscal consolidation initiated in 2004 has more than halved the share of the budget deficit in GDP over the past three years, that is, from 6.2% of GDP in 2003 to 3% of GDP in 2006, which constitutes fulfilment of the Maastricht criteria for admittance to the European Monetary Union.*
- *In 2007 we foresee further reduction of the budget deficit, down 2.6% of GDP to be precise, and this trend will continue over the medium term, wherein we foresee reduction of the budget deficit to 0.5% of GDP by 2010, and possibly even its disappearance altogether.*
- *Trade deficit growth has been slowed from 31.3% in 2003 to 13.4% in 2006, and to 10.1% in May 2007, and it has today been stabilized to approximately 85% of GDP, and it is important to note that the share of the informal economy has not been calculated as part of GDP.*
- *The state's foreign debt has been reduced by €156 million in the first five months of 2007.*
- *By reducing the budget deficit and borrowing on the domestic financial market, the state will contribute to stabilization of the share of foreign debt in GDP over the medium term.*
- *Inflation was held at a level of 3.3% in 2005, and then reduced to 3.2% in the following year, while in the first six months of this year it has been reduced to roughly 2% despite many negative pressures on the global market.*
- *Ladies and gentlemen,
Europe is undergoing a phase of change, seek-*



Hrvatska je mala ekonomija. Ona ne može bitno utjecati na globalne tržišne promjene, ali se može postaviti na takav način da ova kretanja iskoristi u svoju korist. Hrvatska se tijekom sljedećih godina može pozicionirati kao regionalno središte u uslugama, posebno na područjima putovanja i turizma, prijevoza, graditeljstva i finansijskih usluga. Prilika je to koju ne smijemo propustiti.

Na kraju, kao što je i povjerenik McCreevy rekao, pred Hrvatskom su značajni izazovi i mogućnosti, a ja sam siguran da smo mi na te izazove spremni uspješno odgovoriti.

Hvala.

ing out a competitive edge based on affirmation of the role of science, technology, information and communications infrastructures and services. The objectives of this transformation are highlighted by the Lisbon Strategy.

Croatia has a small economy. It cannot exert a great impact on global economic change, but it can set itself up to take advantage of these trends. Over the next few years, Croatia can establish itself as a regional hub for generating services, particularly in the fields of travel and tourism, transportation, construction and financial services. This is an opportunity that we cannot afford to miss.

In conclusion, as Mr McCreevy said, Croatia is facing considerable challenges and opportunities, and I am certain that we are capable of meeting those challenges head on.

Thank you.

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Govor:

dr. Robin Harris

Address:

Dr Robin Harris

Uzvratno izlaganje:

g. Adrian Hardiman

Response:

Mr Justice Adrian Hardiman

Govor Address



dr. Robin Harris
povjesničar, publicist i novinar

*Dr Robin Harris
historian, author and journalist*

GOVOR DR. ROBINA HARRISA

Vrlo sam počašćen, i još uvijek malo iznenađen, što sam pozvan da održim ovo predavanje. Čast je, nadam se, očigledna.

Dr. Ante Čičin-Šain među najuglednijim je javnim osobama u svojoj zemlji. Kad je bio guverner Hrvatske narodne banke, u vrijeme problematičnog nastajanja nove države, njegova stručnost, hrabrost i hladnokrvnost osiguravale su monetarnu i finansijsku stabilnost u gotovo nevjerojatnom neprijateljskom okruženju. Svi mi držimo da su te osobine i danas potrebne u međunarodnom finansijskom okruženju.

Poslije, kao hrvatski veleposlanik u Ujedinjenom Kraljevstvu i u Irskoj, bio je vrlo uvjerljiv i profesionalan diplomat u politički turbulentnim uvjetima, i kod kuće i u inozemstvu. U staroj Jugoslaviji srpski aparatchici bili su na većini važnih diplomatskih mesta, uključujući London, a prvi hrvatski predstavnici morali su se snažno boriti protiv utjecaja koji su ti ljudi još uvijek imali. Britansko Ministarstvo vanjskih poslova bilo je u to vrijeme posebice neprijateljski raspoloženo. Vjerovalo se svim besmislenim tvrdnjama, dok su legitimni prosvjedi Hrvata bili ignorirani.

Dobro se sjećam telefonskog razgovora s dr. Čičin-Šainom u kolovozu 1995. u kojem mi je rekao da je upravo saznao da se hrvatska zastava, šahovnica, sada vijori iznad ponovno

ADDRESS BY DR ROBIN HARRIS

I am very honoured – and I am still slightly surprised – to have been asked to deliver this lecture. The honour, I hope, is obvious.

Dr Ante Čičin-Šain is one his country's most distinguished public figures. As Governor of Croatia's National Bank at the time of the new state's troubled birth, his expertise, courage and cool-headedness ensured monetary and financial stability in an almost impossibly hostile environment. We all appreciate the need for such qualities in today's international financial environment too.

Later, as Croatian Ambassador to the United Kingdom and to Ireland, he was a hugely persuasive and highly professional diplomat under politically treacherous conditions, both at home and abroad. The old Yugoslavia had installed Serb apparatchiks in most of the important diplomatic posts, including London, and Croatia's first representatives had to fight hard against the influence which these people still wielded. The British Foreign Office was at that time particularly hostile. Credence was given to any nonsensical allegation, while legitimate protests from the Croats were ignored.

I well remember a telephone conversation I had with Dr Čičin-Šain in August 1995 in which he told me that he had just learned that the Croatian flag, the Šahovnica, was now

osvojene tvrđave u Kninu. Likovao sam – i zbog Hrvatske i zbog toga što je vojna akcija, poznata kao Oluja, spasila i Bosnu. No, ne mogu se baš sjetiti da je bilo mnogo drugih prilika za likovanje.

Kad je Čičin-Šain odlazio, rekao sam mu – zato što je to bila istina, a možda mu to nisu dovoljno puta ponovili – da je bio iznimno uspješan veleposlanik i da se nadam da će biti nagrađen. Pogledao me i nasmijao se prije nego što je odgovorio: "A možda ču biti kažnjen?" Mislim da nije bio nagrađen – ali za kaznu me mora sada slušati.

Kao što me i vi morate slušati – za što biste, zasigurno, trebali kazniti g. Gerarda Danahera.

Ja nisam osoba koju biste prvu odabrali da govoriti o općim temama Irske, Europske unije i Hrvatske. Ovo je moj prvi posjet ovom lijepom gradu, a zapravo i ovoj državi, budući da prije nisam uspio doći. Osim toga, iako svoju katoličku vjeru dugujem pobožnoj irskoj naciji, bojim se da ne dijelim vjeru cijele irske elite u Europsku uniju. Konačno, iako nitko nema više simpatija za Hrvatsku od mene te iako sam pisao dosta o njezinoj povijesti i nedavnom iskustvu, očito je da nisam Hrvat.

No, drago mi je što mogu reći da teza koju danas želim izložiti ne ovisi ni o čemu od spomenutoga. Argument koji ču iznijeti jest da Hrvatskoj u ovom trenutku više od ičega treba velika, dvostruka doza realizma, kako bi osigurala uspješnu budućnost u Europi koju želi i koju joj svi mi želimo.

Realizam, kao i sama realnost, može biti nepoželjan. Možda se sjećate kako je Boswell zabilježio da je, kako bi opovrgnuo argument biskupa Berkeleya o nepostojanju materije, razbješnjeni dr. Johnson udario nogom o veliki kamen takvom snagom da je odskocio od njega, uskluknuvši: "Ja to stoga pobijam!" Odbacivanje, kao i opovrgavanje iluzija može biti bolno.

HRVATSKA I IRSKA

U svojem prvom predavanju iz ove serije dr. Čičin-Šain primijetio je da u Hrvatskoj postoji, kako ju je nazvao, "općinenost" Irskom, čija su

waving above the recaptured fortress of Knin. I cheered – both for Croatia and because that military action, known as Storm, saved Bosnia too. But there were not many other cheers, I seem to remember.

When Ante Čičin-Šain left, I told him – because it was true, and perhaps he hadn't been told it enough – that he had been an extraordinarily successful ambassador, and I hoped he would be rewarded. He looked at me and smiled before replying – "But will I be punished?" I don't think he was rewarded – but as punishment he now has to listen to me.

And so of course do you – for which you should certainly punish Mr Gerard Danaher.

I'm not the most obvious choice for a speaker on the general themes of Ireland, the European Union and Croatia. It's my first visit to this fine city and indeed this country, earlier appearances having been rendered difficult. And, though I owe the holy Irish my adopted Catholic faith, I don't, I'm afraid, share all the Irish élite's faith in the European Union. Finally, while I am second to none in my affection for Croatia, and have written quite a lot about its history and more recent experience, I am – as is equally obvious – not a Croat.

But the thesis that I want to advance today doesn't, I'm glad to say, depend on any of these things. The argument I shall make is that what Croatia needs more than anything now, in order to secure the prosperous future in Europe that it wants and we all want for it, is a large, double-strength dose of realism.

Realism, like reality itself, can be unwelcome. You may remember how Boswell records that, in order to disprove Bishop Berkeley's argument for the non-existence of matter, an infuriated Dr Johnson kicked a large stone with such force that he rebounded from it, exclaiming – "I refute it thus!" Discarding, like disproving, illusions can be painful.

CROATIA AND IRELAND

In his first lecture of this series, Dr Čičin-Šain observed that there was in Croatia what he

veličina i situacija u mnogo aspekata vrlo slične, no da je to također posljedica "određenoga naivnog samozavaravanja". To mora da je točno upozorenje. Ako usporedimo činjenice i brojke koje se odnose na ove dvije zemlje, možemo vidjeti razlike, ali i sličnost.

Obje su zemlje, naravno, katoličke, a njihov identitet bio je u povijesti snažno određen vjerom. Obje su dugo nastojale pobjeći od dominacije snažnih susjeda. Obje imaju sličan broj stanovnika, s time da su Hrvati malo brojniji, te obje imaju sličnu površinu, no Irska je malo veća.

Međutim, ubrzo razlike postaju uočljivije. Irska ima mlado i rastuće stanovništvo. Hrvatska, kao i veći dio ostale Europe (isključujući Britaniju) ima starije stanovništvo, kojem se smanjuje broj. Irska je privukla više doseljenika, između ostalog iz irske dijaspore, nego što je Hrvatska privukla iz svoje dijaspore. Irska je bila kudikamo uspješnija u privlačenju inozemnih investicija – iako to nije iznenadjuće za jednu od jedine dvije države iz EU u kojima se govorи engleski jezik. Irska je također mnogo, mnogo bogatija – zapravo je prema relevantnom kriteriju, tj. kriteriju dohotka po glavi stanovnika, druga najbogatija država u EU. Njezini građani zarađuju gotovo tri puta više od hrvatskih građana, mjereno prema paritetu kupovne moći. Irski udio javne potrošnje u BDP-u – pa čak i u BNP-u, koji neki irski ekonomisti preferiraju – mnogo je niži od hrvatskoga, kao što su i njezine stope poreza na dohodak i na dobit. Na to će se poslije vratiti.

Konačno, moramo još navesti i razliku koja se katkad zaboravlja, barem izvan zemalja jugoistočne Europe, a koja je barem onoliko važna koliko i ekonomski ili demografski podaci. Riječ je o sigurnosti ili točnije nesigurnosti. Irska graniči samo s jednom državom – državom koja je, što god mislili o nama, miroljubiv susjed. Hrvatska ima kopnenu granicu pet puta dužu od Irske i graniči s pet drugih država, od kojih se dvije još ne mogu smatrati stabilnim. Dok je Irska neutralna i ima male rashode za obranu, Hrvatska čak i sada treba značajnu

called a "fascination" with Ireland, whose size and situation were in many respects so similar, but that this was also the result of a "kind of naive wishful thinking". That caution must be right. And if we compare the facts and figures of the two countries we can see the contrasts as well as the likeness.

Both are Catholic, of course, and their identity was heavily historically defined by faith. Both have long sought to escape the domination of powerful neighbours. Both have similar population sizes, the Croatians a bit more numerous, and both have similar areas, Ireland a little larger.

But soon the dissimilarities strike us harder. Ireland has a young and growing population. Croatia, like most of the rest of Europe (though not Britain), has an ageing and shrinking one. Ireland has attracted more immigration, not least from the Irish diaspora, than Croatia has attracted from its diaspora. Ireland is far more successful at attracting foreign investment – though, as one of the only two English speaking EU countries, that's not surprising. Ireland is also far, far richer – indeed by the criterion that matters, which is income per head, it is the second richest EU nation. Its citizens earn almost three times what Croatians earn, measured in terms of purchasing power parity. Ireland's public expenditure as a share of GDP – and even GNP which some Irish economists prefer – is much lower than Croatia's, as are its personal and corporate tax rates. I shall come back to those points later.

Finally, though we must add a contrast that is sometimes forgotten, at least outside South East Europe – one which is at least as important as the economic or demographic data. This relates to security or more precisely insecurity. Ireland borders just one country – a country which, whatever you may think about us, is a peaceful neighbour. Croatia has a land border five times longer than Ireland's and is contiguous with five other states of which two cannot yet be considered stable. While Ireland is neutral and has a tiny defence expenditure, Croatia even

obrambenu snagu, koju mora modernizirati i za koju se očekuje da će biti korištena u skladu s uvjetima NATO-a¹.

EUROPSKA HRVATSKA

Nitko tko objektivno razmatra bilo koje obilježje identiteta Hrvatske, ne može ozbiljno sumnjati u to da je ona dio Europe. Još više tome pridonosi činjenica da je i dio Srednje Europe i mediteranske Europe.

Hrvatska je, za razliku od svojih balkanskih susjeda, imala renesansu, a njezine lijepе javne građevine još uvijek odišu barokom – to je bilo jedan od razloga da postanu mete, u 1990-ima, barbara koji nisu znali ni za jedno ni za drugo. Ako mi dopustite, ilustrirao bih to širim povijesnim kontekstom Dubrovačke Republike ili Raguze, o kojoj najviše znam.

Taj mali grad-država proveo je stoljeća u kojima je bio najuspješniji, pod vrhovnom vlašću Osmanskog Carstva. Svoje karte morao je odigrati uz vrlo siguran diplomatski nastup kako bi uopće opstao. Redovito je slao harač preko svojih diplomata, koji su se nazivali poklisari. Njegovo plemstvo povremeno je čak i zabavljalo turske dostojanstvenike svojom laganom plesnom glazbom, koja se za njih izvodila na orguljama dubrovačke katedrale. Dubrovnik je zapravo poznavao sva sredstva kojima je mogao ukrasti naklonost orijentalnog srca, pa i preko orijentalnog džepa.

Međutim, unatoč svemu u najvećoj je mogućoj mjeri bio europski. Bio je isključivo i vrlo samosvjesno katolička država, kojom su upravljali na vrlo sličan način kao i gradovima-državama u Italiji. U isto vrijeme njegovo društvo činilo je prekrasnu simbiozu slavenskog i talijanskog. Dubrovačku književnost, kao i književnost ostatka dalmatinske obale, stvaraju na latinskom ili na hrvatskom jeziku isti književni majstori, koristeći se tim jezicima, bez posebnih političkih ideja ili programa. Njegove velike obitelji imaju jednako točna talijanska

now needs a substantial defence force which it is having to modernise and can be expected to deploy in line with NATO requirements.¹

EUROPEAN CROATIA

No one objectively considering any of the marks of Croatia's identity could seriously doubt that it is part of Europe. Doubly so, in fact – being both part of Central and of Mediterranean Europe.

Croatia, unlike its Balkan neighbours, had a Renaissance and its great public buildings still breathe the Baroque – it was one of the things that made them the target, in the 1990s, of barbarians who had known neither one nor the other. Perhaps I can be permitted to illustrate the wider point from the history of the Republic of Dubrovnik or Ragusa, which I know best.

That small city state spent its most successful centuries under the suzerainty of the Ottoman Empire. It had to play its cards with great diplomatic aplomb in order to survive at all. It sent regular tribute via its ambassadors, called poklisari. Its nobles on occasion even entertained Turkish dignitaries with light dance music, played for them on the Dubrovnik Cathedral organ. Dubrovnik knew, in fact, every means to steal the affections of an Oriental heart, including by way of the Oriental pocket.

But, for all that, it was as completely European as you can imagine. It was an exclusively and very self-consciously Catholic state, run along much the same lines as the city states of Italy. At the same time, its society represented a wonderful symbiosis of the Slavic and the Italian. Dubrovnik's literature, like that of the rest of the Dalmatian coast, is written in Latin or Croatian by the same literary masters, with no special political hang-ups or agendas about which idiom they employed. Its great families have equally accurate Italian and Slavic names. This extraordinary cultural harmony, in fact, made Dubrovnik in later years the target of

¹ Usporedi *Central Intelligence World Fact Book* (2008.), podatke za Irsku i Hrvatsku.

1 For these comparisons, see *Central Intelligence World Fact Book* (2008) entries for Ireland and Croatia

ili slavenska imena. Ustvari, zbog izvanrednoga kulturološkog sklada Dubrovnik je i postao meta ljudi iz Beograda koji su tvrdili da je Dubrovnik srpski, a ne hrvatski, prvo propagandom, a poslije i primjenom oružja. No, kulturološka činjenica da je Dubrovnik zapadnjački, a ne istočnjački u svojim pogledima na svijet, uvijek je bila očigledna. A takve su bile, treba dodati, i druge činjenice.

Koncem listopada 1991., kada je jugoslavenska armija već bombardirala Dubrovnik, Hrvoje Kačić, poslije glavni savjetnik hrvatske Vlade za granice, bio je pozvan na sastanak u Beograd. Tamo je srpski general ponudio prekid napada ako Dubrovnik pristane napustiti Hrvatsku. Dubrovniku bi bio, obećao je, ponuden visok stupanj autonomije te bi imao status slobodne luke i postao bi veliki finansijski centar – kao Monako u svojim odnosima s Francuskom, do-dao je general. Kačić je odgovorio: “Generale, Monako ima Francuze za svoje susjede – a mi u Dubrovniku, nažalost, imamo susjede nešto drugačije vrste.” To je zaista i bila stvarnost, te je, naravno, time i zaključena ponuda².

Opći stav o Hrvatskoj, koji se sada rjede čuje, no koji se još nedavno snažno naglašavao, jest taj da su Hrvati odvijek nespretno i čak neodgovorno zahtijevali nacionalnu neovisnost i da je taj zadrti nacionalizam uzrok pada Jugoslavije koja svima nedostaje. Ta je analiza zbog dva razloga pogrešna.

Jugoslavija se raspala 1991. – te je bila na rubu raspada pedeset godina prije, 1941. – zbog ekstremnoga srpskog nacionalizma, a ne nacionalizma drugih jugoslavenskih naroda. Nadalje, dugoročno je održavanje liberalnih iluzija Hrvate dovelo do najvećih problema. Katkad se zaboravlja da je entuzijazam za jugoslavensku ideju prvobitno nastao i zatim se razvijao u Hrvatskoj, a ne u Srbiji. Nejasno je je li neka stabilna unija južnih Slavena ikada bila održiva, no to sada i nije zanimljivo, osim u akademskom smislu. Međutim, bilo je iluzorno

people in Belgrade who claimed it as Serbian rather than Croat, first by propaganda and later by force of arms. But the cultural reality that Dubrovnik was Western not Eastern in its outlook was always evident. And so, one should add, were other realities.

At the end of October 1991, when the Yugoslav Army's shelling of Dubrovnik was well under way, Hrvoje Kačić, later the Croatian Government's chief adviser on the delimitation of frontiers, was summoned to a meeting in Belgrade. A Serbian General there offered to halt the attack if Dubrovnik agreed to abandon Croatia. Dubrovnik would, he promised, be offered a high degree of autonomy, would have the status of a free port, and become a great financial centre – like Monaco in its relationship with France, the General added. Kačić replied: “General, Monaco has the French as its neighbours – we in Dubrovnik unfortunately have neighbours of a rather different sort”. That was, indeed, realism, and naturally it ended the offer.²

The common view of Croatia, less frequently heard now but much emphasised not long ago, is that the Croats have always been awkwardly and even irresponsibly demanding national independence, and that from this pig-headed nationalism stems the fall of the much-missed Yugoslavia. This analysis is doubly wrong.

Yugoslavia broke up in 1991 – and was on the point of breaking up fifty years earlier in 1941 – because of extreme Serbian nationalism, not the nationalism of other Yugoslav peoples. Furthermore, in the long term, it has been the perpetuation of liberal illusions among Croats that has got them into their worst difficulties. It is sometimes not understood that enthusiasm for the South Slav idea was originally generated and then enthusiastically developed in Croatia, not in Serbia. Whether some stable union of the Southern Slavs was ever viable is unclear, and it is not now more than academically interesting. The illusion, however, was to believe

² Hrvoje Kačić, *U službi domovine*, Matica hrvatska, Zagreb, 2003., str. 253 – 256

2 Hrvoje Kačić, *U službi domovine* (Zagreb: Matica hrvatska, 2003), pp. 253–256

vjerovati da je rast jugoslavenstva, od sredine devetnaestog stoljeća nadalje, bio kompatibilan s istodobnim rastom velikosrpstva. U toj iluziji, koju su napoljskemu Hrvati i Slovenci napustili, no koju su nešto duže zadržali Bošnjaci, leži začetak budućih tragedija. Osujećivanje legitimnih nacionalnih težnji u korist struktura koje se temelje na iluziji pretvorilo se u ugnjetavanje, gorčinu i, na kraju, u genocid u ustaško-nacističkoj marionetskoj državi. Njegovanje sjećanja na te stravične, no preuveličane strahote, za komunističke vladavine zatim je poslužilo kao temelj za novi genocid pokrenut iz Beograda 1990-ih.

Jugonostalgija nastavlja poticati opasne iluzije. To vrijedi i za Europu i za Hrvatsku, iako na različit način. Zasigurno je točno, kao što će uskoro izložiti, da bi se Europska unija trebala nastojati proširiti dalje ne jugoistočnu Europu. No, razmišljanju koje se, nažalost, u jednom trenutku pojavilo u određenim europskim diplomatskim predstavnštivima, da bi neka vrsta regionalnog entiteta osnovanog pod zaštitnim okriljem Europske unije riješila probleme raspada Jugoslavije, već odavno je istekao rok trajanja. Takođe bi se razmišljanja trebalo riješiti, a ne reciklirati ga. Hrvatska mora ući u EU kao Hrvatska – što prije – ne kao dio sustava balkanskih interne kontrole, već kao strateški najvažnija i najviše zapadno orijentirana zemlja u regiji i kao, u osnovici, europski entitet.

Jugonostalgija koja pogoda samu Hrvatsku drugačijeg je karaktera. To nije zapravo nostalgija za Jugoslavijom u starom ili u bilo kojem novom obliku, već za skupom stavova i pretpostavki koje su se razvijale u komunizmu – i u ranom čvrstom boljševizmu i poslije u mekanom socijalizmu. Kao vanjski promatrač i dobronamernik želim napomenuti da to sada umanjuje uspješnost Hrvatske – posebice njezinu gospodarsku uspješnost.

KOMUNISTIČKO NASLIJEDE

Poznati ruski filolog, prijatelj hrvatskog filologa kojeg poznajem, jednom je opisao ono što je ironično nazvao sedam stupova komunizma.

that the growth of Yugoslavism, from the mid-nineteenth century on, was compatible with the contemporaneous growth of Greater Serbianism. This illusion, which the Croats and Slovenes eventually abandoned, but which the Bosniaks held on to somewhat longer, contained the seeds of future tragedies. The thwarting of legitimate national aspirations in favour of structures based on illusion turned to oppression, bitterness, and, finally, under the Ustasha-Nazi puppet state, genocide. The perpetuation of memories of those terrible but exaggerated horrors, throughout the period of Communist rule, then served as the raw material for a new genocide launched from Belgrade in the 1990s.

Yugo-nostalgia continues to encourage dangerous illusions. That is true both within Europe and within Croatia, though in rather different ways. It is certainly true, as I shall argue in a minute, that the European Union should seek to expand further into South East Europe. But the thinking which once featured, I am sad to say, in some European Chancelleries, namely that some kind of regional entity established under the EU's protective wing would solve the problems of Yugoslavia's break-up, is long past its sell-by date. It should be disposed of – and not recycled. Croatia must enter the EU as Croatia – and soon – not as part of a system of Balkan checks and balances, but as the most strategically important and the most Western-oriented country in the region and also as a fundamentally European entity.

The Yugo-nostalgia that afflicts Croatia itself is of a different kind. It is not really for Yugoslavia in the old or any new form, but rather a set of attitudes and assumptions which grew up under communism – both the early hard Bolshevism and the later soft Socialism. I want as an outside observer and well-wisher to suggest how these currently inhibit Croatia's performance – particularly its economic performance.

THE LEGACY OF COMMUNISM

A famous Russian philologist, the friend of a Croatian philologist I know, once described what

Nećete ih naći u zapisima Karla Marxa, no sve jedno ih navodim:

1. Svi su zaposleni, no nitko ne radi.
2. Nitko ne radi, no planovi su ispunjeni.
3. Svi planovi su ispunjeni, no postoji nestašica svega.
4. Nestašica je svega, no svi su zbrinuti.
5. Svi su zbrinuti, no nitko nije sretan.
6. Nitko nije sretan, no svi podržavaju Partiju.
7. Svi podržavaju Partiju, no svi rade i protiv Partije.

Najdojmljivija osobina tog sustava nije neuchinkovitost, ili čak često zdravo licemjerje, već njegova puka nerealnost. Sve je iluzija. To je prije svega opis Sovjetskog Saveza, a ne Jugoslavije. Međutim, jugoslavenski sustav imao je svoje varijante. Razvikan srednji pravac socijalističkog samoupravljanja bio je u stvarnosti korporativizam, a ne zamjena za kapitalizam ili put prema njemu. Nadalje, sustav je plutao u neodrživom moru vanjskog duga koji je priskrivoao njegove nedostatke. Nakon što je uspješno okončan hladni rat, i s nestankom sovjetske prijetnje, stvarnost se moralala umiješati.

To se baš počelo dešavati kada je u drugoj Jugoslaviji izbio rat. Taj je rat bio strašan, štetna golema, izgubljeni životi, naravno, nenadoknadivi, zločini neopisivi. No, u Hrvatskoj je rat učinio ono što on uvijek čini – ono što je učinio u Britaniji prije šezdeset godina – ujedino je nacija. U ratu se morate pobrinuti da su svi zbrinuti, trebate solidarnost više nego inicijativu, tražite politički, socijalni i gospodarski konsenzus. Ipak, to nisu povoljni uvjeti za rast individualizma i inicijative te prihvaćanje rizika gospodarskih promjena. Neki moji prijatelji iz Amerike stigli su u London 1950-ih. Bili su zaprepašteni kad su ustanovili da im nitko ne može staviti tapete na zidove ili popraviti kuću, a kada bi se požalili, odgovor bi uvijek bio – zar nisu znali da je bio rat? Budući da su i sami bili u ratu – on na Okinawi – to su znali, no implikacije koje su se krile iza samog pitanja, jako su uznemiravale. Herojsko bratstvo iz ratnih dana može se tako lako pretvoriti u razdražljivo samozadovoljstvo mira.

he called ironically the Seven Pillars of Communism. You will not find them in the writings of Karl Marx, but here they are all the same:

1. *Everyone is busy, but nobody works.*
2. *Nobody works, but the Plans are fulfilled.*
3. *All the Plans are fulfilled, but there is a shortage of everything.*
4. *There is a shortage of everything, but everyone is provided for.*
5. *Everyone is provided for, but nobody is happy.*
6. *Nobody is happy, but every one supports the Party.*
7. *Everyone supports the Party, but everyone works against it.*

The most striking feature of that system is not its inefficiency, or even its often salutary hypocrisy, but its sheer unreality. Everything is an illusion. It is primarily a description of the Soviet Union, not of Yugoslavia. But the Yugoslav system provided its own variants. The much trumpeted middle way of Socialist self-management was in reality corporatism, and not a substitute for – or route towards – capitalism. Moreover, the system floated on an unsustainable sea of foreign debt which concealed its deficiencies. With the Cold War effectively won, and the Soviet threat gone, reality had to intrude.

It was just starting to do so when the second Yugoslavia collapsed into war. That war was terrible, the damage huge, the lives destroyed, of course, irreplaceable, the crimes unspeakable. But in Croatia war did what it always does – what it did in Britain sixty years ago – it brought the nation together. In a war, you have to see that everyone is provided for, you need solidarity more than initiative, you seek political, social and economic consensus. These are not, though, favourable conditions for a growth of individualism and initiative and the acceptance of the risks of economic change. Some American friends of mine came to London in the 1950s. They were astonished to find they that they couldn't get their walls papered or their bathroom fixed, and when they complained, the answer invariably was – didn't they know there'd been a War?

Dobro, Hrvatska je na kraju dobila svoj rat, uz dragocjenu malu pomoć vanjskog svijeta. Ubrzo se našla pod pritiskom provođenja gospodarskih reforma. Međutim, u početku joj je nedostajalo struktura i stručnosti za to. A bilo je i dosta opiranja promjenama. Zatim je došlo do bankovne krize. A postojao je, i još uvijek postoji, problem korupcije – na koji se glasno žale vanjske agencije te koji puni stranice hrvatskog tiska.

Važno je napomenuti da se u stvarno korpuniranim sustavu nitko ne žali na korupciju – ili barem ne dva puta.

Ljudi katkad krive kapitalizam za korupciju, iako bi bilo bolje da krive socijalizam. Kapitalizam ovisi o jasnoj vladavini prava, transparentnim vlasničkim pravima, otvorenom tržišnom natjecanju i na kraju, no ne manje važno, o osobnom poštovanju i gradanskoj pouzdanosti. Nijedan od tih elemenata nije se njegovao u ateističkom socijalizmu u Jugoslaviji, kao što ih nije njegovao ni ateistički socijalizam bilo gdje drugdje. Korupcija u Hrvatskoj danas ima dva temeljna uzroka. Prvo, stavovi komunizma pomiješali su se s mogućnostima koje daje kapitalizam. Drugo, država je previše istaknuta i snažna u gospodarstvu i u društvu, a istina koja se univerzalno može primijeniti jest da kad god država, ili politika, ima preveliku moć, pronaći ćeće mito, veze i "štelu", termin koji sam nedavno čuo u Sarajevu. I u Bosni sigurno prolazi navedena gospodica Štela.

GOSPODARSKA REFORMA U HRVATSKOJ

No, pogledajmo pomnije hrvatsko gospodarstvo, koje sada treba pravilno shvatiti.

Prva stvar koju treba reći jest da je hrvatsko postignuće već značajno, pa čak i izvanredno, s obzirom na okolnosti. Ako ga usporedimo s nekim drugim bivšim komunističkim državama – kao što su Poljska ili Slovačka, ili baltičke zemlje, ili čak Slovenija – to možete dovesti u pitanje. No, nijedna od tih država nije morala voditi dug, destruktivan rat za svoj opstanak unatoč svim nepovoljnima okolnostima i protiv

Having served themselves – he at Okinawa – they did know this, but it was the implications behind the question that were so disturbing. The heroic comradeship of war can so easily become the querulous complacency of peace.

Well, Croatia finally won its war, and with precious little help from the outside world. It was soon pressured to make economic reforms. But at first it lacked the structures and expertise to do so. And there was a lot of resistance to change. There was then a banking crisis. And there was, and still is, the problem of corruption – about which outside agencies loudly complain and which fills the pages of the Croatian press.

It is worth noting that in a really corrupt system no one complains of corruption – or at least not twice.

People sometimes blame corruption, though, on capitalism. It would be better to blame it on socialism. Capitalism depends on a clear rule of law, transparent property rights, open competition and last, but not least, personal honesty and civil trustworthiness. None of these elements was fostered by atheistic socialism in Yugoslavia, any more than they were fostered by atheistic socialism anywhere else. Corruption in Croatia today has two fundamental causes. First, the attitudes of Communism have combined with the opportunities of capitalism. Second, Government is far too prominent and powerful in the economy and society, and it is a truth of universal application that wherever excessive power lies with government, and so with politics, you will find graft, back-handers and what I have just learned in Sarajevo is termed "Štela". In Bosnia, too, the aforesaid Miss Stella definitely gets around.

CROATIA'S ECONOMIC REFORM

But let's look more closely at Croatia's economy, which has now to be got right.

The first thing to be said is that Croatia's achievement has already been considerable, even outstanding given the odds against it. If you compare it with some other ex-Communist countries – like Poland, or Slovakia, or the Baltics, or even Slovenia – you might question that.

neprijateljski raspoloženoga međunarodnog okruženja. Hrvatska je izgubila sredstva i, više od svega, vrijeme, no unatoč tomu ostvarila je napredak. Prema Svjetskoj banci dohodak se u Hrvatskoj udvostručio tijekom posljednjih petnaest godina. Što se tiče aspekata strukturne reforme koje Banka hvali, to su liberalizacija telekomunikacija, prijevoza i energetika, mјere za smanjivanje regulacije poslovanja i obnovljeno povjerenje privatnog sektora u banke³. Poduzete su mјere za obuzdavanje proračunskog manjka s više od 6% BDP-a na približno polovinu tog iznosa. Međutim, međunarodne agencije, poput MMF-a, još uvijek javno izražavaju zabrinutost što se tiče razine vanjskog duga i velikog manjka na tekućem računu platne bilance.

Hrvatska ne može pobjeći od učinaka finansijskih previranja i usporavanja gospodarskog rasta. To će utjecati na napredak koji je nedavno ostvaren u smanjivanju nezaposlenosti i zdravoj razini gospodarskog rasta. Prije nego što je izbila oluja, EBRD se činio razmjerno zadovoljan, iako je želio da Hrvatska više toga privatizira, uključujući brodogradilišta koja ostvaruju gubitke. Osim toga, njegova najveća kritika, kao i svih ostalih izvan Hrvatske, bila je da je državna potrošnja u Hrvatskoj previsoka⁴.

Zaključci o vrlo važnom pitanju je li Hrvatska dobro mjesto za poslovanje, prilično su dvojaki. Iako je nedavno došlo do poboljšanja, istraživanja pokazuju da je u usporedbi s razvijenim svijetom općenito i posebice s regijom, što još više zabrinjava, potrebno dosta vremena za svladavanje zapreka oko pokretanja posla. Hrvatska, najozbiljnije, ima strogo tržište rada, tj. teško je zaposliti ljude i teško ih je (i skupo) otpustiti. To je glavni razlog zašto Hrvatska još uvijek ima visoku razinu strukturne nezaposlenosti. To dokazuje i činjenica da se trenutačno strani radnici zapošljavaju na velikom broju slobodnih radnih mjesta. Međutim, s obzirom na to da nemam ni želju ni stručnost za pisa-

But, then, none of these countries had to fight a long, destructive war for its survival against great odds and a hostile international environment. Croatia lost resources and, above all, time, but it has still made progress. According to The World Bank, incomes in Croatia have doubled over the last fifteen years. Among the aspects of structural reform which the Bank praises are market liberalisation in telecoms, transport and energy; measures to cut back regulation of business; and restored confidence in the banks by the private sector.³ Action has been taken to rein back the budget deficit from more than six per cent of GDP to about half that now. But international agencies like the IMF still publicly worry about the level of external debt and the large current account deficit.

Croatia cannot escape the effects of financial turbulence and economic slowdown. That will affect the progress recently made on bringing down unemployment and what have been healthy levels of economic growth. Before the storm struck, the EBRD seemed reasonably pleased, though it wanted Croatia to privatise more, including the loss making shipyards. Above all, and like everyone else outside Croatia, its main criticism was that government spending in Croatia is much too high.⁴

On the important question of whether Croatia is a good place to do business, the conclusions are rather mixed. While there has been improvement recently, the surveys show that compared both with the developed world in general, and more worryingly the region in particular, it takes a long time to go through the hurdles required to start up a business. Most seriously, Croatia has a rigid employment market i.e. it is difficult to hire staff and difficult (and expensive) to fire them. This is the main cause of Croatia's still high level of structural unemployment. The proof is that foreign workers are currently being recruited to fill the large number of available

³ *World Bank Country Brief 2007* (ažurirano u siječnju 2008.)

⁴ *European Bank for Reconstruction and Development Transition Report 2007*

³ *World Bank Country Brief 2007* (updated January 2008)

⁴ *European Bank for Reconstruction and Development Transition Report 2007*

nje brokerske okružnice, sve ovo promotrit će iz ponešto drukčijeg i, nadam se, jasnjeg ugla.

Za Hrvatsku, kao i za ostale bivše komunističke zemlje, službeno se smatra da ima tranzicijsko gospodarstvo – odnosno da je to zemlja koja se mijenja, uz vanjsko savjetovanje i pomoć, iz jednog sustava, socijalizma, u drugi, kapitalizam. Problem kod tranzicije – a isto je i kod rasta, barem dok kroz to prolazite – jest da se čini da proces traje vječno uz malu nagradu, a često vam nije jasno gdje ćete biti ili što ćete biti na kraju svega toga.

Put Hrvatske prema članstvu u Europskoj uniji mora se promatrati i u tom svjetlu. Hrvatski ministri stalno govore ljudima koliko su "poglavlja" otvorili, koliko su ih zatvorili i koliko ih još treba otvoriti. Naravno, takve su tehničke pojedinosti važne. No, potrebno je i na njih ostati fokusiran.

Hrvatska je već dugo puna entuzijazma što se tiče ulaska u EU. Kada su se prije sedamnaest godina tenkovi JNA kretali prema sjeveru po Autoputu bratstva i jedinstva, taj je entuzijazam doegnuo očajnički vrhunac. U Zagrebu, ranih 1990-ih, video sam da su svi upotrebljavali kemijske olovke s ozнаком eura, nosili majice s natpisom euro i da su jeli u Europskom domu. Iako je to bilo razumljivo, sve se temeljilo na iluziji.

Europska unija nije nudila bijeg, niti je to mogla nuditi. Njemačka je bila prijatelj, no samo je NATO mogao biti spasitelj, a trebalo je mnogo vremena prije nego što je on, na inzistiranje Amerikanaca, djelovao kao takav.

Hrvatska sada želi ući u EU zbog raznih razloga – gospodarskih, strateških i psiholoških, na jednoj finijoj razini. A, dopustite mi da nagnasim, ulazak ima smisla. No, nisam bio iznenaden kada sam nedavno pročitao u ispitivanju mišljenja za zagrebačke novine, Večernji list, da sada samo 50% građana podržava članstvo u EU. To je, pretpostavljam, dio većeg problema: da se u razgovorima oko putovanja i putova, napretka i prepreka, konačno odredište gotovo zaboravilo. Moramo se vratiti, kako kažu Francuzi, *à nos moutons* (na naš predmet).

vacancies. But, not having either the wish or the expertise to write a broker's circular, I am going to look at all this from a rather different and I hope more illuminating angle.

Croatia, like other former Communist countries, is officially regarded as having a "transition" economy – that is, the country is making the change, with outside advice and help, from one system, Socialism, to another, capitalism. The trouble with transitions – and it's the same with growing up, at least while you're doing it – is that the process seems to take for ever with few rewards, and you're often not clear where or what you will be at the end of it all.

Croatia's passage towards membership of the European Union must be looked at in this light too. Croatian Ministers keep on telling people how many "chapters" have been opened, how many closed, and how many there are to go. Of course, such technicalities are important. But they must also be kept in perspective.

Croatia has been enthusiastic about joining Europe for a long time. When, seventeen years ago, JNA tanks headed North along the Bratsvo i Jedinstvo highway, that enthusiasm reached a desperate pitch. In Zagreb in the early 1990s, I found everyone was using Euro ball-points, wearing Euro tea-shirts, and eating at the Europski Dom. Though understandable, all this too was based on illusion.

The European Union offered no escape, nor could it. Germany was a friend, but only NATO could be a saviour, and it took a long time before, at American insistence, it acted as such.

*Croatia wants now to join the EU for a variety of reasons – economic, strategic and at a subtler level psychological. And – let me emphasise – entry makes sense. But I am not surprised to read in a recent opinion poll for the Zagreb newspaper, Večernji List, that only fifty per cent of the population now supports EU membership. This, I suspect, is part of a larger problem, namely that in all the talk about journeys and paths, progress and hurdles, the ultimate destination has been all but forgotten. We must return, as the French say, *à nos moutons*.*

Mogli biste u to posumnjati, ako čitate međunarodni tisak i pratite međunarodna tržišta, ali kapitalizam slobodnog poduzetništva funkcionira. I to je tako jer mobilizira vlastiti interes “ne zbog dobrohotnosti” (kao što je primijetio Adam Smith), već sustavno i automatski, u svrhu povećanja sveopćeg blagostanja.

Kapitalizam najbolje funkcionira kada su ispunjeni određeni uvjeti – sigurna imovinska prava, fleksibilna tržišta rada, konkurentna tržišta kapitala, zdrave javne financije, kontrolirana inflacija, blaga regulacija poslovanja – ali djelotvorna regulacija banaka – te niski, jednostavni, paušalni porezi. To ne znači da sustav u obliku poluslobodnog tržišta ne bi uopće funkcionirao. Funkcionirao bi. Na primjer, ovdje u Irskoj imate sustav “socijalnog partnerstva” za koji, navodno, mislite da ima prednosti. Vjerojatno mislite da on utječe na to da ljudi više sudjeluju u promjenama nego što bi to inače činili. Takav sustavni dogovor u Velikoj Britaniji ne bi funkcionirao, kao što nije funkcionirao ni 1970-ih godina, kada ga se nastojalo uesti. Čak i kad on funkcionira, to je onda na štetu nečeg drugog, budući da se javlja nedjelotvornost kada se proizvodni faktori ne rabe za maksimiziranje njihova *outputa* u potpuno konkurentnom okruženju. Dakako, građani mogu svjesno odlučiti da ne maksimiziraju opseg tržišta – i u tom će slučaju naprosto imati manje nego što bi mogli.

Molim vas da imate na umu: ne tvrdim da ostali faktori nisu naposljetku značajni. Oni su značajni. Na primjer obrazovanje, posebice znanstveno i tehničko obrazovanje, kulturni činitelji i zasigurno jezik – lakše je uključiti se u američke blagodati ako govorite engleski – sve je to važno za krajnji rezultat.

Konačno, zaista ne bi trebalo biti iznenadjuće što kapitalistička gospodarstva prolaze kroz krizu. Najveće kapitalističko gospodarstvo na svijetu odnedavno proživjava krizu, a svi mi osjećamo učinke – pa i u Irski i Britanija. No, unatoč sadašnjim događajima tržišni neuspjesi manje su katastrofalni od vladinih neuspjeha, budući da samo vlade raspolažu prisilnim mjerama koje im omogućuju daljnje posrtanje.

You might be given leave to doubt it, if you read the international press and you follow the international markets, but free enterprise capitalism works. It does so because it mobilises self interest “not through benevolence” (as Adam Smith famously observed), but systematically and as a matter of course, for the increase of the common welfare.

Capitalism works best when certain conditions apply – secure property rights, flexible labour markets, competitive capital markets, sound public finance, controlled inflation, light regulation of business – though effective regulation of banks – and low, simple, flattish taxes. This isn’t to say that the system in the form of semi-free markets won’t work at all. It will. For example, here in Ireland you have a system of “Social Partnership”, which you apparently think has merit. Presumably, you believe that it influences people to cooperate more with change than they would otherwise do. Such systematic consultation wouldn’t work in Britain, nor did it when it was tried in the 1970s. Even when it does work, it does so at a cost, because there are inefficiencies involved when the factors of production are not applied to maximise their outputs in a fully competitive environment. It is, of course, open to people to choose not to maximise the scope for markets – it’s just that they will be poorer than they might have been.

Please note: I am not suggesting that other factors aren’t significant in the outcome. They are. For example, education, particularly scientific and technical education, and cultural factors, and certainly language – it’s easier to plug in to American advances, if you speak English – all these are important in the end results.

Finally, it really shouldn’t be a surprise that capitalist economies experience crises. The greatest capitalist economy in the world has been doing so recently and we all feel the effects – not least Ireland and Britain. But despite present appearances market failures are in the end less disastrous than government failures, because only governments have the coercive means at their disposal to keep on failing.

Ne želim se upustiti u daljnju raspravu o tome što se nalazi u pozadini današnje međunarodne krize – ostali, ovdje nazočni, sigurno bi mogli kompetentnije govoriti o toj temi. Na-vest ē samo dvije stvari koje su relevantne za to kako Hrvatska promatra takve događaje jer se nalazi na ekonomskom raskrižju.

Prvo, ne smijemo misliti, unatoč novinskim napisima, da samo pohlepa uzrokuje križu. Kad bi to bilo tako, život bi bio jedna duga križa, jer pohlepe nikad ne nedostaje. Mnogo je važniji od toga sustavni neuspjeh u pozivanju ljudi na odgovornost za njihove odluke, što može biti i pitanje struktura ili stavova ili pravila.

Drugo, pritisci na održavanje niskih kamatnih stopa tijekom predugog razdoblja i odobravanje kredita ljudima koji ih ne mogu vraćati u osnovici su politički, a ne tržišni.

U oba ova smisla današnja kriza, iako pogoda tržišta kapitala, nije sama po sebi kriza kapitalizma. To je poremećaj koji proizlazi iz sveukupne ljudske pogreške, na makrorazini i na mikrorazini, koju, iz različitih razloga, tržišta nisu mogla ispraviti, osim pomoću iznenadnog i nasilnog djelovanja. Važno je da mjere koje se poduzimaju za ispravljanje neuspjeha ne smiju poticati njegovo ponavljanje. Niti smiju omogućavati novi i neopravdani razlog za širu intervenciju vlade. Na tome ēu stati.

Postoje i druga iskušenja. U bogatijim državama dok sve teče glatko, kao što je bilo do nedavno, raste moderna sklonost umanjivanju važnosti stvaranja bogatstva. Prije manje od godinu dana neki vodeći britanski političari tvrdili su, na primjer, da bismo svi mi trebali biti više zainteresirani za opće blagostanje, a ne za bruto domaći proizvod (BDP). Naravno, u posljednje vrijeme nismo o tome puno čuli, no, ta je besmislica još uvijek tu negdje.

Čak i u državi poput Hrvatske – koja nije bogata – postoji, u nekim krugovima, sklonost postavljanju pitanja je li brz gospodarski razvoj stvarno potreban. Intelektualci često tako razmišljaju. A onda opet, kao što je veliki Edmund Burke, najveći dablinski izvozni proizvod u Englesku, jednom primjetio: "Čovjek nikada nije

I don't want to be side-tracked into further discussion of what lies behind today's international crisis – others present are certainly more capable than I to speak on the subject. But I would just make two points which are relevant to how Croatia views such events, as it stands at the economic crossroads.

First, we should not imagine, despite the headlines, that it is greed alone which causes crises. If it were, life would be one long crisis, for there is no shortage of greed. It is, rather, a systematic failure to hold people to account for their decisions, which may be a matter of structures or attitudes or rules, that is far more important.

Second, the pressures to keep interest rates low for too long and to extend loans to people unable to repay them have been essentially politically-, not market-driven.

In both these senses, today's crisis, though it takes place in capital markets, is not itself a crisis of capitalism. It is a dislocation resulting from cumulative human error, at a macro- and micro-level, which, for various reasons, markets could not correct, except through a sudden and violent movement. The important thing is that the actions taken to bail out failure must not encourage it anew. Nor must they provide a fresh and unjustified rationale for wider government intervention. I leave it at that.

There are also other temptations. In richer countries, when the going is easy as it has been until recently, there grows up a fashionable inclination to minimise the importance of wealth creation. Less than a year ago some leading British politicians were suggesting, for example, that we should all be more interested in General Well-Being (GWB) rather than Gross Domestic Product (GDP). Naturally, we've not heard much of that recently. But the nonsense still lies close to the surface.

Even in a country like Croatia, – which is not rich – there is, in some circles, a disposition to question whether rapid economic development is really desirable. Intellectuals often think like this. But then, as the great Edmund Burke,

u većoj opasnosti da bude u potpunosti u krivu nego onda kada napreduje sve dalje i dalje na putu usavršavanja.”

Također postoje i pritisci koje je Ante Ćićin-Šain kritizirao u najnovijim publikacijama nazvavši ih “populizmom”⁵. To je (moje su, a ne njegove riječi) rašireno praznovjerje, koje potiču demagozi, da je postojala i da postoji neki prečak do blagodati kapitalizma, bez pratećih strukturnih transformacija. Populizam takve vrste razlikuje se od socijalizma samo u tome što još nitko nije uspio učiniti socijalizam popularnim.

Ako gospodarski razvoj znači onečišćenje i uništavanje hrvatske jadranske obale, očigledno je da to uopće nije poželjno. No, to također nije poenta. U naprednom kapitalističkom gospodarstvu oslanjamо se na transparentne i stvarno provedene kontrole planiranja te na regulativu koja se odnosi na okoliš kako bi se zaštitila kvaliteta života – ne pokušavamo zaustaviti gospodarski rast o kojem sve ostalo ovisi.

Gledajući danas na hrvatske probleme, neravnoteža i krvljinost ne proizlaze iz pretjeranog razvoja već iz nedovoljne razvijenosti. Zemlja je previše ovisna o turizmu. Turizam je prelagana i previše sezonska djelatnost, te zemljama koje se na njega oslanjaju može postati izgovor da ne rade druge stvari. Hrvatska treba razviti svoj potencijal za usluge i laku industriju. Previše stranog novca pumpa se u stanogradnjу i izgradnju na obali uz samo malu korist za većinu Hrvata, umjesto u nove poslove. Budući da Hrvati imaju tako niske dohotkove, ni oni ne štede dovoljno da bi investirali, te tako potrebna ulaganja u kapitalne projekte dolaze od države – koja, bez obzira na druge koristi, podiže poreze, na taj način još više odbijajući privatna poduzeća.

Zatim je tu poljoprivreda, koja je, većim dijelom, u tužnom stanju. Slavonija je imala

Dublin's finest ever export to England, once observed: "A man is never in greater danger of being wholly wrong than when he advances far in the road of refinement".

There are also the pressures which Ante Ćićin-Šain has criticised in recent publications as "populism".⁵ This is (in my words not his) the widespread superstition, encouraged by demagogues, that there was and is some available short cut to the benefits of capitalism without the accompanying structural transformation. Populism of this sort only differs from socialism in that no one has yet managed to make socialism popular.

If economic development means the pollution and destruction of Croatia's Adriatic coast, obviously that it isn't desirable at all. But it also isn't the point. In an advanced capitalist economy, we rely on transparent and honestly administered planning controls and environmental regulation to protect the quality of life – we don't try to holdback the economic growth on which everything else depends.

Looking at Croatia's problems today, the imbalances and fragilities come not from over- but under-development. The country is too dependent on tourism. Tourism is too easy and too seasonal and can become for countries that rely on it an excuse for not doing other things. Croatia needs to develop its potential for services and light industry. Too much foreign money is being pumped into housing and construction on the coast with only tangential benefits to most Croats, rather than into new business investment. Because Croats have such low incomes, they aren't saving enough to invest either, and so the needed investment in capital projects is coming from the Government – which, whatever its other benefits, pushes up taxes and so deters private enterprise still more.

Then, there is agriculture which is, by and

5 Vidi, na primjer, Ante Ćićin-Šain, Nekonvencionalne teze o stanju i problemima hrvatske privrede, u Hrvatska na raskriju: Izazovi dugoročnog razvitka u konkurentnom okružju, ur. Ante Ćićin-Šain i Velimir Šonje, Mate, Zagreb, 2007., str. 23 – 52.

5 See, for example, Ante Ćićin-Šain, "Nekonvencionalne teze o stanju i problemima hrvatske privrede", in *Hrvatska na raskriju: Izazovi dugoročnog razvitka i konkurentnom okružju*, ed. Ante Ćićin-Šain and Velimir Šonje (Zagreb: Mate, 2007), pp. 23–52.

strašnih problema, prvo rat, a onda kolaps neodržive socijalističke industrije, pa još uvijek nesigurnost poljoprivrednih zemljišta zbog mina te, konačno, odlazak mlađe populacije, a s njim slab i samopouzdanje. Međutim, ta zemlja je nevjerojatno bogata, njezino stanovništvo vrlo marljivo, njezine veze dobre. U svijetu u kojem su se prednost daje organskoj pred masovnom proizvodnjom, moraju postojati dobre prilike za hrvatske poljoprivrednike. Naposljetku, tu je i hrvatsko vino, koje još ne viđate na policama izvan Hrvatske i koje bi, unatoč razumljivoj želji Hrvata da ga sami popiju, moralno i moglo tako biti, uz bolji marketing. Kako bi se ispunile težnje Hrvata za boljim životom njih i njihovih obitelji, nisu potrebne toliko posebne inicijative – iako su neke i potrebne – već, kao što je gđa Thatcher uvijek naglašavala, postavljanje dobroga ukupnoga gospodarskog okvira.

KAKO HRVATSKA MOŽE POSTATI BOGATA

To se može postići čineći ono što čine uspješna kapitalistička gospodarstva, a ako pogledate što ona imaju zajedničko, vidjet ćete da sva primjenjuju gospodarsku slobodu. Velik broj istraživanja pokazuje da gospodarstva koja imaju visoku potrošnju i poreze te koja su čvrsto regulirana, rastu mnogo sporije.

Nedavna publikacija, koju je britanski ekonomist Keith Marsden napisao za londonski Centar za političke studije, može se dobro primijeniti na Hrvatsku⁶. Marsden se osvrće na prošlo desetljeće uspješnosti dvadeset država – od kojih su deset “mala državna” gospodarstva, koja imaju državne prihode i potrošnju ispod 40% BDP-a, a deset “velika državna” gospodarstva, koja imaju više poreze. Deset država u prvoj grupi “mršavih” jesu Australija, Estonija, Hong Kong, Irska, Kanada, Koreja, Letonija, Singapur, Slovačka i SAD. Deset država u ligi “debelih” obuhvaćaju Austriju, Belgiju, Dansku, Francusku, Italiju,

large, in a sad state. Slavonia has suffered terribly, first the war, then the collapse of unviable socialist industry, then agricultural land still unsafe through mines and, finally, the departure of younger people and with them the sapping of confidence. Yet that land is incredibly rich, its population highly industrious, its communications good. In a world where organic rather than the mass produced is preferred, there must be opportunities for Croatian farmers. Finally, there is Croatian wine which you still don't see on shelves outside Croatia, and which, despite the understandable wish of Croats to drink it all themselves, ought to be, and with better marketing could be. To fulfil the aspirations of Croats to a better life for themselves and their families it is not so much specific initiatives that are needed – though some are – but rather, as Mrs Thatcher always emphasised, to get the overall economic framework right.

HOW CROATIA CAN BE RICH

The way to do that is to do what successful capitalist economies do, and if you look at what they have in common you will find that they all practise economic freedom. There has been a large amount of research to show that high spending and taxing and heavy regulating economies grow more slowly.

A recent publication, written by the British economist Keith Marsden for the London-based Centre for Policy Studies, is very applicable to Croatia.⁶ Marsden reviews a recent decade of performance by twenty countries – ten of them “small government” economies, having government revenue and spending below 40 per cent of GDP, and ten of them higher taxed, “big government” economies. The ten in the first “slim line” group consist of Australia, Canada, Estonia, Hong Kong, Ireland, Korea, Latvia, Singapore, Slovakia and the US. The ten in the second “tubby” league are Austria,

⁶ Keith Marsden, *Big, Not Better? Evidence from 20 Countries that Slim Government Works Better*, Centre for Policy Studies, travanj 2008.

⁶ Keith Marsden, *Big, Not Better? Evidence from 20 Countries that Slim Government Works Better* (Centre for Policy Studies, April 2008).

Nizozemsku, Njemačku, Portugal, Švedsku i zatim – sramotno, nakon svih napora uloženih u osamdesetima – Ujedinjeno Kraljevstvo.

Marsden je ustanovio da su mala državna gospodarstva prosječno smanjivala poreze na dohodak i dobit poduzeća brže od onih u grupi velikih državnih gospodarstava. Ona su imala značajno veće stope raste, a te su stope također rasle brže tijekom desetljeća. Te "mršave" države ostvarile su veći rast zaposlenosti, pa čak i veći rast javnih usluga – kao što ste postigli ovdje u Irskoj. Konačno – iako se to ne odnosi na Irsku – one su uspjеле potrošiti više na obranu te na red i zakon.

Misljam da ne bi trebalo biti nikakve sumnje da bi Hrvatskoj bilo mnogo bolje kad bi slijedila Estoniju, Irsku, Letoniju i Slovačku nego Austriju, Francusku, Švedsku ili loše vođeno Ujedinjeno Kraljevstvo. Uvijek su nam govorili da si siromašnije zemlje ne mogu priuštiti provedbu potrebnih reforma. No takva tvrdnja ne bi podnijela provjeru. Zapravo si samo bogatije zemlje mogu priuštiti veliko blagostanje. Siromašnije se zemlje moraju oslanjati na stvaranje dovoljno loše plaćenih radnih mjeseta, što je prvi korak prema akumuliranju bogatstva kako bi imale dobre usluge. Upravo to su učinile Estonija, Letonija i Slovačka.

Irski primjer, iako je važan, manje je, kao što sam napomenuo, izravno primjenjiv jer su polazne točke Irske i Hrvatske toliko različite. Hrvatska bi trebala naučiti od Irske nešto što je određenijega karaktera – kako profitirati od članstva u Europskoj uniji. Ovdje također postoji razlika u odnosu na Britaniju.

Britanija ima vlastite temeljne nacionalne interese i posebnosti koje ju čine, kao što je de Gaulle oštroumno primijetio prije mnoga godina, vječno "različitom". No, osim tih razlika, britanski stav prema zajedničkom tržištu bio je od početka u potpunosti pogrešan. Evropu je Heathova vlada prodala britanskom narodu u ranim sedamdesetima kao odgovor na sve naše gospodarske probleme. Ona to nije bila niti je mogla biti, zato što su problemi Britanije bili samostalno izazvani – jer je njezin socijalizam

Belgium, Denmark, France, Germany, Italy, the Netherlands, Portugal, Sweden and now – shamefully, after all the efforts we made in the eighties – the UK.

Marsden finds that the small government countries have, on average, reduced taxes on personal and company incomes faster than the big government group. They enjoyed significantly higher growth rates, and those rates also increased faster over the decade. These slim line countries achieved higher employment growth and even higher growth of public services – as you have achieved here in Ireland. Finally – though not Ireland – they managed to spend more on defence and law and order.

I don't think there can be any doubt that Croatia would be much better off following Estonia, Ireland, Latvia and Slovakia than it would Austria, France, Sweden or the badly governed United Kingdom. We used to be told that poorer countries can't afford to make the reforms required. But that doesn't stand up to examination. It is in fact only wealthier countries that can afford high welfare. Poorer countries have to rely on creating sufficient low paid jobs as the first step to accumulating the wealth to enjoy good services. That is exactly what Estonia, Latvia and Slovakia have done.

The Irish example, though important, is, as I've suggested, less directly applicable, because Ireland's and Croatia's starting points are so different. What Croatia should learn from Ireland is something more specific – it is how to benefit from membership of the European Union. Here the contrast is also with Britain.

Britain has its own essential national interests and peculiarities which, as De Gaulle shrewdly observed many years ago, make it perennially "different". But beyond those differences, Britain's attitude to the Common Market was all wrong from the first. Europe was sold to the British people by the Heath Government in the early seventies as the answer to all our economic problems. It wasn't, and it couldn't be, because Britain's problems were self-inflicted – because its socialism was self-inflicted. So it

bio samostalno izazvan. Pa je tako ona postala i ostala bolesnik Europe sve dok nas gđa Thatcher nije dovela u red.

Za razliku od Britanije, Irska se priklučila EU u isto vrijeme, no koristila je novi okvir pametno i provela radikalne reforme koje je sama osmisnila, a to su kontrolirana potrošnja, koja je bolje usmjerena, rezanje poreza, stvaranje okruženja koje je pogodno za unutarnja ulaganja i otvorenost prema promjenama, a ne borba protiv njih. Članstvo je u Europskoj zajednici pomoglo. No, suprotno od onoga što većina Britanaca još uvijek misli, Irska nije samo prigrlila europske subvencije, već je u njih ugradila napore da učini svoj narod drugom najbogatijom europskom nacijom u ovom trenutku.

Vratimo se sada Hrvatskoj. Fondacija za naslijede (*Heritage Foundation*) sa sjedištem u Washingtonu, ocjenjuje hrvatsko gospodarstvo, prema svojem godišnjem indeksu gospodarske slobode, kao samo 54,6%-tно slobodno, te se ono tako nalazi tek na 113. mjestu najslobodnijih gospodarstava (od njih 162). To baš nisu najsretniji rezultati. No, kako uvjeriti hrvatski narod i njegove političare da će se bogatstvo postići smanjivanjem države, a ne oslanjanjem na nju.

U redu, izvući ću se iz ovoga konkretnim prijedlogom. Zašto ne formirati neovisnu komisiju, koja bi se sastojala od vrhunskih ekonomista i poslovnih ljudi iz onih deset gospodarstava s malom državom, no s velikim rastom, osigurati im prvaklasno osoblje iz jednog ili dva "trustova mozgova", te im pridružiti nekoliko službenika hrvatskog Ministarstva financija da im dostave lokalne podatke? Zatim zadajte komisiji zadatak. Ona bi trebala preporučiti mjeru koja bi stopu rasta Hrvatske povećale na onu koju ima deset najboljih država, uz točno utvrđene rokove i procjenu posljedica. Njezina bi misija bila pokazati put Hrvatskoj kako da stigne od mjesta na kojem jest do mjesta na kojem bi mogla biti. Onda bi Hrvati mogli raspravlјati i odlučivati o tome što stvarno žele i o cijeni – jer uvijek postoji cijena – koju su spremni platiti kako bi to postigli.

became and remained the sick man of Europe until Mrs Thatcher sorted us out.

By contrast, Ireland joined at the same time but used the new framework intelligently and carried out its own self-generated radical reforms – controlling spending, focusing it better, cutting taxes, creating an environment favourable to inward investment, welcoming not fighting change. European Community membership helped. But, contrary to what most British people still think, Ireland didn't just suck in European subsidies, it hammered in its own effort to make its people the second wealthiest European nation today.

Let's now get back to Croatia. The Washington-based Heritage Foundation assesses the Croatian economy on its annual Index of Economic Freedom as just 54.6 per cent free and ranks it as only the 113th freest economy (out of 162). These are not very happy scores. But how to convince the Croatian people and their politicians that it is by cutting back the state, not relying on it, that wealth is to be achieved?

Well, I shall stick my neck out and make a concrete suggestion. Why not set up an independent commission, consisting of the top economists and businessmen from those ten small-state high-growth countries, give them some first rate staff from a think tank or two, and add on some officials from the Croatian Finance Ministry to provide the local data? Then set the commission a task. It should recommend measures to bring Croatia's growth rate up to that of the top ten, with a time table and an assessment of the consequences. Its mission would be to show how to get from where Croatia is to where it might be. Then the Croats can debate and decide on what they actually do want and the price – because there's always a price – they are prepared to pay to achieve it.

SECURITY MATTERS

In South East Europe, it is even less possible than elsewhere to draw a clear distinction between economic and security issues. Without

PITANJA SIGURNOSTI

U jugoistočnoj Evropi još je manje moguće nego drugdje jasno razlučiti gospodarska pitanja od pitanja sigurnosti. Bez sigurnosti nema povjerenja ili probitka. Isto tako, bez mogućnosti gospodarskog napretka pojedinci i nacije odbrat će druga, problematičnija sredstva – budući da, kako je dr. Johnson primijetio, “postoji malo načina na koje čovjek može biti bezazlenije za poslen nego kad zarađuje novac”.

Nedavna kriza u Gruziji posijala je strah u cijeloj istočnoj Europi. Za razliku od Gružije, Hrvatska već jest članica NATO-a. Može se spravljati – a to je važan argument kojem treba pristupiti hladnokrvno i racionalno – upućuje li ili ne gruzijski fijasko na to da bi NATO trebao ići brže ili sporije u svojim planovima za širenje – to je višegodišnji problem pronalaženja prave ravnoteže između odvraćanja i provokacije. No, oko jedne se stvari svi moramo složiti. Vojno jamstvo NATO-a, kada se daje, mora biti bezuvjetno. Hrvatska bi diplomacija morala pokušati osigurati da se brzo okončaju neodlučnosti i kolebanja u vezi s tim, a koja su evidentna u europskim zemljama, uključujući Britaniju.

Za razliku od toga, mislim da Hrvatska ne bi trebala previše grčevito pokušavati prevladati prividnu blokadu širenju Europske unije, koja je nastala nakon što je Irska odbila Ugovor iz Lisabona. Postoje dva razloga za to. Prvo, Hrvatska ne može uvijek promjeniti ono što se dogodilo. Drugo, unatoč komplikacijama jednom malom narodu kojem je uskraćena demokracija unutar nadnacionalne jedinice moralno bi biti prilično draga vidjeti da jedan drugi mali narod može ostvarivati demokraciju unutar jedne druge takve jedinice. Treće, Hrvatska može potiho biti uvjerenja – jer bi bila nevjerojatna strateška besmislica da ona ne uđe brzo u EU – da će ući u EU.

Gruzijska kriza očitala je očiglednu i uzne-mirujuću lekciju o staroj realnosti takozvane “čvrste sile”. No, Gružija nas također može puno naučiti o mekoj sili – nevojnim karakteristikama sigurnosti koje su neusporediva specijalnost Europske unije. EU se može proširiti bez izazivanja sukoba, dok NATO to ne može,

security, there is no confidence or prosperity. Equally, without opportunities for economic advance, individuals and nations will choose other more troublesome means – for as Dr Johnson also observed “there are few ways in which a man can be more innocently employed than in getting money”.

The recent crisis in Georgia sent shivers of apprehension through all of Eastern Europe. Unlike Georgia, Croatia is already a member of NATO. One can argue – and it is an important argument to be addressed coolly and rationally – whether or not the Georgia fiasco suggests that NATO should go faster or slower with its expansion plans – it is the age-old problem of finding the right balance between deterrence and provocation. But on one thing we ought all to agree. NATO's military guarantee, when given, must be unconditional. Croatia's diplomacy should be trying to ensure that the wavers and wobbles on this question evident in European countries, including Britain, are given short shrift.

By contrast, I don't think that Croatia should be too frenzied in trying to overcome the apparent road block to expansion of the European Union created by Ireland's rejection of the Lisbon Treaty. There are three reasons for this. First, Croatia cannot anyway change what has happened. Second, despite the complications, one small nation which was denied democracy within one supra-national unit should be rather pleased to see that another small nation can exercise democracy within another such unit. And third, Croatia can be quietly confident – because it would be such incredible strategic stupidity not to have it in quickly – that it will come.

The Georgian crisis had obvious and unsettling lessons to teach about the old realities of what is called “hard power”. But Georgia also has a lot to teach about soft power – the non-military features of security which are par excellence the European Union's speciality. The EU can expand without provoking conflict, whereas NATO cannot; and it is now in the West's interests that a renewed drive of Europe's eastward expansion be conducted.

a sada je u interesu Zapada da se ostvari obnovljena težnja za proširenjem Europe na istok.

Hrvatska je, sa svoje strane, ključ za jugoistočnu Europu, jer se preko Hrvatske privlačnost mirnoga europskog modela može prenijeti na susjedne narode. No, opet mi dopustite da ovdje stanem.

Nije dovoljno za hrvatsku političku elitu samo pustiti da se to desi. Mora postojati dogovoren dugoročni pristup. Hrvatska politika prema Bosni i Hercegovini bila je katkad u prošlosti štetna. To se promjenilo. Međutim, još uvijek izgleda bojažljivo i nemaštovito.

U dobra i loša vremena dalekovidni Hrvati shvačali su da Hrvatska mora imati snažan utjecaj nazbivanja kod svojega podijeljenog susjeda. Ipak, upravo sam se vratio iz posjeta Sarajevu i mogu reći da sam bio iznenađen i velikim potencijalom i pravidnom odsutnošću hrvatske pozitivne uključenosti. Tamošnji Hrvati odlaze ili se žale – vjerojatno donekle opravdano – ili se upuštaju u nerealne razgovore o trećem, zapravo neodrživom hrvatskom entitetu, koji bi uništio Bosnu zauvijek. Čini se da nema baš puno vodstva ili barem zdravog razuma. To deprimira.

Uistinu, stvaranje gospodarski uspješne i politički stabilne, višeetničke Bosne još je uvijek, kao i u prošlosti, najvažniji inozemni interes koji Hrvatska ima. Ostvarenje tog interesa također je vjerojatno najvažnija usluga koju Hrvatska može pružiti Evropi. Logika je jasna. Zapad si ne može priuštiti da ima islamski entitet u svojoj sredini, a Hrvatska si ne može priuštiti islamski entitet na svojoj granici – posebice zato što ona graniči i s potencijalno opasnim, srpskim entitetom. Rekao bih da kasni mudra politika suradnje u odnosu na Bosnu, koja bi se trebala provoditi gospodarskim i kulturnim, kao i političkim sredstvima. Nju zahtijeva geopolitička stvarnost.

Gоворио sam dosta o stvarnosti. Međutim, ne bih želio tvrditi da je jedina stvarnost ona koju je moguće kvantificirati pomoću statistike. I kultura je "stvarna". U prošlosti je možda malo previše toga izrečeno o implikacijama velike kulturno-razlike koja postoji između Zapada i Istoka, a koja je razdijelila bivšu Jugoslaviju.

For its part, Croatia is the key to South East Europe, because through Croatia the attraction of the peaceful European model can be exerted on neighbouring peoples. But again let me stick my neck out.

It is not enough for Croatia's political class to simply let this happen. There needs to be an agreed long term approach. Croatian policy towards Bosnia-Hercegovina has sometimes in the past been harmful. That has changed. But it still looks timid and unimaginative.

Through good and bad times, farsighted Croats have understood that Croatia must exert a strong influence on the affairs of its fissiparous neighbour. Yet, having just returned from a visit to Sarajevo, I was struck both by the huge potential and by the seeming absence of positive Croatian engagement in it. The ethnic Croats there are leaving, or complaining – probably with some justice – or engaging in unrealistic talk of a third, in fact, unviable Croat entity, which would destroy Bosnia for good. Little leadership or even commonsense seems to be applied. This is dispiriting.

In truth, the creation of an economically successful and politically stable, multi-ethnic Bosnia is still, as in the past, the single most important foreign interest that Croatia has. Its achievement is also probably the most important service that Croatia can perform for Europe. The logic is clear. The West cannot afford to have an Islamist entity in its midst, and Croatia cannot afford an Islamist entity on its border – particularly since it also borders a potentially hostile Serb entity. An intelligent, cooperative policy towards Bosnia, pursued through economic and cultural as well as political means, is, I would argue, overdue. Geopolitical realities demand it.

I've talked a lot about reality. I don't, however, mean to suggest that the only realities are those which we can quantify by means of statistics. Culture is "real" too. In the past, a bit too much may have been said about the implications of the great cultural divide which runs between West and East, and which bisected the former Yugoslavia.

Hrvatska je, zapravo, tijekom svoje povijesti služila kao *antemurale christianitatis* – predzidine kršćanstva – te je platila strašnu cijenu za to. Tako u svojoj Trublji slovinskoj dubrovački pjesnik iz sedamnaestog stoljeća, Vladislav Menčetić, kaže:

“Od ropstva bi davno u valih
potonula Italija
o hrvatskije da se žalih
more otmansko ne razbija.”⁷

Ipak, takav argument, kojim se naglašava kako je Hrvatska bila ne rubu Europe, može zasjeniti činjenicu da ona nije ništa manje europska od država koje nisu na rubu i koje nikada nisu bile na rubu Europe. To također može dovesti do defenzivnog mentaliteta.

Hrvatska sada zasigurno nema potrebu biti defenzivna. Ona je slobodna. Ona je zemљa zapanjujuće ljepote koju su sada svi otkrili i dive joj se. Prilično je i sigurna. Još uvijek bi mogla biti uspješnija. Ona ima jedinstvenu europsku misiju. A sve to može ostvariti i istodobno biti vjerna sebi i svojoj povijesti.

Što bi više jedan mali narod – veliki narod – mogao poželjeti?

Croatia has, indeed, during its history served as Antemurale Christianitis – the bastion of Christendom – and suffered the terrible price of doing so. Thus in his Trublja slovenska (Slav Trumpet) the seventeenth century Ragusan poet, Vladislav Menčetić, proclaims:

“Italy would have long since
Sunk beneath the waves,
Had Croatian shores
Not broken the force of the
Ottoman sea”.⁷

Yet such argument, by stressing how much Croatia has been at the edge of Europe, can obscure the fact that it is no less European than states that are not at the edge and never have been. It can also lead to a defensive mentality.

Croatia certainly has no need to be defensive now. It is free. It is a land of astonishing beauty now discovered and admired by all. It is reasonably secure. It can be still more prosperous. It has a unique European mission. And it can possess all this, while being true to itself and its history.

What small nation – what great nation – could want more?

⁷ Vidi Robin Harris, *Dubrovnik: A History*, Saqi, London, 2003., str. 270 – 271.

⁷ For such patriotic verse see Robin Harris, *Dubrovnik: A History* (London: Saqi, 2003), pp. 270–271.

Uzvratno izlaganje Response

g. Adrian Hardiman
sudac Vrhovnog suda Irske

*Mr Justice Adrian Hardiman
Judge of the Supreme Court of Ireland*



UZVRATNO IZLAGANJE SUCA ADRIANA HARDIMANA NA GOVOR DR. ROBINA HARRISA

RESPONSE TO DR ROBIN HARRIS BY MR JUSTICE ADRIAN HARDIMAN

Veliko mi je zadovoljstvo, ali me i pomalo plaši, odgovoriti na učen govor dr. Harris-a. Dr. Harris je član male i vrlo cijenjene skupine: skupine učenjaka koji su unatoč savršenim znanstvenim kvalifikacijama uspjeli ostvariti svoju karijeru i ugled u, usuđujem se to nazvati, stvarnom svijetu, u slučaju dr. Harris-a, prvo u Konzervativnoj stranci u Britaniji, a poslije kao općepriznati stručnjak u pitanjima jugoistočne Europe.

Netko bi mogao pomisliti da život intelektualca u Konzervativnoj stranci nije baš sretnan, no to nije fer razmišljanje. Dr. Harris je, naravno, napisao hvalevrijedno djelo u svojoj povijesti Dubrovnika, istinski „djelo vrijedno divljenja“, prema Tennysonovoj frazi, no i drugi torijevci nedavno su napisali dobra povijesna djela, kao što je „Životi Williama Pitta i Williama Wilberforcea“ Williama Haguea i pronicljiv i suošćećajan „Život Sir Roberta Peele“ Douglasa Hurda.

Knjiga lorda Hurda je, zapravo, pikantan primjer kako izjava javnog čovjeka u jednoj fazi njegove karijere može poslije biti vrlo ne-

It is a great pleasure, if a somewhat intimidating one, to respond to Dr. Harris's erudite address. Dr. Harris is a member of a small and much prized group: that of scholars who despite impeccable scholarly credentials have made a career and reputation for themselves in what I might venture to call the real world, in Dr. Harris's case first the Conservative Party in Britain and more recently as a universally acknowledged expert on the affairs of South East Europe.

Some might think the lot of an intellectual in the Conservative Party to be an unhappy one, but that is an unfair judgement. Dr. Harris has of course written a commanding work in his history of Dubrovnik, truly a "work of noble note", in Tennyson's phrase, but other Tories have recently written fine works of history, such as William Hague's "Lives of William Pitt and of William Wilberforce" and Douglas Hurd's insightful and sympathetic "Life of Sir Robert Peel".

Lord Hurd's book, indeed, provides a piquant example of how a public man's statement at one stage of his career may be grossly embarrassing later on. Robert Peel was, up to 1828, the

ugodna. Robert Peel bio je do 1828. perspektivna nada čvrstog i nepopustljivog ogranka torijevstva kojeg su u velikoj mjeri podržavali “vlastelini i vitezovi *Shireova* (određenih grofovija, op. prev.)” i drugi teški provincijalci koji su cijenili Peela samo zato što je mogao rječito braniti zastarjela vjerovanja kojih su se oni držali, a koja oni sami uopće nisu mogli braniti. Jedno od tih vjerovanja bilo je da se pod svaku cijenu treba opirati katoličkoj emancipaciji. Peel je bio jedini inteligentan protivnik tog stajališta. Bio je nagrađen time što mu je ukazana čast da postane zastupnikom oksfordskog sveučilišta u Parlamentu, što se u to vrijeme smatralo najboljim mjestom u britanskom Parlamentu. Međutim, 1828. godine i Peel i njegov mentor, vojvoda od Wellingtona, promijenili su mišljenje o tom važnom pitanju. To su učinili jer su počeli vjerovati, nakon epohalne pobjede Daniela O’Connella na izvanrednim izborima u Ennisu, da je otpor katoličkoj emancipaciji nemoguć bez nasilja i možda građanskog rata.

Unatoč raznim moralnim i političkim argumentima u korist emancipacije Peelova nagla promjena mišljenja snažno je razočarala anglikanski kler, koji je činio glavninu oksfordskog biračkog tijela. Jedan istaknuti mladi akademik odlučio je “smijeniti” Peela. To je učinio slanjem okružnice u kojoj je naveo da je Peel izdao vlastita načela. Zaključio je: “Ne služi nam na čast da nas u Parlamentu zastupa odmetnik (engl. *rat*).” Hurd navodi da je to možda prva upotreba metafore *rat* za nekoga za koga se vjeruje da je iznevjerio svoja prvobitna uvjerenja. No, velika je ironija da je autor tog pisma bio dr. John Henry Newman, u to vrijeme mladi perspektivni anglikanski teolog, koji je poslije postao poznat kao kardinal Newman. Da je samo znao koliko će se često metafora *rat* primjenjivati na njega u drugoj polovini njegova dugog života, možda bi bio oprezniji kad ju je primijenio na Peela 1828.

Dr. Harris je toliko uvjernjiv pobornik Hrvatske, a ne samo Dubrovnika, zbog dubine i opsega njegova znanja o državi, koje je u potpu-

rising hope of the stem and unyielding brand of Toryism supported largely by the “Squires and Knights of the Shires” and other backwoodsmen who valued Peel simply because he could defend articulately the outdated beliefs to which they clung but which they could not themselves defend at all. One of these beliefs was that Catholic Emancipation must be resisted at all costs. Peel was the only intelligent opponent of this view. He was rewarded by being honoured with the Parliamentary representation of the University of Oxford, which was at the time considered the premier seat in the British Parliament. In the year 1828, however, both Peel and his mentor, the Duke of Wellington, changed their minds on this important issue. They did this because they came to believe, after Daniel O’Connell’s epochal victory in the Ennis bye-election, that Catholic Emancipation could not be resisted without violence, and perhaps Civil War.

Despite the various moral and political arguments in favour of Emancipation, Peel’s volte face was a subject of great disappointment to the Anglican Clergy who constituted most of the Oxford electorate. A distinguished young academic set about “deselecting” Peel. He did this by sending out a circular letter alleging that Peel had betrayed his principles. He concluded “It is not pro dignitatae nostrae to be represented in Parliament by a rat”. Hurd suggests that this may be the first use of the “rat” metaphor for someone believed to have reneged on his original principles. But the deep irony is that the author of this letter was Dr. John Henry Newman then a rising young Anglican theologian but later to become famous as Cardinal Newman. If only he had known how often the “rat” metaphor was to be applied to himself in the second half of his long life, he might have been more careful in applying it to Peel in 1828.

Dr. Harris is so convincing an advocate on behalf of Croatia, and not simply Dubrovnik, because of the depth and scope of his knowledge of the country, fully and seductively displayed in his work on the Ragusan Republic. He expounds masterfully the complexity of its political

nosti i zamamno pokazao u svom radu o Dubrovačkoj Republici. On majstorski izlaže složenost njezine političke geografije, na samom rubu jednog svijeta, gdje se suočava s drugim i dugo uspješno čuva neovisnost vještom i praktičnom diplomacijom, razvijajući i održavajući civilizaciju u osnovici zapadnjačkom u svim važnim aspektima.

Na početku svojeg govora dr. Harris sugerira da bi našeg impresarija g. Gerarda Danahera trebalo kazniti za njegove, dr. Harrisove, navodne nedostatke kao govornika. Sigurno bi ga trebalo kazniti za moje nedostatke kao osobe koja užvratno izlaže na taj govor. Zato što sam, iako i sam cijenim i oduševljen sam snažnim kulturološkim i povjesnim slikama Hrvatske koje priziva dr. Harris i divnim ulomcima hrvatske poezije kojima ih oživljava, bio šokiran kada sam ustanovio da je glavnina njegova novijeg rada političkoga karaktera. O tome mogu malo ili gotovo ništa govoriti. Suci u Irskoj, kao i u Engleskoj, žive kao pod nekom političkom feredžom i svi "izgubljeni slučajevi i nemoguće odanosti" u koje bi se mogli upustiti, a g. Danaher i ja sjevremeno smo imali jedan ili dva takva slučaja, trebaju u potpunosti biti zaboravljeni i nikada se ne smiju spominjati. Medutim, dr. Harris je vješto i domišljato sažeo poteškoće Hrvatske, ili bilo koje države iz bivšega istočnog bloka, u razvijanju života, a posebno gospodarstva, nakon komunizma. Mislim da je "sedam stupova komunizma" našega govornika, najistinitija stvar koju sam ikada čuo o marksističko-lenjinističkom planskom gospodarstvu. To me podsjetilo na moje prvo putovanje u Rusiju, prijelazne 1990., kada je kolegu u jedan sat poslije ponoći probudio uzbudeni domaćin, govoreci mu da brzo dođe jer se dućan s tepisima otvara u dva sata poslije ponoći. On je pospano, no otvoreno, upitao zašto se dućan tepiha otvara u dva sata ujutro, no dobio je frapantno dostatan odgovor: "U Rusiji ne postoji zašto."

Zapažanja dr. Harrisa nisu samo povijesno važna. Mnogi ljudi, od kojih su neki na važnim mjestima s kojih se stvara javno mišljenje, morali su pronaći novo mjesto stanovanja ili barem

geography, on the very rim of one world, facing another and long preserving a prosperous independence by adept and hard headed diplomacy while developing and maintaining a civilisation essentially western in all important regards.

In the course of the early part of his address, Dr. Harris suggested that our impresario Mr. Gerard Danaher S.C., should be chastised for his, Dr. Harris's, supposed deficiencies as a speaker. He should certainly be chastised for my deficiencies as a respondent to this paper. For, whilst I can share my appreciation and delight at Dr. Harris's powerful cultural and historical evocations of Croatia and the delightful snippets of Croatian poetry with which he enlivens them, much of his more contemporary material is, I was shocked to discover, of a political nature. With that I can have little or nothing to do or to say. The judges in Ireland, as in England, live in a sort of political purdah and any "lost causes and impossible loyalties" they may have indulged, and Mr. Danaher and I have had one or two such in our time, must be wholly forgotten and never spoken of. But Dr. Harris has both aptly and wittily summarised the difficulty of Croatia, or any state formerly within the Eastern block, in developing a life, and more specifically an economy, after Communism. Our speaker's "Seven pillars of Communism" are, I think, the truest thing I ever heard about a Marxist Leninist command economy. It reminded me of my first trip to Russia, in the transitional year of 1990, when a colleague was awakened at 1am by an excited host telling him to come quickly because the carpet shop was opening at 2am. He enquired sleepily but pointedly as to why the carpet emporium was opening at 2am in the morning to receive the devastatingly sufficient reply "In Russia there is no why".

Nor are Dr. Harris's aperçus of purely historical significance. There are many people, and some in important opinion forming positions, who had to find a new home, or at least to change the name of their existing one, after the events of 1989. But, as someone said in a different context, "they haven't gone away

promijeniti naziv postojećeg, nakon događaja 1989. No, kao što je netko rekao u drugom kontekstu, "zname, oni nisu nestali", i treba ih, za njihovo vlastito dobro, često podsjećati na to kakav je točno život bio onda kada su njihovi dugogodišnji suputnici vladali istočnom Europom. Ne bih želio omalovažiti dr. Harrisu kada kažem da se čini kako je ta skupina uvijek bila relativno brojnija s druge strane Irskog mora nego ovdje.

Mogu malo toga ili gotovo ništa ne mogu reći o gospodarskim i političkim receptima za Hrvatsku, zbog njihova političkoga karaktera. Ideje koje iznosi čine mi se značajnima i dobro argumentiranima. On povlači paralele između Irske i Hrvatske, gdje je to moguće, te upozorava da se u povijesti nijedne države ne smiju povlačiti lažne paralele. Njegov recept za dvostruku dozu realizma ne može se osporiti i, uistinu, uključivanje realizma i razumijevanja, koje on sa sobom nosi, omogućili su sadašnje srdačne i plodne englesko-irske odnose, nakon toliko mnogo godina poteškoća i razilaženja. To također dovodi do korisnog shvaćanja da svijet u globalu neće čekati dok se strane koje od pamтивjeka iskazuju međusobnu netrpeljivost na prilagode polagano i bolno.

Knjiga dr. Harrisa obiluje raznim citatima, često u stihovima, iz dubrovačke književnosti. U tom duhu želio bih vam ponuditi kratak ulomak iz irske pjesme, zajedno s prijevodom. Kao što možda zname, stari irski redovnici, do njihova zatiranja oko godine 1603., bavili su se stalnim i bogato ukrašenim prepisivanjem Biblije. Ovo, međutim, nije biblijski ulomak, već nešto što je jedan od tih starih redovnika, na samom kraju galskog razdoblja, oko 1570., napisao na pozadini pergamenta na koji se prepisivala Biblija. Čini se da su drevni pobožni ljudi bili uznenireni činjenicom ne toliko da oni sami neće otići u raj nakon života u molitvi, žrtvi i samoodriganju, već da bi drugi, koji nisu tako ograničavali svoje uživanje u dobrim stvarima u životu, isto mogli stići u raj. Tako je on zapisaо sljedeće stihove na neupadljivom mjestu:

you know", and require, for their own good, frequent reminders as to how exactly life was when those with whom they fellow travelled for so long ruled the roost in Eastern Europe. I mean no disrespect to Dr. Harris when I say that this group appears always to have been relatively more numerous on the other side of the Irish Sea than here.

I can say little or nothing, because of their political nature, about Dr. Harris's economic and political prescription for Croatia. The points he makes appear to me to be significant and well argued. He draws parallels between Ireland and Croatia where this is possible and warns against forcing the history of either country into false parallels. His prescription of a double strength dose of realism cannot be controverted and indeed it is the intrusion of realism and the understanding which it brings that have made possible the present cordial and productive state of Anglo-Irish relations after so many years of difficulties and cross purposes. It also leads to a salutary realization that the world at large will not hang about while the parties to immemorial antipathies adjust them slowly and painfully.

Dr. Harris's book is ornamented with various quotations, often in verse, from Ragusan literature. In that spirit, I would like to offer you a brief piece of Irish verse together with the translation. As you may know the old Irish monks, until their extirpation about the year 1603 occupied themselves by constant and very ornate copyings of the Bible. This, however, is not a biblical extract but something one of those old monks, towards the very end of the Gaelic period, about 1570, wrote on the back of a sheet of velum on to which the bible was being transcribed. It seems that the ancient holy man was preoccupied with anxiety, not that he would himself fail to enter heaven after his life of prayer, sacrifice and self-denial, but that others, who had not thus restricted their enjoyment of the good things of life, might also get to heaven. Accordingly, he inscribed the following lines in an inconspicuous place.



“A lucht cleachtas an phóit go mór, is feoil Aoine,
Is gach iomaí spoirt ó bórd go leaba
aoibhlinn,
Flathais no Glóine mós doightí gúr
gealladh daoibhse
Mealladh go mór iad Ord na gCapuchíní.”

To se može prevesti ovako:

“Vi koji petkom uživate u piću, u mesu,
i u svakom užitku od stola do blažene
postelje,
ako se obećanje života vječnog odnosi na
vas
onda je kapucinski red bio u velikoj
zabludi.”

“*A lucht cleachtas an phóit go mór, is feoil Aoine,*
Is gach iomaí spoirt ó bórd go leaba
aoibhlinn,
Flathais no Glóine mós doightí gúr geal-
ladh daoibhse
Mealladh go mór iad Ord na gCapuchíní.”

This may be translated as follows:

“*You who indulge in drink, in meat on*
Friday,
And every pleasure from Table to blissful
Bed,
If the promise of life eternal applies to you
Then much has the Capuchin Order been
misled.”

09

Predavanje:
dr. Maurice Manning

Uzvratno izlaganje:
g. Emil Tedeschi

Lecture:
Dr Maurice Manning

Response:
Mr Emil Tedeschi

Predavanje Lecture



dr. Maurice Manning
počasni rektor Nacionalnog sveučilišta Irske
predsjednik Irske komisije za ljudska prava

Dr Maurice Manning

*Chancellor of the National University of Ireland
President of the Irish Human Rights Commission*

Čast mi je što sam pozvan da održim četvrto godišnje predavanje "Ante Čičin-Šain". Znam da je ova serija godišnjih predavanja već postala žarište bilateralnih odnosa između Hrvatske i Irske i da je neformalno doista pridonijela razvoju veza između Hrvatske i EU.

Dr. Čičin-Šaina susreo sam jednom u vrijeme kad je bio veleposlanik u Irskoj. Nimalo začudujuće, bio je u društvu počasnoga konzula Hrvatske u Irskoj, g. Gerryja Danahera. Bio je iznimno impresivan diplomat i bilo ga je pravo zadovoljstvo upoznati. Ovdje mislim na dr. Čičin-Šaina, a pritom ne želim reći da je manje zadovoljstvo bilo susresti g. Danahera.

Mislim da je izvanredno i primjereno što se dvojako postignuće dr. Čičin-Šaina, kao središnjeg bankara i kao diplomata, odražava u ovoj seriji predavanja koju organiziraju središnje banke obiju država i Irsko-hrvatska poslovna udružuga.

Središnja banka bilo koje države ključna je neovisna gospodarska snaga čak i kad, kao što je to sad slučaj u Irskoj, o monetarnoj politici odlučuje Europska središnja banka. Naravno, Hrvatska narodna banka još uvijek je prava središnja banka u tradicionalnom smislu.

Uključenost tih dviju nacionalnih institucija u pokretanje i organizaciju ovog godišnjeg događaja svjedoči o njegovu značenju i važnosti.

Stoga bih želio odlati priznanje i zahvaliti ljudima iz organizatorskih institucija, a pose-

I am honoured to have been invited to deliver this, the fourth annual Dr. Ante Čičin-Šain lecture. I know that this series of annual lectures is now an established focus for bilateral relations between Croatia and Ireland and has indeed contributed informally in the development of Croatian – EU connections.

When he was Ambassador to Ireland, I once met Dr. Čičin-Šain in the company, hardly surprisingly, of the Croatian Honorary Consul to Ireland, Mr. Gerry Danaher. He was a most impressive diplomat and a pleasure to meet; Dr. Čičin-Šain that is; not that I wish to detract either from the pleasure of meeting Mr. Danaher.

I find it very striking and appropriate that Dr. Čičin-Šain's twin accomplishments as a central banker and a diplomat are reflected in this series of lectures organised by the central banks of both countries and the Irish Croatian Business Association.

The central bank of any country is a key independent economic force even when, as is the case with Ireland, monetary policy is now decided by the European Central Bank. The National Bank of Croatia of course is still a full central bank in the traditional sense.

The involvement of these two national institutions in the establishment and organisation of this annual event bears testimony to its significance and importance.

bice viceguverneru Hrvatske narodne banke Tomislavu Presečanu. Znam da je viceguverner Presečan bio u potpunosti uključen u genezu ovog projekta i da je odigrao središnju ulogu u razvoju visokog stupnja suradnje između središnjih banaka obiju zemalja koja se ogleda u ovoj seriji predavanja.

Moram također istaknuti ulogu g. Danahera, koji je danas ovdje ne samo u svojstvu počasnoga konzula Hrvatske u Dublinu već je i predstavnik Irske središnje banke čiji je direktor.

Čini se da je povezanost s HNB-om preduvjet za uključenost u središnje bankarstvo u Irskoj. Tek nakon susreta s dr. Čičin-Šainom g. Danaher uspeo se na spomenute vrtoglave visine. Prije samo nekoliko mjeseci u Dubrovniku ste ugostili profesora Patricka Honahana, koji je u to doba bio skromni akademski znanstvenik kao što sam ja, a sad je, gle čuda, novi guverner Irske središnje banke.

Također bih želio zahvaliti Irsko-hrvatskoj poslovnoj udruzi, koju ovdje danas predstavlja g. Shane English.

Naposljetu bih želio zahvaliti g. Veselku Grubišiću, vašem iznimno cijenjenom veleposlaniku u Irskoj koji, nažalost, danas nije mogao biti s nama i jednako cijenjenom veleposlaniku Irske u Hrvatskoj, g. Patricku McCabeu.

Unaprijed se želim ispričati domaćinima što se moja zapažanja koja će večeras iznijeti zasnivaju na irskom iskustvu. Premda se radi o irskom iskustvu s globalnim fenomenom, vjerujem da pouke dobivene tim iskustvom u ovom slučaju imaju širu primjenu. Prošlogodišnje predavanje "Čičin-Šain" dalo je irskoj publici vrlo pronicljivu procjenu sadašnjeg položaja Hrvatske. Postoji primjerena simetrija u tome da današnjoj publici u Zagrebu ponudim sličnu procjenu položaja Irske.

Kriza kroz koju prolazimo nije samo gospodarska i fiskalna kriza. U svojoj srži to je kriza upravljanja. Govoreći o irskoj situaciji, želim se usredotočiti na dva ključna čimbenika. S povijesnog stajališta oba ta čimbenika imaju ključnu ulogu u javnom životu i oba su uvelike podbacila u sadašnjoj krizi – to su parlament i mediji.

I would therefore like to acknowledge and thank those from the various institutions involved especially Vice Governor Tomislav Presečan of the National Bank of Croatia. I know that Vice Governor Presečan was fully involved in the genesis of this project and has played a central role in developing the high level of cooperation between the Central Banks of both our countries which is reflected by this lecture series.

I must also acknowledge the role played by Mr. Danaher who is here today not only as Croatian Honorary Consul in Dublin but also representing the Irish Central Bank of which he is a Director.

I would add that an involvement with this Bank seems to be a prerequisite for involvement in central banking in Ireland. It was only after meeting Dr. Čičin-Šain that Mr. Danaher ascended such dizzy heights. Just a few months ago in Dubrovnik you hosted Professor Patrick Honahan then a humble academic like myself but now, lo and behold, the new Governor of the Irish Central Bank.

I also wish to thank the Irish Croatian Business Association, ably represented here today by Mr. Shane English.

And finally I wish to thank Mr. Veselko Grubišić, your highly esteemed Ambassador to Ireland who unfortunately cannot be here today and the equally esteemed Irish Ambassador to Croatia, Mr. Patrick McCabe.

I want to apologise to my hosts in advance for the fact that my observations this evening are based on the Irish experience. It is the Irish experience of a global phenomenon but the lessons of the Irish experience in this instance do, I believe, have a wider application. In any event, last year's Čičin-Šain lecture afforded to a Dublin audience a very insightful appraisal of where Croatia stands today. There is an appropriate symmetry to my offering a similar appraisal of Ireland to this audience in Zagreb.

The crisis we are experiencing is not just an economic and fiscal one. It is at heart a crisis of governance and, in dealing with the Irish situation, I want to focus on two key actors, each

Ne trebam podsjećati ovu publiku da se ovo-godišnje predavanje održava u razdoblju dosad nezabilježenih previranja, straha i nesigurnosti. Pojavio se, barem u mojoj zemlji, osjećaj zloslutnosti i duboke nelagode zasnovane na gubitku vjere u većinu ključnih institucija, institucija koje u prošlosti možda nisu uživale naklonost javnosti, ali je ipak bilo uvriježeno mišljenje da su te institucije sposobne i da im se može vjerovati da će zaštiti interes javnosti.

Ta vjera više ne postoji. Kao što je postalozapanjujuće jasno, ključne institucije kojima je povjerenodatštite i promiču opće dobro bile su osobito nespremne, a zbog te su nespremnostipridonijele osjećaju zbumjenosti i izgubljenosti koji je bio svojstven u prvim mjesecima krize. Nijedna institucija ni sektor – vlada, javne službe, regulatori, banke, akademski krugovi, parlament, mediji – nisu zasluzili pohvale, pa čak nipozvali mišljenje i očekivanja javnosti.

Glavni uzroci irskog aspekta globalne krize sada su poznati. Problem je što su oni trebali biti poznati davno prije izbijanja same krize u rujnu 2008. Kad promatramo što se stvarno dogodilo, možemo vidjeti zašto se to moralodogoditi i zašto nas to nije trebalo uhvatiti potpuno nespremne.

Četiri zasebna, ali usko povezana problema pojavila su se u irskom gospodarstvu u drugoj polovini prvog desetljeća 21. stoljeća. Oni su zajedno okončali razdoblje prosperiteta koje se naziva razdobljem "Keltskog Tigra".

Otrlike u godinama 2004. i 2005. došlo je do odumiranja irske konkurentnosti. S visokomjesta u blizini samog vrha međunarodnih ljestvica Irska je pala niže i od svih svojih prvotnih partnera iz EU i mnogih zemalja OECD-a s tržišta u nastajanju.

Isto tako, otrlike 2003. – 2004. na vidjelo je izbilo da državne financije postaju nezdravovisne o porezima na kupnju i prodaju nekretnina.

U istom tom razdoblju glavne irske banke počele su napuštati tradicionalan oprez u svojim kreditnim politikama natječući se međusobnoatržišne udjele u neprestano rastućem sektoru.

of which has an historically key role to play in public life, and each of which significantly underperformed in the current crisis – parliament and the media.

I don't have to remind this audience that this year's lecture is taking place in a period of unprecedented turmoil, fear and uncertainty. There is – in my own country certainly – a sense of foreboding, a deep unease based on a loss of faith in most of the key institutions, institutions which in the past may not have excited public affection but at least were widely perceived as being competent and could be safely entrusted to protect the public interest.

That faith is no longer there. As has become so shockingly clear the key institutions tasked with the protection and promotion of the common good were singularly unprepared, and through that unpreparedness, added to the sense of public confusion and drift which characterised the early months of the crisis. No institution or sector emerged with credit – government, civil service, regulators, banks, academics, parliament, media, indeed public opinion and expectations.

By now the main causes of the Irish aspect of the global crisis are clear. The problem is they should have been clear long before the actual crisis of September 2008. When we look back at what actually happened we can see why this should have been so, why we should not have been caught so totally unawares.

Four separate, but closely linked, problems emerged in the Irish economy in the latter half of the first decade of the 21st Century. These combined to bring an end to the era of prosperity referred to as that of the 'Celtic Tiger.'

From about 2004-2005, Irish competitiveness was allowed to wither away. From a high ranking near the top of the international table, Ireland fell below all of its original EU partners and many of the emerging OECD economies.

Also from about 2003-2004 it became clear that the State's finances were becoming unhealthily dependent on taxes raised in the buying and selling of real estate.

ru nekretnina. Kako je Irska bila u eurozoni, kamatne stope određivala je Europska središnja banka. Krediti su bili lako dostupni, a zaduživanje jeftino.

Od 2002. irska je vlada omogućavala masovnu ekspanziju javnih službi istodobno dopuštajući iznimno velika povećanja plaće i poboljšanja radnih uvjeta javnih službenika (uključujući izabrane predstavnike javnosti).

Kriza američke gospodarske politike, a posebice američkog bankarstva, počela se 2007. i 2008. širiti na ostala tržišta kapitala, poglavito tržišta Dalekog istoka i eurozone. To je bila negativna posljedica "globalizacije", koja je 1990-ih proglašavana načinom na koji će se ostvariti prosperitet za sve.

Konvergencija svjetskih gospodarstava svi-ma je koristila u dobrom vremenima. Obratno, kad je sve krenulo loše, zaraza se znatno lakše širila.

Krajem 2006. i početkom 2007. smjer kretanja cijena nekretnina u Irskoj počeo se mijenjati. Prodaja se usporila. Kako se ovaj trend sve više ustaljivao, banke su iznenada postale opreznije u odobravanju kredita.

Porezni prihodi su se smanjili. Vlada je priznala da će se morati početi zaduživati da bi ostvarila fiskalnu ravnotežu.

Građevinska aktivnost najprije se usporila, a onda u potpunosti prestala.

Aktivnosti u ostalim područjima gospodarstva također su se počele smanjivati jer su im banke uskraćivale kredite.

Državni finansijski regulatori davali su uvjerenja da je sve dobro ("fundamenti su zdravi").

Stopa nezaposlenosti ubrzano se povećavala, s približno 5% u 2007. na više od 12% srednjom 2009.

U prvim mjesecima 2009. postalo je očigledno da su irske banke zapravo bankrotirale.

Kreditiranje je doslovno prestalo.

Procijenjeno je da su troškovi vođenja države otprilike za 20 milijardi eura veći od ostvarenih poreznih prihoda.

Za manje od desetljeća Irska se iz gospodarskog čuda transformirala u zonu katastrofe.

In the same time-frame, the principal Irish banks began to abandon traditional caution in their lending policies as they vied with each other to gain market-share in the ever-expanding real estate sector. Because Ireland was in the Euro-zone, interest rates were fixed by the European Central Bank. Credit was easy and borrowing was cheap.

From 2002, the Irish Government facilitated massive expansion of the public service while allowing very large increases in the pay and conditions of public servants (including elected public representatives.)

In 2007-2008 the crisis in US economic policy and in particular in US banking began to extend itself to other capital markets, principally in the Far East and in the Euro-zone. This was the 'down-side' of 'Globalisation' which had been promulgated as the way to prosperity for all during the 1990s.

The convergence of world economies served to benefit all in the good times. Conversely, when things went bad, it was much easier for the contagion to spread.

By late 2006 – early 2007 we saw the beginnings of a reverse in Irish property prices. Sales slowed. As this trend became more embedded, banks suddenly became more cautious in lending.

Tax revenues dropped. The Government acknowledged it would have to start borrowing to balance the books.

Construction activity slowed and then effectively ceased.

Other areas of the economy began to contract as credit was cut off by the banks.

The State's financial regulators issued assurances that all was well ('the fundamentals are sound.')

Unemployment moved rapidly from about 5% in 2007 to more than 12% by mid 2009.

By the early months of 2009 it was emerging that the Irish banks were to all intents and purposes bankrupt.

Credit had effectively disappeared.

The costs of running the State were estimat-

Jedan je međunarodni komentator opisao ovu transformaciju kao najdramatičniju i najpotpuniju propast razvijenoga zapadnoga gospodarstva od Drugoga svjetskog rata.

Tko je bio krivac za to? Prozivani su brojni sumnjivci. Uključivali su izabранe političare, istaknute javne službenike, regulatore, bankare, građevinske poduzetnike i, napisljeku, široku javnost koja se ukrcala na kreditni vlak i bezbržno potrošila milijarde eura koje u stvarnosti nikad nisu zarađene.

Uvjeravam vas da cilj ovog predavanja nije imenovanje krivaca. Mišljenje javnosti bilo je izraženo glasno i obuhvaćalo je široki spektar. Bijes bi dosad već trebao, kao što u mnogim slučajevima i jest, ustuknuti pred ozbilnjom zakupljenošću načinom kako osigurati popravak štete i ne ponoviti pogreške.

Ipak, dvije skupine uspjele su izbjegći pozornost u ovom procesu okrivljavanja. Začuđujuće je što bi baš te dvije skupine sebe smatrале ključnim stupovima koji podupiru demokratski poredak. Ovdje mislim na parlament i medije. Ustav je parlamentu dodijelio središnju ulogu, dok su prava na slobodu medija i važnost slobodnih medija evidentne same po sebi. Pitanje koje većeras želim postaviti odnosi se na učinak tih dviju skupina. Ne zbog toga što su one bile glavni uzročnici krize, već stoga što su odigrale ulogu psa koji ne laje.

Dopustite mi da se najprije osvrnem na novinske medije.

Iako novinski mediji sada ispituju mnoge druge o njihovu djelovanju, nema dokaza da preispituju svoje vlastito djelovanje i ulogu u događajima proteklog desetljeća koji su Irsku odveli "od procvata do propasti".

Što je trebala biti uloga medija u opisanom slijedu događaja?

Novinski mediji opisivani su na različite načine; nazivalo ih se "nacijom koja govori sama sa sobom", "ogledalom društva", "četvrtim stalemom", "vratarima promjena", "psima čuvarama demokracije", "uljem koje podmazuje kotače javne rasprave" i sl.

U irskom su društvu novinski mediji dobili

ed at about €20 billion more than was being raised in taxation.

In less than a decade Ireland had been transformed from an economic wonder to a disaster-zone. One international commentator described the transformation as the most dramatic and complete collapse of a developed western economy since World War II.

So who was to blame? Many different suspects have been nominated. These have included the elected politicians, senior public servants, the regulators, the bankers, property developers and, indeed, the great mass of the public which climbed aboard the credit bandwagon and happily spent billions of euro that, in reality, had never been earned.

I want to assure you this is not a name and blame session. Public opinion has been vocal and widely focussed. Outrage by now should be – and in many cases – is giving way to a deeper concern about ensuring that damage is mended and that mistakes are not repeated.

However, two groups have escaped under the radar as far as this process is concerned. The strange thing is that they would see themselves as two of the key pillars sustaining the democratic order – I refer to parliament and the media. Constitutions give a central role to parliament while the rights of a free media and the importance of a free media are self evident. The question I wish to pose this evening concern the performance of these two groups. Not because they were the major causes, but because they were the dogs that did not bark.

Let me begin with the news media.

While the news media are now interrogating many others on their performance there is little evidence of any self-examination of their performance and their own role in the events of the past decade which brought Ireland from 'boom to bust.'

What ought to be the role of the media in the sequence of events described above?

The news media have been variously described as 'a nation talking to itself'; 'society's mirror'; 'the Fourth Estate'; 'the gatekeepers

visok status i znatne povlastice. Njihova uloga u demokratskom procesu uvelike je priznata. Međijima je otvoren, premda naravno ne i posve slobodan, pristup većini razina vlasti i omogućeno im je preispitivanje mnogih komponenata procesa odlučivanja.

Nadalje, Irska je medijski iznimno dobro pokrivena. Oko 4 milijuna stanovnika omogućava opstanak 6 nacionalnih dnevnih novina, 10 nacionalnih nedjeljnih novina, 60 regionalnih novina, 35 regionalnih radijskih postaja, četiri nacionalna TV postaja i nacionalnih mreža posvećenih isključivo vijestima.

Isto tako, irski novinski mediji dosegnuli su visoku razinu specijalizacije.

To se ponajviše odnosi na pokrivenost područja poslovanja, financija i gospodarstva. Danas svaka nacionalna novinska organizacija ima svoje urednike za područje gospodarstva, svoje dopisnike specijalizirane za bankarstvo i poslovanje, svoje poslovne analitičare itd.

Uglavnom su novinski mediji također platforme na kojima svoj doprinos mogu dati stručnjaci – ekonomisti, pripadnici akademskih krugova, visoki javni službenici – čije se analize i stajališta mogu smatrati dobro utemeljenima. To uključuje analitičare zaposlene u bankama i finansijskim institucijama, neovisne akademske stručnjake i osobe koje imaju iskušto u radu vlasti.

Činjenica je da je samo nekolicina specijaliziranih novinara i komentatora izrazila značajnu zabrinutost zbog nadolazeće krize irskoga gospodarstva.

Bilo je nekoliko iznimaka. Televizijski poslovni novinar George Lee bio je usamljeni glas koji je predvidio nevolje u javnim financijama i koji je to jasno izrekao, zbog čega je sam postao meta velikoga gnjeva. Ekonomist David McWilliams javno je iskazao da je izgledan slom na tržištu stambenih nekretnina, a isto je učinilo i nekoliko ekonomista iz akademskih krugova. Naravno, iskusni novinar Brendan Keenan bio je uvek skeptičan.

Međutim, čak ni oni nisu predvidjeli i upozorili na katastrofalu podudarnost dogadaja i

of change'; 'the watchdog of democracy'; 'the oil that lubricates the wheels of public debate'; etc.

Irish society has accorded a high status and considerable privilege to the news media. Their role in the democratic process is well-acknowledged. They have considerable – but clearly not total access to most levels of government and they are enabled to examine many of the components of the decision-making process.

Furthermore, Ireland is 'media intensive.' A population of about 4 million sustains 6 national daily newspapers, 10 national Sunday newspapers, 60 regional newspapers, 35 regional radio stations, 4 national TV stations and national broadcast news networks.

Ireland's news media have also developed a high degree of specialization.

Nowhere has this been more true than in relation to the coverage of business, finance and the economy. Every national news organization now has its economics editors, its specialized banking and business correspondents, its business analysts and so on.

Most of the news media also provide platforms for contributor specialists – economists, academics, senior public servants – whose analyses and views might be considered to be well-informed. These range from analysts who are employed by banks and financial institutions to independent academics to persons with experience in government.

The reality is that only a very few of these specialist journalists and commentators raised any significant concerns about the gathering crisis in Ireland's economy.

There were some exceptions. Television business journalist George Lee was a dissenting voice who saw trouble ahead in the public finances and said so, drawing much ire upon himself in doing so. Economist David McWilliams was publicly vocal about a likely crash in the housing market, as were one or two academic economists. And of course the experienced journalist Brendan Keenan was always sceptical.

trendova koji su pogodili gospodarstvo u 2008. i 2009.

Irski novinski mediji imali su više nego ikad ekonomista i poslovnih stručnjaka na raspolaganju. Pa ipak, čini se da nijedan medij, bilo tiskani bilo elektronički, nije u potpunosti shvaćao što nam predstoji niti je upotrijebio svoje uredničke mogućnosti da pošalje ozbiljne znakove ili upozorenja. Kad je cunami već stigao do nas, mnogi su postali iznimno glasni i energični kritičari. Zapravo ni oni nisu odstupali od konsenzusom prihvaćenog stajališta da će sve biti dobro – ili možda nisu odstupali od samopodadnosti koju su dijelili političari, javni službenici, bankari, građevinari i dr.

Je li nepošteno izdvajati ulogu irskih novinskih medija u krizi? Jesu li oni postupili bolje ili lošije od svojih kolega iz Velike Britanije, SAD-a ili ostatka Europe?

Potrebna je detaljna, istraživanjima potkrivena usporedba. Očigledno je da analize irskih novinskih medija nisu bile jednako oštroumne kao analize nekih najboljih i najuglednijih svjetskih novinskih medija. *The New York Times*, *The Economist* i *Financial Times* pisali su da irsko gospodarstvo srlja u propast znatno prije domaćih novinskih medija.

Zbog čega je to tako? Irskim urednicima za područja gospodarstva i poslovanja bili su dostupni isti podaci kao i njihovim kolegama iz drugih medija. Možda su organizacije novinskih medija, nošene na krilima bogatih prihoda i obilnih reklama, također postale samodopadne i odlučile previdjeti olujne vode koje su bile pred njima. Možda su podsvjesno bile pod utjecajem prijekora tadašnjeg premijera Bertiea Aherna koji je kritičarima tadašnjeg stanja u gospodarstvu rekao da odu i “počine samoubojstvo”.

Možda je razlog bila nesposobnost koja ponекad karakterizira većinu irskih novinskih medija da “vide šumu od drveća”, odmaknu se od neposrednog i sagledaju situaciju s dugoročnog gledišta, udalje se od dnevнополitičkih pojedinstvenosti u jednoj maloj, religioznoj zemlji i situaciju razmotre u širem, globalnom kontekstu.

But even these did not foresee and did not forewarn of the catastrophic convergence of events and trends that were to hit the economy in 2008-2009.

There was never more economics and business expertise available within the Irish news media. Yet no organ, whether print or broadcast, seems to have fully apprehended what lay ahead or used its editorial capacities to put down serious markers or warnings. Yes, with the tsunami upon us, many have become extremely vocal and vigorous in their criticisms. But the reality is that they did not dissent from the consensus that all would be well – or perhaps the complacency – that embraced politicians, public servants, bankers, builders et al.

Is it unfair to single out the Irish news media in this? Did they do any better or worse than their counterparts in the UK, in the USA or in mainland Europe?

A detailed, researched comparison is needed. What is clear is that the Irish news media did not have the same sharpness of analysis as some of the best and most respected of world news media. The New York Times, The Economist and the Financial Times ‘called it’ for the disaster-bound Irish economy well before the indigenous news media did so.

Why was this? Irish economics and business editors had access to the same data as their counterparts elsewhere. Perhaps the news media organizations, riding high with buoyant revenues and plentiful advertising, also became complacent and preferred not to see the stormy waters ahead. Perhaps they were influenced subliminally by the rebuke issued by the then Taoiseach, Bertie Ahern, when he told those who were ‘talking down’ the economy to go and ‘commit suicide.’

Perhaps it was due to an inability that characterizes much of the Irish news media sometimes to ‘see the wood for the trees,’ to stand back from the immediate and to take the longer view, to look beyond the minutiae of daily politics in a small, parochial country and to consider the wider, world stage.

Poučno je ponovno pogledati novine i arhive elektroničkih medija iz 2007. i s početka 2008., tj. iz razdoblja u kojem se počeo nazirati oblik sadašnje krize.

Naslovi na prvim stranicama novina i glavne vijesti elektroničkih medija uglavnom se nisu odnosili na kreditne politike banaka, državne financije ili neumoljivi rast nezaposlenosti. Većina ih se bavila karijerom premijera Bertiea Aherna, otkrićima o njegovim privatnim financijama, vjerojatnošću njegove ostavke i pitanjem tko će ga naslijediti na mjestu vode stranke Fianna Fail odnosno na mjestu premijera.

Želim reći da su to bile sočne priče, lako razumljive i novinarima i čitateljima odnosno gledateljima, priče koje su nudile barem neku privlačnost "krvavoga sportskog" novinarstva. Mediji bi mogli reći da nitko nije bio zainteresiran za mračne i sumorne priče, za razbijanje snova. Nitko ne želi biti optužen za raspršivanje mjejhurića od sapunice. Premijer je otisao čak toliko daleko da je rekao da bi oni koji su tome skloni, trebali razmisliti o samoubojstvu!

Naposljeku, ako je uloga novinskih medija da budu "psi čuvari" ili "vratari" promjena i izazova u društvu, pošteno je reći da oni sami nisu zadovoljili standarde koje su postavili drugima. Možda je došlo vrijeme za malo poniznosti i promišljanje o samom sebi?

Dopustite mi odmak od razmatranja uloge medija gdje me se može smatrati kritičarom izvana. Sad ću se osvrnuti na ulogu parlamenta u ovoj drami koja se odigrala. U tome moram priznati i svoju osobnu ulogu – 21 godinu bio sam član irskog parlamenta pa se dio kritika koje namjeravam izreći odnosi i na mene.

Zanimljiva je činjenica da su u bujici pogrda kojom su u posljednjih dvanaest mjeseci mediji, akademski krugovi pa i sama javnost zasuli vladu, Ministarstvo financija, središnju banku, banke i građevinske poduzetnike, uloga i odgovornost parlamenta, jednako kao i medija, gotovo posve ignorirane.

U samoj toj činjenici skriva se možda i najveća optužba protiv parlamenta. Javnost je očekivala da će uloga parlamenta biti periferna – i

It is instructive to go back through the newspapers and the broadcast archives of 2007 and early 2008 – the period when the shape of the crisis was beginning to emerge.

Front page headlines and lead items on the broadcast news were generally not about the lending policies of the banks or the State's finances or about the inexorable rise in unemployment. They were concerned with the career of Taoiseach Bertie Ahern, the revelations concerning his personal finances, the likelihood of his resignation and the question of who would succeed him as leader of Fianna Fail and as Taoiseach.

I would suggest that these were 'sexy' stories, easily intelligible to both journalists and readers/viewers and offering at least some of the attraction of 'blood sport' journalism. And they can say that there was little appetite for gloom and doom, for the shattering of dreams. Nobody wants to be accused of 'bursting a bubble'. Indeed the Prime Minister went so far as to suggest that those so inclined should contemplate suicide!

But in the final analysis if the role of the news media is to be the 'watchdogs' or the 'gate-keepers' of change and challenge in society, it is fair to say that they fell short of the standards they set others. Maybe it is time for a little humility and self-reflection?

If I can move away from the role of the media where I can be seen as an external critic, I will now turn to the role of parliament in the drama which unfolded. I must declare an interest – for 21 years I was a member of the Irish Parliament so that I must also share some of the criticism I am about to make.

It is a curious fact that in torrents of media, academic and indeed public abuse which has descended on government, the Department of Finance, the Central Bank, the banks and the builders over the past twelve months the role and responsibility of parliament, like that of the media, has been all but ignored.

That this is so is perhaps the biggest indictment of parliament. The public expected its role

u tome nije bila razočarana. Postavlja se pitanje zašto.

Na to pitanje nije lako odgovoriti. U dvadesetom su stoljeću svi parlamenti marginalizirani zbog rasta sve moćnije izvršne vlasti, stalno rastuće i sve složenije birokracije, rasta moćnih interesnih skupina i, naravno, u slučaju država članica, prepuštanja EU nekih aspekata političkog odlučivanja. Ipak, većina se parlamenta borila protiv toga, tražeći za sebe ulogu, posebice u spomenutim područjima pomne kontrole nad zakonima i razumne uključenosti u rane faze donošenja politika. Irski parlament to nije činio.

Mnogi moji bivši kolege neće se složiti sa mnom. Upućivat će na parlamentarni kompleks s izdašnim resursima, brojne istraživače, urede individualnih izbornih jedinica koje financira država i razrađeni sustav odbora. Reći će da nikad nisu imali više posla i da nikad nisu više radili.

Bit će u krivu. Ne zbog toga što se parlament nije uspio modernizirati i promijeniti posljednjih desetljeća. Upravo suprotno. Moram reći da irski parlament među svojim članovima ima neke od najspasobnijih i najsavjesnijih ljudi koji teže općem boljitu. Nije njihova pogreška što parlament nije odigrao glavnu ulogu u ranim fazama krize.

Ova se situacija možda mijenja, uglavnom stoga što je vlada sad svjesna da joj je potreban najširi mogući konsenzus o ključnim pitanjima kao što su referendum o Lisabonskom sporazumu i Nacionalna agencija za upravljanje imovinom. Drugim riječima, situacija se mijenja zbog političkih okolnosti, a ne zbog toga što se iznova priznaje važnost parlamenta. Ako nas prošlo iskustvo može čemu naučiti, a može, jaka vlada rijetko ili gotovo nikad ne osjeća posebnu obvezu tražiti saveznika u parlamentu ako nije apsolutno primorana to učiniti.

Razlog zbog kojega ovaj moderan, dobro opremljeni parlament nema ključnu ulogu treba potražiti u manjkavoj političkoj kulturi na kojoj se temelji. To je dio političkog naslijeda koje seže gotovo 90 godina unatrag, do vremena građanskoga rata, kad se rodila moderna irska država.

would be peripheral – and they were not disappointed. The question is why?

And it is not an easy question to answer. All parliaments in the twentieth century found themselves marginalised by the growth of increasingly powerful executives, ever bigger and more complex bureaucracies, the growth of powerful interest groups and of course, in the case of the EU membership the surrender of aspects of policy making. But most parliaments fought back seeking a role for themselves especially in the areas I mentioned – scrutiny of legislation and reasonable involvement in the early stages of policymaking. The Irish parliament did not.

Many of my former colleagues will disagree. They will point to the well resourced parliamentary complex, to a plentitude of researchers, to state funded constituency offices and to an elaborate committee system. They will say they have never been busier or more hardworking.

They will be wrong, not because parliament has not modernised and changed over the past few decades. It has, and let me say that among its members the Irish parliament has some of the most able, most conscientious, most public spirited people in public life. It is not their fault that parliament was not a major player in the early stages of the crisis.

That situation may be changing, largely because the Government now realises and needs as consensual an approach as possible on key issues such as the Lisbon referendum and the National Assets Management Agency. In other words it is changing because of political circumstances not because of a new recognition of the importance of parliament. If past experience is any guide – and it is – a strong government rarely if ever feels particularly obliged to take parliament into its confidence unless it absolutely has to.

The reason why this modern well equipped parliament is not a central player is because of the flawed political culture which underpins it. It is part of a political legacy which goes back almost ninety years to the Civil War which accompanied the birth of the modern Irish State.

Kao povjesničar sklon sam objašnjenja tražiti u prošlosti, a postoji i dovoljno dokaza koji opravdavaju taj pristup. Međutim, većeras za to nema vremena, a pretpostavljam da večerašnja publika ne bi ni bila zainteresirana za takvu digresiju. Dopustite mi stoga da pojednostavnjeno iskažem svoje mišljenje.

Od građanskog rata među politički suprotstavljenim pozicijama prevladavaju ogorčeni tonovi. Vlada je ubrzo počela dominirati nad svim aspektima parlamentarnog rada, što je potpomogla i pojava discipliniranih i poslušnih političkih stranaka. Politička kultura i izborna očekivanja sveli su većinu članova parlamenta na puke zastupnike izbornog tijela. Što je još bitnije, većina ih nije imala volju izdici se iznad te uloge, a vlada apsolutno nije imala želju prepuštiti parlamentu važniju ulogu.

Vlada je, primjerice, odbila dopustiti Dáilu da raspravlja o najznačajnijem političkom dokumentu u posljednjih 50 godina – Programu za gospodarski razvoj i nije mu dopustila da osnuje odbor za preispitivanje članstva u EEZ-u. Tako je to bilo.

Situacija je, dakle, ostala nepromijenjena. Vlada je kontrolirala parlamentarni dnevni red i određivala njegov vremenski raspored, dok je njezina vlastita solidna parlamentarna većina rijetko izražavala neslaganje. Ako je vlada imala probleme, oni su rješavani u privatnosti stranačkih prostorija. U doba tajnovitosti članovi parlamenta nisu imali ni sposobnost, a, čini se, ni sklonost ozbiljno preispitivati vladu i administraciju. Parlament je u svakom slučaju bio žabokrečina čije su aktivnosti oživljavali samo malobrojni članovi.

Članstvo u EEZ-u 1973. moglo je donijeti veliku promjenu – osnivanje prvog značajnog odbora u posljednjih 50 godina. Odbor je trebao dati parlamentarni doprinos funkcioniranju EEZ-a i služiti kao mostobran u odnosu na Zagajnicu. Stvarnost je, međutim, bila posve drugačija. Odbor se nikad nije odmaknuo od periferije političkog života, o većini njegovih izvješća nije se raspravljalo, njegove su aktivnosti bile nezamijećene i uglavnom su ostale nezabilježene u parlamentarnom procesu.

As an historian I am tempted to seek explanations in the past and there is sufficient evidence to justify such an approach, but there is not time this evening, nor I suspect any great enthusiasm on the part of this audience for such an excursion. So let me state the case simply.

The Civil War set the tone for bitter adversarial politics. Government dominance of all aspects of parliament soon emerged, reinforced by the emergence of disciplined, obedient political parties. Political culture and electoral expectations reduced the role of most members to little more than constituency representatives. More significantly there was little will on the part of most members to rise above this role and absolutely no willingness on government's part to concede such a role.

For example the government refused to allow the Dáil debate the most important policy document in fifty years – the Programme for Economic Development and would not allow the Dáil set up a committee to examine membership of the EEC. That was the way it was.

And so the situation remained one where government controlled the parliamentary agenda, set the timetables and was rarely troubled by dissent from its own solid majority. If the government had problems they were resolved in the privacy of the party room. In a secretive age the members of parliament had neither the capacity, nor apparently any great inclination to seriously question the government or the administration. In every sense it was a backwater parliament, its activities enlivened only by the quality of a small number of its members.

Membership of the EEC in 1973 did mean one potentially major change – setting up the first significant committee in 50 years. The committee was intended to provide a parliamentary input to the EEC process and serve as a bridgehead to the Community – but the reality was very different. The Committee never left the periphery, its reports for the most part un-debated, its activities unnoticed and largely unreported in the parliamentary process.

Naravno, neke su se promjene ipak dogodile tijekom 80-ih i 90-ih godina – promjene koje su odražavale zahtjeve za većom otvorenosću i odgovornošću. Televizija je prenosila parlamentarne sjednice, prodljen je aktualni sat u parlamentu, osnovan je niz posebnih odbora i doista razrađen sustav odbora s izdašnim resursima, koji je u sebi sadržavao i neke elemente istraživačkih institucija.

Promjene su uglavnom ipak bile površinske. Primjerice, o detaljima većine zakona nikad se i ne raspravlja jer rasprave imaju određeno vremensko ograničenje koje se rutinski nameće za većinu važnih prijedloga zakona. Takvo vremensko ograničenje rutinski se primjenjuje na godišnji prijedlog izmjena poreznih zakona koji uvijek obuhvaća važne nove ovlasti u prikupljanju prihoda kao i na glavne zakone o sigurnosti koji mogu imati ozbiljne posljedice glede ljudskih prava. Zbog čega se najčešće dio zakonodavnog programa svake godine donosi u posljednjih nekoliko tjedana parlamentarne godine, a Dáilu se mjesecima uskraćuje obavljanje zakonodavnog posla?

Razlozi za to jednostavni su. Vlada i visoki savjetnici to žele i, što je još važnije, znaju da će to i dobiti. To vrijedi za svaku vladu i činjenica da parlament prihvata ovakvu situaciju najbolje je mogući dokaz da Dáil kao pravni subjekt ozbiljno ne vjeruje – osim u iznimnim okolnostima – da može utjecati na oblik i sadržaj zakona. Parlament minimalno utječe i na krajnji učinak većine zakona.

Kad se promatra uloga parlementa u razdoblju neposredno prije ove krize, vidi se da je ona bila negativna. Nije održana nijedna ozbiljna rasprava o ulozi banaka. Ispucano je nekoliko hitaca upozorenja o pretjeranom oslanjanju na građevinski sektor. Osim nekoliko iznimaka, ekspanzija broja zaposlenih u javnom sektoru i njegove potrošnje nije dovedena u pitanje. Odbačene su sumnje u dugoročne posljedice procesa *benchmarkinga* koji je doveo do velikih povećanja plaća u javnom sektoru bez stvarnog poboljšanja čak i kad je oporba ustrajala na tom pitanju. Nije provedeno ni ozbiljno ni neozbilj-

Yes, of course there were changes in the 1980's and 1990's – changes reflecting calls for greater openness and accountability. We had the televising of parliament, an extended prime/ministerial question time, a series of special committees and indeed an elaborate and well resourced committee system with some element of research facilities.

But the changes have largely been superficial. Why is it for example that the detail of so much legislation is never even discussed because of the time closure motions, routinely imposed on most major legislative proposals. This guillotine procedure is routinely applied to the annual Finance Bill which always includes significant new revenue powers, and to major security legislation which can have serious human rights legislation. Why is that the major portion of each year's legislative programme goes through in the last few weeks of each parliamentary year while the Dáil is starved of legislative business for months on end?

The reasons are simple. It is what governments and senior advisors want to do and, more importantly, know they can get away with. This is true of every government and its acceptance by parliament is the clearest possible evidence that the Dáil, as a corporate entity does not seriously believe – except in rare circumstances – that it can influence the shape and content of legislation. As far as the outcome of most legislation is concerned the impact of parliament is minimal.

And so when it comes to looking at the role of parliament in the lead up to the present crisis it is one negative after another. There was not one serious debate on the role of the banks. Few warning shots were fired at the over-reliance on the construction sector. With a few exceptions the expansion in public sector numbers and spending was not questioned. Doubts about the long term effects of a bench-marking process which meant large salary increases in the public service with little by way of return were dismissed out of hand even if the opposition was persistent on this issue. There was no question-

no ispitivanje regulatornog režima, koji je bio uvelike neadekvatan.

U vezi s tim i drugim pitanjima parlament se ponosaо kao da se radi o vanjskim pitanjima izvan njegove kontrole.

Doista je i bilo tako. U stvarnosti je to bila posljedica nedostatka volje i proceduralnih ograničenja koje sam naveo. Još više je to bila posljedica činjenice da je proces socijalnog partnerstva već stavio parlament u ulogu neaktivnog promatrača u donošenju važnih političkih odluka.

Ne namjeravam ovdje preispitivati dobre i loše strane procesa koji je započeo 1987. i doveo do toga da o većini glavnih aspekata kako gospodarske i fiskalne politike, tako i socijalne politike odlučuje forum socijalnih partnera – vlada, sindikati, šefovi – koji odluke donosi, a često i provodi puno prije nego što ih se predstavi parlamentu, koji u svakom slučaju nije ni imao doista utjecajnu ulogu.

Sve to znači da je parlament u trenutku izbijanja krize bio potpuno nepripremljen. Nije bio spreman, ni u psihičkom ni u proceduralnom smislu, osigurati onu vrstu nacionalne rasprave, vodstva i konsenzusa koja je bila potrebna da se narod uvjeri da podupre potrebne promjene. Nisu uloženi ozbiljni napori da se osiguraju savjetodavne strukture koje bi uključivale sve stranke, uočavale poteškoće i tražile rješenja. Tijekom desetljeća suprotstavljenosti političkih pozicija nije bilo ozbiljnih pokušaja da se uključi opozicija, niti je opozicija pokazivala jasnu želju da bude uključena.

To nije bila lijepa slika.

U sljedećih mjesec ili dva vidjet ćemo može li parlament u stvarnosti preuzeti ulogu koja mu je Ustavom dodijeljena. Mogao bi slijediti primjer Švedske iz doba bankovne krize 1992., kad je parlament u svakom trenutku bio potpuno informiran i uključen u sve faze tako da su sve velike stranke osjećale da sudjeluju u pronalaženju rješenja koje je većina mogla prihvati. To je zauzvrat pomoglo stvaranju pozitivnog osjećaja nacionalne solidarnosti, posebice u teškim vremenima. U suprotnom će parlament ostati na periferiji, politika će se određivati neg-

ing, serious or otherwise of a regulatory regime which was seriously inadequate.

On these and other issues parliament behaved as if these were external issues outside their control.

And they were. In fact this was due to both a lack of will and to the procedural constraints I have outlined. But they were due even more fundamentally to the fact that the process of Social Partnership had already sidelined parliament as far as serious policy-making was concerned.

It is not my intention to examine the merits or otherwise of a process initiated in 1987 which ensured that major aspects, not just of economic and fiscal policy but also of social policy, were determined by a forum of social partners – government, unions, bosses – with decisions long made and often implemented before being presented to parliament, which in any event had no real role of influence anyway.

What all this meant for parliament was that when the crisis erupted it was totally unprepared. It was not equipped, either psychologically or procedurally to provide the type of national debate, leadership and consensus seeking which people needed if they were to be persuaded to support the necessary change. There was no serious effort to provide all-party consultative structures to tease out the difficulties and seek solutions. Decades of adversarial politics meant there was no serious attempt to involve the opposition – nor was their any apparent eagerness on the part of the opposition to be involved.

It was not a happy picture.

The next month or two will tell us if parliament can make a reality of the role assigned to it in the Constitution. It can follow the example of the Swedes in the 1992 banking crisis where parliament was fully informed at all times, involved at all stages in such a way that all major parties could feel that they had participated in finding a solution in which most could share and which most could accept and which in turn helped create a positive sense of national solidarity, especially in difficult times or it can continue to remain on the periphery, as policy is



dje drugdje, a parlamentarni će se zastupnici i dalje zavaravati da je njihova institucija doista iznimno važna.

Prvi znakovi promjena su pozitivni. Pojavile su se nove naznake ozbiljne angažiranosti. Tek treba vidjeti hoće li ta angažiranost potrajati i razvijati se. Bilo koja stvarna promjena neće uspjeti ako bude samo strukturna. Promjena će se morati temeljiti na bitnom odmaku od prevladavajuće i sveprisutne političke kulture. A to neće biti lako.

Nadam se da ljudi neće misliti da tražim novoga žrtvenog jarca ili da želim odvratiti pozornost od glavnih uzroka krize. Krizu nisu uzrokovali ni parlament ni mediji. Oni koji jesu odgovorni moraju snositi punu odgovornost. Ipak, i parlament i mediji podbacili su i moraju sebi postaviti ozbiljna i bitna pitanja tako da sljedeći put – a bit će sljedeći put premda, ako nas povijest može nečemu naučiti – kriza će nas pogoditi drugačije i dolazit će iz drugog izvora. Ipak, barem će pouke biti izvučene i moći ćemo reći zajedno s Hamletom: "Glavno je da smo spremni."

shaped elsewhere and parliamentarians continue to delude themselves that their institution really does make a crucial difference.

The early signs of change are positive. There is a new sign of serious engagement. The test will be to see that it is sustained and developed. And any real change will not succeed if it is merely structured. It will need to be underpinned by a fundamental shift away from the prevailing and pervasive political culture. And that will not be easy.

Lest people think I am looking for new scapegoats, seeking to divert attention from the principal causes of the crisis, I am not. Neither parliament nor media caused the crisis, and for those responsible there must be full responsibility. But both parliament and media did underperform and must ask of themselves serious and probing questions so that next time and there will be a next time, though if history is any guide it will come at us differently and maybe from a different direction, but at least lessons will have been learned and we can say, with Hamlet that at least this time 'the readiness is all'.

Uzvratno izlaganje Response

g. Emil Tedeschi
počasni konzul Irske u Hrvatskoj
predsjednik uprave Atlantic Grupe d.d.

*Mr Emil Tedeschi
Honorary Consul of Ireland to Croatia
CEO, Atlantic Grupa*



Dame i gospodo!

Veliko mi je zadovoljstvo i iznimna čast obratiti vam se u ovoj uglednoj instituciji i odati počast velikom imenu i uspomeni na dr. Antu Čičin-Šaina, koji nam bolno nedostaje otkako nas je, nažalost, napustio, premda je i dalje s nama.

Ante je bio (molim vas da mi ne zamjerite što ga zovem imenom jer bio mi je dobar prijatelj unatoč razlici u godinama koja nas je dijelila) pouzdan čovjek u svakoj situaciji, bez obzira na vrijeme i društveni kontekst u kojem je živio. U Hrvatskoj imamo izreku: "Čovjek za sva vremena". Iako je često izgovaramo sarkastičnim tonom, ona se može izreći i potpuno iskreno i ozbiljno te u posve pozitivnom smislu kako bi opisala osobu koju bismo uvijek voljeli imati u blizini. Ante je bio takva osoba. Svatko bi ga poželio za prijatelja. On nikad nije bio "sette bandiere". Nikad nije bio čovjek koji bi promijenio svoja stajališta pod političkim utjecajem ili zbog promjene situacije, odnosno konteksta. Bio je iznimno častan čovjek golemog znanja, veliki čovjek liberalnih stajališta, koji je sve oko sebe ohrabrivao da slobodno misle i govore. Bio je jedan od rijetkih ljudi u suvremenoj hrvatskoj povijesti koji imaju stvarni integritet i autoritet.

Ladies and gentlemen,

It is my great pleasure and enormous honour to address you here, in this respected institution, doing honour to the great name and memory of Dr Ante Čičin-Šain, who has been sorely missed since his tragic departure, and who nevertheless remains with us.

Ante (please don't mind me using his first name, because he was a good friend despite the gap of years between us) was a reliable man in every situation, regardless of the time and social context he lived in. In Croatia, we have a saying: 'Čovjek za sva vremena' (A man for all times). Though we often use it in a sarcastic way, it can also be used in the most sincere, honest and affirmative manner to depict a person whom you would like always to be close to you. Ante was that kind of person. Everybody would want him for a friend. He was never a 'sette bandiere'. He was never a man who would change his views under political influence, or on account of a changed situation or context. He was a man of vast honour and knowledge, a great man of liberal views, encouraging everybody around him to think and speak freely. He was one of the few men in modern Croatian history with genuine integrity and authority.

Danas, u ovim izazovnim vremenima, trebamo ga da s nama podijeli svoja stajališta, otvoreno i slobodno kao što je to uvijek činio, bez ulagivanja bilo čijem egu, što je u ovoj zemlji često nesavladiva prepreka za postizanje konsenzusa o važnim pitanjima.

Doista mi je iznimna čast biti ovdje i saslušati važan i, po mom mišljenju, provokativan govor profesora Manninga. Već godinama raspravljamo treba li Hrvatska slijediti model razvoja Irske. Kao mala katolička zemlja koja se godinama borila za svoju neovisnost, Hrvatska je zemlja koja ima mnogo sličnosti s Irskom. Rekli smo: "Hajdemo oponašati taj uspješni model, hajdemo vidjeti što su naši irski prijatelji učinili da ostvare taj divovski gospodarski razvoj i pokušajmo nešto naučiti iz irskoga iskustva". Stoga smo otputovali u Irsku kako bismo saznali više o gospodarsko-socijalnom partnerstvu između vlade, poslovne zajednice i sindikata i pronašli način postizanja socijalnoga i nacionalnoga konsenzusa koji bi našoj zemlji omogućio da se pokrene naprijed.

Danas su nam Irci dali još jedan izvrstan primjer. Kao i sve zemlje svijeta, uspješna i razvijena Irska također se suočava s krizom. Ali Irci se ne boje o tome govoriti. Ne sramte se reći da su došli do ruba katastrofe. Posve iskreno govore o svojoj situaciji i aktivno traže pomoć, i unutar i izvan zemlje, od svih koji bi mogli pridonijeti da se stvari pokrenu.

A kakva je situacija u Hrvatskoj? Nažalost, potpuno drugačija.

Prije dvije godine naša je Vlada negirala postojanje krize. Kao član Gospodarsko-socijalnog vijeća osobno sam svjedočio kad je predsjednik Vlade krajem 2007. rekao: "U Hrvatskoj nema krize." Potpredsjednik Vlade zadužen za gospodarstvo nadovezao se riječima: "BDP će rasti, neće biti nikakvog pada". Nismo mogli sami sebi priznati da se suočavamo s ozbiljnom krizom, i to krizom koja nije počela nedavno, već je napredovala godinama. Sve dok su globalni makroekonomski uvjeti bili pozitivni, odnosno, kako se kasnije pokazalo, predobri da bi bili istiniti, mogli smo nastaviti "surfati"

Today, in these challenging times, we need him to share his views with us. Openly and freely, as he always did, not paying attention to anyone's ego, which is, in this country, very often an insurmountable obstacle for reaching a consensus on important issues.

I am indeed very honoured to have been here to listen to the important and thought provocative speech by Professor Manning. For years, we have been debating in Croatia whether we should follow the Irish development model. As a small, Catholic country, which spent years fighting for its independence we found lots of things in common with Ireland. We said: 'Let's copy the success story, let's see what our Irish friends did to achieve their great economic development, and let's learn from the Irish experience'. So we did, we travelled to Ireland to learn about the social-economic partnership between the government, the business community and the trade unions, to find the way to a social and national consensus that would enable our country to move forward.

Today, the Irish give us yet another excellent example. Like all countries worldwide, successful and developed Ireland too has to face this crisis. But the Irish are not afraid to talk about it. They are not ashamed to say they've reached the verge of a disaster. They are nothing less than honest about their situation and are actively looking for help, inside and outside the country, from everyone who might help them move things forward.

Meanwhile, how are things in Croatia? Unfortunately, quite different.

Two years ago our Government denied the existence of a crisis. At the end of 2007, as a member of the Social-Economic Council I personally witnessed the Prime Minister saying: 'There is no crisis in Croatia'. The Vice Prime Minister in charge of the economy echoed him: 'GDP is going to grow, there is not going to be a decline'. We were not able to admit to ourselves that we are facing a serious crisis. A crisis that did not start yesterday, but has been building up for years. As long as global macro-economic

na valu globalnog rasta. Kad je na globalnoj razini buknula kriza, ignorirali smo je. Opći je stav bio: "To je globalna kriza, nema nikakve veze s nama, mi je nismo izazvali, nećemo je ni rješavati". Nismo, međutim, mogli ostati nevinim promatrači. Stvarnost je predugo kucala na naša vrata. Danas živimo u toj krizi koju smo ustrajno ignorirali.

Mnogo toga možemo naučiti slušajući profesora Manninga. Međutim, misao koja je posebice privukla moju pozornost jest da je prošlo vrijeme lagodnog života i pozitivnih trendova. Samo nacionalni konsenzus i snažna istinska predanost reformama te spremnost pojedinača da se odreknu djelomično svog komfora i ugodnosti mogu nas izvesti na put reformi i osigurati nam svjetliju budućnost.

Ante je bio potpuno svjestan stvarne situacije u Hrvatskoj. Budući da nikad nije bio zastupnik u Saboru, nije mogao tamo iznijeti svoja stajališta. Ipak, uvijek je uspijevao pronaći put do javnosti i donositelja odluka. Bio je veliki intelektualni vođa, uvijek aktivan u novinskim medijima. Kad je naposljetku naš predsjednik Vlade priznao da je kriza pogodila Hrvatsku, shvatio je da se nešto mora učiniti, i to brzo. Pozvao je vrhunske stručnjake da ga savjetuju, među njima i Antu. Ante je postao član Ekonomskog vijeća. Nažalost, sudjelovao je u radu samo dviju sjednica Vijeća koje nikad nije opravdalo očekivanja javnosti. Većinu Hrvata ta činjenica nije iznenadila.

Dame i gospodo, svjedoci smo, a vjerujem da je to i najveći problem, sveopće krize hrvatskih elita – od lidera u poslovnoj zajednici, političkim strankama i crkvi, preko akademskih krugova do neovisnih intelektualaca i sindikata, odnosno svih društvenih skupina bez iznimke. Čini se da apatija dominira te se stoga javnost osjeća nemoćnom da išta promijeni. U svakoj zemlji elite su odgovorne za aktiviranje šire javnosti. Hrvatske elite nisu ispunile to očekivanje.

Danas, dva mjeseca prije predsjedničkih izbora, ponovno gledamo kako se u profitom motiviranim kampanjama promiču ljudi i

conditions remained positive, or too good to be true as it turned out, we could keep surfing on the global growth wave. Once the crisis erupted on a global level, we ignored it. The general impression was: 'It's a global crisis, nothing to do with us, we didn't cause it, we will not solve it'. But, we couldn't remain innocent bystanders. The reality has been knocking at our door for too long. Today, we are living the crisis that was continuously ignored.

Listening to Professor Manning, we can learn a lot, but one thing attracted my attention, and that is that the time of an easy-going life and overall positive trends is over. Only national consensus and strong, genuine commitment to reform, complemented with individual readiness to give up some part of the convenience and comfort, can get us onto the path of reform and ensure us a brighter future.

Ante was fully aware of the real situation in Croatia. He was never a member of Parliament, so he couldn't make his points there. But he always managed to find his way to the public and decision makers. He was a great intellectual leader who was always very active in the press. When our Prime Minister finally confessed that the crisis had hit Croatia, he realized that something must be done, and it must be done quickly. He invited our top experts to advise him. Ante was among them. Ante became a member of the Economic Council, but unfortunately he participated only in two of the Council's sessions. The Council has never justified the expectations of the public. And that fact did not come as a surprise to the majority of Croats.

Ladies and gentlemen, we are, and I believe this to be the greatest problem, witnessing an overall crisis of the Croatian elites – from our leaders in the business community, political parties, the church, the academic sector, independent intellectuals, trade unions, across all social groups without exception. It seems that apathy dominates and therefore the public feels powerless to change anything. It is the responsibility of country's elite to activate the wider public. The Croatian elite fall short of this expectation.



tendencije koje nastavljaju erodirati krhke moralne standarde naše zemlje. Da je Ante ovdje s nama, siguran sam da bi još jedanput otvoreno progovorio protiv tih tendencija. On bi sam bio vrlo dobar kandidat, ali nikad se nije borio za položaj i nije mario za promicanje samoga sebe. Bio je poznat po svojoj nesobičnosti, otvorenosti i spremnosti da sjedne sa svima i konstruktivno porazgovara o našoj zajedničkoj budućnosti. Takav je on bio čovjek. Jednu je pouku naučio vrlo rano, još u Heidelbergu, a to je da pokraj jednoga velikog hrasta nikad ne može narasti drugi veliki hrast. Uvijek je, dakle, bio spreman odstupiti i dati prostora drugima, posebice mladim generacijama.

Zbog golemog poštovanja koje osjećam prema dr. Ćićin-Šainu prihvatio sam iznimnu čast da danas budem ovdje. Čast mi je prisjetiti se, sa svima vama, njegova velikog djela, njegove nezaboravne osobnosti i ostavštine koja je povjerena svim njegovim prijateljima i suradnicima na čuvanje. Želio bih zahvaliti Hrvatskoj narodnoj banci i Irsko-hrvatskoj poslovnoj udruzi te posebno Gerryju, koji kontinuirano promiče Antinu viziju otvorenog društva posvećenoga zajedničkom napretku. Nikad ne smijemo zaboraviti podupirati i promicati njegove plemenite ideje koje on sam nikad nije sebično svojatao, već bi samo skromno rekao: "To bi mogla biti dobra ideja".

Hvala vam svima što ste došli odati počast uspomeni na našega dragog prijatelja.

Today, a couple of months before the presidential election, we see again profit-driven campaigns promoting people and tendencies that keep diminishing the fragile moral standards in our country. If Ante were with us, he would once again, I'm certain, openly speak against these tendencies. He would easily be a potential candidate, but he never fought for any office. He didn't care about self advertisement. He was well known for the modesty of his ego, his openness, and readiness to sit down with whomever it takes to talk constructively about our common future. He was that kind of a man. There is a lesson he learned in Heidelberg at a very young age – next to one big oak there can never grow another one. So, he was always ready to step aside and make room for others, particularly to younger generations.

My huge respect for Dr. Ćićin Šain is the reason I accepted the enormous honour to stand here today. It is my honour to remember, with all of you here, his great work, his memorable person, and the legacy which is a commitment to all of his friends and associates. I would like to thank to the Croatian National Bank, the Irish-Croatian Business Society, and last but not least to Gerry, who is continuously promoting Ante's vision of an open society devoted to a common progress. Let's never forget to support and promote his noble ideas, which he never selfishly claimed to be his own, but merely said in a modest manner: 'This could be an idea'.

Thank you all very much for coming to honour the memory of our dear friend.



Predavanje:
dr. Patrick Honohan

Uzvratno izlaganje:
dr. Neven Mates

Lecture:
Dr Patrick Honohan

Response:
Dr Neven Mates

Predavanje Lecture



dr. Patrick Honohan
guverner Irske središnje banke

*Dr Patrick Honohan
Governor of the Central Bank of Ireland*

ČLANSTVO U EUROZONI I STABILNOST BANAKA: PRIJATELJI ILI NEPRIJATELJI

1. UVOD

Budući da je Hrvatska zemlja čiji se bankovni sustav snažnije oslanja na euro od gotovo bilo koje druge zemlje izvan eurozone, vjerujem da pitanje iz naslova ovog izlaganja zanima mnoge u publiци.¹

Irski bankovni sustav među najteže je pođenima svjetskom gospodarskom krizom. To se dogodilo unatoč tome što se irske banke nisu upuštale u financiranje američkih sekuritiziranih hipoteka ni u agresivne međunarodne akvizicije – pogreške tipične za banke iz Islanda, Nizozemske, Švicarske, Velike Britanije i drugih zemalja koje su pretrpjeli snažan udarac.

Umjesto toga irske banke doživjele su krah zbog svoje uključenosti u lokalni nekretninski balon. Irski nekretninski balon, po svojoj veličini svjetski rekorder, počeo se stvarati uoči ulaska zemlje u eurozonu. Nastavio je rasti zahvaljujući velikom priljevu kapitala kroz bankovni sustav, osobito nakon 2003. godine, a za približno četiri godine popeo se na više od 50% BDP-a.

Kao što je Robert Shiller (2005.) argumentirano pokazao, ciklusi naglog rasta i pada (engl.

EURO MEMBERSHIP AND BANK STABILITY: FRIENDS OR FOES?

1. INTRODUCTION

As Croatia is a country whose banking system relies more on the euro than almost any other outside the euro area, the question posed by the title of this lecture should be of appropriate interest to today's audience.¹

The Irish banking system has been among the most severely affected in the global downturn. Yet the Irish banks had not indulged in the financing of US securitized mortgages, nor had they been involved in aggressive international acquisitions – flaws that characterized weakened banks in Iceland, the Netherlands, Switzerland, the UK and elsewhere.

Instead, the Irish banks had been fatally weakened by their involvement in a local property bubble. Ireland's world-beating property bubble took off on the eve of Euro membership. It swelled, based on huge capital inflows through the banking system especially after 2003 – more than 50 per cent of GDP in about 4 years.

As Robert Shiller (2005) has convincingly argued, boom-and-bust cycles are normally

¹ Predavanje je sažetak istoimenoga dužeg rada objavljenog u lipnju 2010. u *Comparative Economic Studies*.

1 The lecture draws on a longer paper with same title published in *Comparative Economic Studies*, June 2010.

(boom and bust) u pravilu se temelje na širenju neutemeljenog optimizma zasnovanog na polu-istinama kojima se najavljuje nezabilježeni gospodarski napredak. U irskom slučaju uvjete za tako nešto stvorila je prividna lakoća uspona zemlje do statusa "Keltskog Tigra" koji je započeo krajem 1980-ih godina, a nakon 1993. doveo je do pada nezaposlenosti, velikog povećanja udjela žena u gospodarskoj aktivnosti, pa čak i do preokreta u tradicionalnom obrascu iseljavanja iz zemlje. Uza sve to tada je, u vrijeme kontinuiranog rasta zaposlenosti, prihoda i broja zasnovanih kućanstava Irska postala i jedna od zemalja osnivača eurozone. Uvođenje eura dovelo je do dramatičnog pada nominalnih i realnih kamatnih stopa. Svi ti elementi stvorili su kod ljudi uvjerenje da će se ravnotežne cijene nekretnina penjati i da će potražnja za stambenim jedinicama nastaviti rast i u doglednoj budućnosti.

Imajući na umu vrijeme kad se članstvo u eurozoni ostvarilo, valja se upitati je li ono u ovoj priči Irskoj zapravo pomoglo ili odmoglo. Premda euro i danas snažno prožima način na koji funkcioniра irsko gospodarstvo, ograničiti će se u ovom predavanju uglavnom na pojavu i neposredno upravljanje krizom u bankarskom sektoru.

S jedne strane, snažan pad realnih i nominalnih kamatnih stopa do kojeg je došlo nakon irskog pristupanja eurozoni bio je okidač koji je pokrenuo stvaranje nekretninskog balona. Višoke stope kapitaliziranosti bile su jamac veće ravnotežne procjene imovine teško odreditivim višekratnikom. Osim toga, priljev novca preko banaka nije bio opterećen nikakvim tečajnim rizikom.

Krah koji je uslijedio teško je pogodio gospodarstvo. Slom sektora građevinarstva i poslovanja s nekretninama, kao i pad vrijednosti nekretnina i njegovi učinci na bankovni sustav, štetno su djelovali na zaposlenost i javne financije te oslabjeli gospodarstvo, koje će se u takvom stanju morati suočiti s globalnom recesijom. S obzirom na takve okolnosti nije nikakvo čudo da je Irska pretrpjela jedan od najtežih udara svjetske krize, s padom proizvodnje od oko 15%.

based on the propagation of a misplaced optimism built on a half-truth which seems to foretell an unprecedented stream of prosperity. In Ireland's case the scene was set by the seeming effortlessness of the "Celtic Tiger" boom which, starting in the late 1980s and especially after 1993 had soaked-up unemployment, attracted a huge increase in female participation and even caused a reversal in the traditional pattern of outmigration. Then, on top of this sustained growth in employment, income and household formation, Ireland became a founder member of the euro area. The euro brought a dramatic and sustained fall in nominal and real interest rates. All the ingredients, then, to sustain a belief that equilibrium house prices would soar and that the demand for housing units would continue to grow for the foreseeable future.

Given the timing, it is relevant to ask whether euro membership helped or hindered Ireland in this story. Euro membership continues to have a pervasive effect on the functioning of Irish economy, but this lecture will be confined mainly to the emergence and immediate management of the banking crisis.

From one perspective, the sharp fall in real and nominal interest rates which were caused by and accompanied Euro membership were the trigger that launched the property bubble. The higher capitalization rates warranted higher equilibrium asset valuations by a hard-to-pinpoint multiple. In addition, the inflow of funds through the banks was not restrained by any exchange rate risk.

The economic consequences of the crash have been severe. The collapse in the construction and real estate business, the fall in property prices and the severe knock-on effects on the banking system have all undermined employment and the public finances, and left the economy in a weakened condition to face the global recession. Given this background, it is no wonder that Ireland has experienced one of the most severe downturns of the global crisis, with peak-to-trough fall in output of around 15 per cent.

Treba li za to okriviti euro? Odgovor na ovo pitanje valja dati uzimajući u obzir stanje u drugim potencijalnim članicama eurozone. Naš je zaključak da samo članstvo u eurozoni, premda je svakako imalo utjecaja na događaje u Irskoj, nije bilo nužno ili samo po sebi dovoljno za nastanak krize. Ono jest djelovalo kao okidač za pojavu niskih kamatnih stopa koje su potakle stvaranje nekretninskog balona i olakšale nje-govo financiranje te oslabilo neke tradicionalne automatske kočnice protiv nastanka neravnoteže. No, unatoč gubitku autonomije u kreiranju monetarne i tečajne politike irske su vlasti i dalje na raspolažanju imale dovoljno instrumenata pomoću kojih su se mogle suprotstaviti nastanku neravnoteže – iako bi oni vjerojatno morali uključivati znatno restriktivniju fiskalnu politiku od one koja se provodila i bila sasvim u skla-du s Paktom o stabilnosti i rastu eurozone.

Nadalje, druga su dva najteže pogodena gospodarstva sa slabim bankovnim sustavima Island i Letonija, dakle zemlje koje ne rabe euro, što znači da članstvo u eurozoni nije bilo predu-vjet za propuste u provođenju politike. Čini se, ustvari, da rizici povezani s finansijskom globalizacijom prelaze granice između valuta i da irski neuspjeh u izlasku na kraj s novom situacijom ne znači da bi zemlja prošla bolje da nije bila članica eurozone.

Nakon sloma članstvo u eurozoni pomoglo je Irskoj da olakša uvjete na finansijskom tržištu, iako se zbog nepostojanja domaće valute konkurentnost morala povratiti smanjenjem nominalnih plaća.

2. KELTSKI TIGAR

Irska je 1990-ih godina izašla iz dugog raz-doblja gospodarske stagnacije obilježene visokom nezaposlenošću, iseljavanjem i velikim javnim dugom unatoč visokoj razini oporezivanja. Od 1998. do 2007. godine realni BDP rastao je po prosječnoj stopi od 6% godišnje (a u razdoblju između 1995. i 2000. taj je rast dosegnuo dvoznamenkaste brojeve). Još je impresivniji podatak da je irska stopa nezaposlenosti pala sa 16% 1994. na 4% 2000. godine – što znači da

So was euro membership to blame? The answer to this question is one that must be exercising other potential euro area members. Our conclusion is that, despite being clearly implicated in the Irish experience, euro membership was neither necessary nor sufficient for a crisis. It did help trigger the low interest rates that launched the property bubble and eased its financing, weakening some traditional automatic restraints on the emergence of imbalances. But, despite the loss of monetary and exchange rate policy autonomy, the Irish authorities still had sufficient policy instruments to have combated the emergence of imbalances – though these might have had to include a much more restrictive fiscal than that which was actually pursued and which was comfortably compliant with the Stability and Growth Pact of the euro area.

Furthermore, the other most adversely af-fected economies with weak banking systems such as Iceland and Latvia, are outside the euro-zone, so membership was in no way a prereq-uisite of policy failure. Indeed, it seems that the hazards of financial globalization were trans-mitted across currency-zone boundaries, and that Ireland's failure to cope with its new situation does not mean that it would have succeeded better outside the euro area.

After the crash, being in the euro area helped ease financial market conditions, though the lack of a domestic currency means that restoring competitiveness is requiring nominal wage reductions.

2. THE CELTIC TIGER

During the 1990s, Ireland emerged from a lengthy period of economic stagnation marked by high unemployment, emigration, and crippling public debt despite high tax lev-els. From 1988 to 2007 real GDP expanded by 6 per cent per annum on average (reaching double digits on average during 1995-2000). Even more astonishing, the unemployment rate shrank from 16 per cent in 1994 to 4 per cent in 2000 – essentially full employment for the first time in modern history. Non-agricul-

je zemlja prvi put u novijoj povijesti ostvarila zapravo punu zaposlenost. Zaposlenost izvan sektora poljoprivrede skočila je s 33% stanovništva 1993. na 41% 2000. i 46% 2007. godine. Irska je bila čudo gospodarskog napretka, zemlja koju je trebalo proučavati i uzimati kao uzor.

Da bismo shvatili što je pošlo krivo, važno je razlikovati dvije različite faze rasta. Do 2000. trajalo je pravo razdoblje "Keltskog Tigra", obilježeno iznimnim rastom na temelju izvoza i umjerenom inflacijom plaća i cijena, što je rezultiralo visokom troškovnom konkurentnošću i zdravim javnim financijama. To, povoljno razdoblje započelo je još krajem 1980-ih, kad se vlada nakon nekoliko propusta napokon počela baviti problemom prezaduženosti, i to tako što je uvela strogo ograničenje potrošnje i uspjela sklopiti niz sporazuma o centraliziranom javnom partnerstvu kojima je ostvaren umjeren rast plaća (kao i dobri odnosi sa zaposlenima) u zamjenu za ustupke kod poreza na dohodak. Uz povećanje konkurentnosti nakon uspješne devalvacije funte 1986. godine, taj je paket mjera za ponovnu uspostavu povjerenja lansirao irsko gospodarstvo na osnovi konvergencije životnog standarda, iako zakašnjele, među najuspješnija u Europi. Financiranju javne infrastrukture tih je godina pomogao i povećani priljev iz strukturalnih fondova Europske unije, koji je iznosio i do 3% BDP-a, a povijesni obrazac neto emigracije doživio je dramatičan preokret.

3. NASTANAK NEKRETNINSKOG I GRAĐEVINSKOG BALONA

Nema nikakve sumnje da se problemi irskih banaka – u smislu likvidnosti i solventnosti – mogu jasno pripisati pretjeranom kreditiranju ulaganja u zemljишte i nekretnine. Velik dio tog kreditiranja banke su financirale intenzivnim zaduživanjem u inozemstvu.

Da nisu bile tako jako ovisne o kratkoročnim izvorima finansiranja inozemnih banaka i finansijskih institucija, irske banke ne bi se pokazale tako ranjivima u odnosu na krizu likvidnosti u burnim danima krajem rujna 2008. Da su bile manje izložene pregrijanom tržištu

tural employment jumped from 33 per cent of the population in 1993 to 41 per cent in 2000 and 46 per cent by 2007. With Ireland at the frontier of economic prosperity, surely this was an economic miracle to be studied and replicated.

To understand what went wrong it is essential to distinguish between two different growth phases. Up to 2000 there was the true "Celtic Tiger" period of exceptional export-led growth with moderate wage and price inflation leading to good cost competitiveness and healthy public finances. This favourable period began back in the late 1980s when, after several false starts, Government finally tackled its over-indebtedness with tough spending restraint, and managed to negotiate a series of centralized social partnership agreements which seem to have bought wage rate moderation (and peaceful industrial relations) in return for income tax concessions. This confidence-restoring policy package, given a competitiveness boost by the successful devaluation of 1986, launched the economy on a belated convergence in living standards towards the highest in Europe. An expanded flow of European Union structural funds amounting to as much as 3 per cent of GDP per annum also helped fund sufficient public infrastructure in those years. The historic pattern of net emigration was dramatically reversed.

3. THE EMERGENCE OF A PROPERTY PRICE AND CONSTRUCTION BUBBLE

There is no disputing the fact that the trouble of the Irish banks – whether in terms of liquidity and solvency – is directly attributable to their having lent too much too much for investment in land and property. The banks financed much of this lending through heavy foreign borrowing.

Without the heavy dependence on short-term wholesale funding from abroad, the banks would not have been as vulnerable as they were to a liquidity crisis in the turbulent days of late September 2008. Had they been less heavily

nekretnina, bile bi u stanju lakše apsorbirati gubitke nastale kreditiranjem u vrijeme svjetskoga gospodarskog sloma i strmoglavim padom cijena nekretnina.

Ukratko, iako su međunarodni pritisci pri-donijeli vremenu nastanka, intenzitetu i dubini irske bankovne krize, ona je u svojoj biti nastala kao posljedica domaćih, klasičnih problema. Banke su se našle u nevoljama zato što su nasjele na masovnu psihologiju dotad nezabilježenoga nekretninskog balona – najsnažnijeg i najdugo-trajnjeg od nekoliko takvih koji su se krajem 1990-ih i početkom 2000-tih godina dogodili diljem svijeta.

Gledajući iz današnje perspektive, neodrživost nekretninskih balona može nam se činiti kao nešto što se samo po sebi razumije. Međutim, tada je njihov nagli rast onima koji su se zaduživali izgledao sasvim vjerodostojan. Prvo, s uvođenjem eura kamatne su stope doživjele snažan pad. Nadalje, dugotrajan porast proizvodnje, zapošlenosti i broja stanovnika, osobito od sredine 1990-ih, uvelike je povećao potražnju za stambenim prostorom.

Problem je u tome što su cijene nekretnina stvorile vlastiti zamah i prešle ravnotežnu razinu izračunatu po svim modelima, tako da su kupci sve više računali na očekivani nastavak rasta relativne cijene stanova.

4. KAKO JE ČLANSTVO U EUROZONI IZMIJENILO RELEVANTNE UVJETE U IRSKOJ I POTENCIJALNO PRIDONIJELO SLOMU?

Shiller (2005.) daje najuvjerljiviji prikaz nastanka i širenja balona naglog rasta i pada. On ističe postojanje faktora koji naziva ekonomskim razmišljanjem "nove ere", a kod kojeg osjećaj optimizma zasnovan na pogrešnoj analizi potencijala nekog novog oblika tehnološkog ili institucionalnog razvoja pokreće cijeli val optimizma potaknut procesima kolektivne psihologije koja na poluistinama gradi mitove.

Najuvjerljivije je cjelovito obrazloženje globalnoga finansijskog sloma ono koje izdvaja pretjerano povjerenje u sustave upravljanja

exposed to an overheated property market, they could have absorbed the prospective loan-losses consequential on the global downturn and the domestic property price crash.

In short, although international pressures contributed to the timing, intensity and depth of the Irish banking crisis, the essential characteristic of the problem was domestic and classic. The banks got into trouble because they got caught up in the mass psychology of an unprecedented property bubble – the steepest and longest of the several national property bubbles of the late 1990s and early 2000s around the world.

In retrospect, the unsustainability of property bubbles can appear almost self-evident. But at the time, the boom seemed credible enough to borrowers. For one thing, interest rates had moved sharply with adoption of the euro. Besides, the protracted expansion in output, employment and population especially from the mid-1990s had greatly increased demand for housing services.

The problem is that property prices developed their own momentum and overshot equilibrium levels as calculated by all models. In effect, purchasers increasingly built in an expected continuation in the increase of the relative price of housing.

4. HOW DID EURO MEMBERSHIP CHANGE RELEVANT CONDITIONS IN IRELAND, POTENTIALLY CONTRIBUTING TO THE CRASH?

Shiller (2005) presents the most convincing account of how boom-and-bust bubbles emerge and evolve. He emphasizes what he calls "new era" economic thinking as a precipitating factor, whereby a pulse of optimism, built on faulty analysis of the potential from some new technological or institutional development, starts a wave of optimism, reinforced by processes of collective psychology that builds a myth on this half-truth.

In explaining the global financial meltdown, the most plausible encompassing explanation

rizicima kao ključni element koji je potaknuo – ali i podržao – ekstravagantnu ekspanziju zaduživanja u kapitalu i likvidnosti diljem svijeta. Zapravo je bila riječ o mitu o “novoj eri”. Iako su na taj način razmišljali samo bankarski stručnjaci, to je mišljenje dovelo do neutemeljenog povjerenja u riskantne kreditne izvedenice i druge vrste ulaganja, smanjenja premija za rizik te generiranja neodrživih stupnjeva zaduženosti, što je na kraju rezultiralo raširenim gubicima i općim zazorom od kreditiranja ili drugim riječima, svjetskim finansijskim slomom.

Međutim, osim glavne krize koja je pogodila velike američke i europske banke koje djeluju u svijetu, kreditni je zamah izazvao i niz manjih ciklusa naglog rasta i pada u pojedinačnim zemljama, među kojima je bila i Irska. Aiza svakog od tih malih ciklusa stajao je neki drugi mit.

Ključni je element razmišljanja o novoj eri koje je pridonijelo stvaranju irskog mita bilo uvođenje eura. Osim toga, članstvo u eurozoni olakšalo je širenje balona nastalog na tom mitu. Srećom, upravo je članstvo u eurozoni pomoglo pri izoliranju finansijskog sektora u fazi obuzdanja, odnosno rješavanja krize.

EURO KAO FAKTOR POSPJЕŠIVANJA

Dosadašnja analiza upućuje na činjenicu da je sjeme krize posijano negdje u vrijeme uvođenja zajedničke valute početkom 1999. godine. Da to nije tek slučajnost, pokazuje i uloga kamatnih stopa u poticanju nastanka balona, kao i uloga lakoga vanjskog zaduživanja u njegovu napuhivanju.

Realne kamatne stope iznosile su u razdoblju od 1998. do 2007. godine u prosjeku –1%, dok su u razdoblju ERM-a iznosile više od 7% (čak ako isključimo razdoblje krize 1992. – 1993.) i 3,75% u vrijeme plutajućeg tečaja između ta dva razdoblja. Pad nominalnih kamatnih stopa bio je još izraženiji. Uvođenje eura nesumnjivo je dovelo do smanjenja kamatnih stopa u Irskoj, i to ne samo u prijelaznom razdoblju, kako se to u skladu s Taylorovim pravilom dogodilo 2001. – 2004. u SAD-u. Nikakvo čudo da se dugotraj-

has it that the exaggerated belief in risk management systems was the key element triggering – and indeed sustaining – the extravagant expansion in leverage of capital and liquidity worldwide. This was, in effect, the relevant “new era” myth. Although such thinking was limited to specialists in banking, it did underpin misplaced confidence in risky credit-related derivatives and other investments, shrinking risk premia and generating unsupportable degrees of leverage, ultimately collapsing into the widespread losses and general credit revulsion that is the global financial collapse.

But in addition to the main crisis affecting the major global US and European banks, the credit boom also spawned a number of country-specific booms and busts, of which Ireland’s was one. And each of these country-specific booms and busts depends on its specific myth.

Euro membership was a key element of the new era thinking underlying the Irish myth. Furthermore, euro membership facilitated the propagation and expansion of the bubble built on the myth. Fortunately, euro membership has helped to insulate the financial sector in the containment and resolution phase.

THE EURO AS A PRECIPITATING FACTOR

So far, the analysis suggests that the seeds of the crisis were sown around the time the single currency began at the beginning of 1999. That this was more than a coincidence is suggested by the role of interest rates in triggering and of easy foreign borrowing in amplifying the bubble.

Specifically, real interest rates 1998-2007 averaged minus 1 per cent, compared with over 7 per cent in the ERM period (even excluding the crisis of 1992-3) and 3¾ per cent in the floating rate period from between the two. The fall in nominal interest rates was even steeper. Euro membership certainly lowered interest rates in Ireland, and not just for a transitory interval such as the 2001-4 Taylor rule undershoot in the US. No wonder long-lived assets like residential property, capitalized at permanently lower

na imovina poput stambenih nekretnina, kapitalizirana uz trajne diskontne faktore, doimala, ali i bila je cjenjenija nego prije. Problem je samo bilo odrediti koliko više. Evropska monetarna unija donijela je taj element neizvjesnosti.

EURO OLAKŠAVA RAST BALONA U IRSKOJ

Do 2003. godine nagli rast tržišta nekretnina financiran je bez većeg pribjegavanja vanjskom zaduživanju, no tada su se banke počele intenzivno zaduživati u inozemstvu. To im zbog otklanjanja valutnog rizika nije bilo nikakav problem. Činjenica da su se banke u inozemstvu zaduživale u lokalnoj valuti i da su mogle dalje kreditirati u zemlji bez valutnog rizika bila je jedna od posljedica uvođenja eura.

Zapanjuje, međutim, činjenica da je opseg tog zaduživanja – negdje u visini 50% BDP-a – analitičarima do 2006. godine gotovo sasvim pomaknuo jer se fokus gospodarske politike u potpunosti pomaknuo s pitanja platne bilance.

Saldo na tekućem računu platne bilance tako se u razdoblju od 2005. do 2008. napolnilo poput balona (4%, 4,6% i 5% BDP-a), osim toga, zaduživanjem su se financirala i irska ulaganja u nekretnine u inozemstvu. Nači izvore finansiranja nije bilo nikakav problem: finansijska tržišta propustila su poslati signale upozorenja koje su u prijašnjim razdobljima munjevitno upućivala (osobito 1980-ih godina). Nije, međutim, stvar bila samo u lakom pristupu pojedinih banaka zaduživanju u inozemstvu – neosjetljivost tečaja i kamatnih stopa na domaća zbivanja uklonila je i tradicionalni znak upozorenja u provedbi politike.

Tek nakon rujna 2008., kad se pojavilo pitanje kreditnog rizika, finansijska tržišta počela su slati zakašnjele znake upozorenja.

ULOGA EURA U IRSKOJ NAKON KRIZE

Opći porast kamatnih stopa koji je uslijedio u Irskoj nakon gubitka povjerenja u banke na tržištu bio je prilično prigušen. To se može pripisati nepostojanju premija za osiguranje od tečajnog rizika, kao i slobodnom pristupu banaka ESB-u.

discount factors, seemed and were appropriately valued more highly than before. The problem was to determine just how much higher. EMU introduced that element of uncertainty.

THE EURO EASES PROPAGATION OF THE BUBBLE IN IRELAND

Up to 2003, the property boom was financed without significant recourse to foreign borrowing, but then the banks started to borrow heavily from abroad. This was an effortless undertaking thanks to the removal of currency risk. That the funds the banks were borrowing from abroad were in local currency and thus could be lent locally without exchange risk was a consequence of euro membership.

Astonishingly, the scale of this borrowing – some 50 per cent of GDP – seems to have gone almost un-remarked analysts before 2006, the focus of policy attention having shifted away entirely from balance of payments concerns.

The current account balance of payments ballooned out in the period 2005-8 (4, 4, 6 and 5% of GDP); in addition, the borrowing financed Irish property investments abroad. Sourcing these funds was not a problem: financial markets failed to provide the warning signals that they had been only too quick to do in earlier periods (especially the 1980s). It was not only the easy access of individual banks to foreign borrowing. In addition, the insensitivity of the exchange rate and of interest rates to domestic developments removed a traditional warning sign for policy.

Only when credit risk became an issue after September 2008 did the financial markets belatedly sound a warning sign.

THE EURO'S ROLE IN IRELAND AFTER THE CRISIS

The increase in general interest rates in Ireland following the market's loss of confidence in the banks was rather muted. This can be attributed to the lack of an exchange rate risk premium, and to the extensive access of the banks to the ECB.

Dakako, pristup banaka tržištima obveznica ovisio je o vladinim jamstvima, no ni one nisu bile imune na praktično zatvaranje kratkotrajnoga međubankovnog tržišta u četvrtom tromjesečju 2008. Nadalje, kad je tržište shvalilo da velike potencijalne obveze povezane s bankarstvom vuku državne financije nadolje, to je pridonijelo povećanju razlika u prinosu na obveznice irske vlade u odnosu na njemačke u iznosu nezabilježenom od uvođenja eura. Tim razlikama u prinosu na obveznice pridonijela je i zabrinutost za budućnost ostatka vladine proračunske strategije, a bankarski element očekivanog povećanja duga bio je manji od onoga uzrokovanih prevelikom običnom potrošnjom u odnosu na prihode.

S vremenom, međutim, kako su kratkoročna zaduživanja na inozemnom tržištu kapitala počela dospijevati na naplatu, irske banke sve su se više počele radi nadoknade gubitaka okretati Europskoj središnjoj banci. Tako je u ožujku 2009. ukupno kreditiranje irskih kreditnih institucija od strane središnje banke dosegnulo zapanjujuću brojku od 130 milijardi eura – ili oko 95% očekivanog BNP-a za 2009. To je omogućilo da primarne kamatne stope irskih banaka u vrijeme krize ostanu u blizini glavne intervencione stope ESB-a – premda je do početka stvaranja razlike došlo zbog indirektnog utjecaja razlika u prinosu na državne obveznici. Bez takve potpore u fazi obuzdavanja krize uvjeti na kratkoročnom finansijskom tržištu nesumnjivo bi bili znatno nepovoljniji nego što je to bio slučaj.

Istdobno, nepostojanje neovisne valute znači da prilagodbu realnoga deviznog tečaja treba provesti prilagođavajući nominalne plaće.

5. I U DRUGIM ZEMLJAMA...

IZVOR I ŠIRENJE KRIZE U DRUGIM ZEMLJAMA

Iako je najvažniji dio priče o globalnoj finansijskoj krizi povezan s velikim međunarodnim bankama, opće je poznato da su problemi u kojima se našao bankarski sektor u baltičkim zemljama, Islandu, Velikoj Britaniji, Irskoj i ne-

To be sure, the banks' own access to bond markets was dependent on the Government's guarantee, and the banks were of course not immune from the virtual closure of the short-term interbank market in the fourth quarter of 2008. Furthermore, the market's realization that large contingent liabilities related to banking were now weighing down the Government's finances contributed to a widening of spreads on Irish Government bonds over those of Germany to an extent unprecedented since euro membership. Concern about the prospects for the rest of the Government's budgetary strategy contributed also to these spreads and indeed the banking element of the prospective increase in debt is smaller than that coming from the excess of ordinary spending over revenue.

Progressively, though, as their short-term capital market borrowings from abroad matured, the Irish banks turned more and more to the European Central Bank to make up the shortfall. Indeed, by March 2009, the total central bank lending to Irish credit institutions had reached the astonishing figure of €130 billion – or about 95 per cent of expected 2009 GNP. This has allowed Irish banks' prime lending rates to stay within shouting distance of the ECB's main intervention rate throughout the crisis – though a definite spread has begun to emerge reflecting the indirect impact of the wider sovereign spreads. Without some such support, short term financial market conditions in the containment phase would doubtless have been much more severe than they are.

At the same time, the lack of an independent currency means that adjustment of the real exchange rate is having to be done through nominal wage adjustments.

5. AND IN OTHER COUNTRIES...

SOURCE AND PROPAGATION OF THE CRISIS IN OTHER COUNTRIES

Although the main story of the global financial crisis relates to the large international banks, it is well-accepted that banking problems in the

kim drugim državama stvoreni lokalno, premda ih je globalni balon uvećao i prikrio, a na kraju ih je svjetski finansijski slom nakon prsnuća balona razotkrio.

Iako je euro djelovao kao važan faktor spješivanja i olakšao širenje irske krize, iz istučava drugih manjih europskih gospodarstava razvidno je da ni u jednoj zemlji on nije bio nužan za nastanak krize.

Druge zemlje članice eurozone, poput Portugala, nisu doživjele ništa slično irskom zamahu, iako je i u njima nakon uvođenja došlo do velikog pada kamatnih stopa. Članice EU izvan eurozone, poput Letonije, doživjele su zamah sličan irskome bez utjecaja eura ili čak izgleda za članstvo u eurozoni.

Ukratko, iskustva drugih manjih zemalja na periferiji Europe potvrđuju činjenicu da članstvo u eurozoni nije bilo ni nužno ni samo po sebi dovoljno da zemlju uvuče u idiosinkrastičan kreditni rast. Razmotrimo li pobliže neke od tih kriza, posebno onu u Letoniji, moći ćemo razjasniti status eura kao uzročnog faktora u stvaranju irskog balona.

Letonija je zemlja koja je vjerojatno najjače pogodena sadašnjom gospodarskom krizom. I u njoj je došlo do dramatičnog skoka cijena nekretnina i eksplozije gradnje, osobito od 2005. do 2007., kad je BDP prosječno rastao gotovo 11% godišnje. Inflacija cijena stanova približila se 2005. i 2006. godine stopi od 60% godišnje, a zaustavila se 2007. Bankovno kreditiranje munjevito je dosegnulo 70% BDP-a, pri čemu se gotovo dvije trećine odnosilo na kupnju nekretnina.

Mit o "novoj eri" koji je stajao iza letonskoga naglog rasta ponešto se razlikovao od onoga iz irske priče. Ovdje se radilo o maloj zemlji koja je napokon stala na posttranzicijske noge i počela koračati u pravcu gospodarskog napretka. Pa zašto to ne bi učinila brže, uz pomoć kredita? Cijene nekretnina na razini zapadnoeuropskih zemalja brzo bi se opravdala konvergencijom prihoda. Dvoznamenasta inflacija – unatoč 15-godišnjoj vezanosti domaće valute, prvo uz posebna prava vučenja, a onda od 2004. uz euro

Baltic States, Iceland, the United Kingdom and Ireland and some others were largely home-grown, although sustained and concealed by the global bubble and eventually exposed and burst by the global downturn.

Although the euro provided both an important precipitating factor and a eased the propagation of the Irish crisis, it is evident from the experience of other small European economies that in neither of these roles was it indispensable.

Other eurozone members such as Portugal did not see anything like the Irish boom, despite experiencing a sharp fall in interest rates on euro membership. Non-euro EU members such as Latvia had a very similar boom despite not joining the euro. And a bubble of quite a different character emerged in Iceland, without the help of the euro or even of the prospect of euro membership.

In short, the experience of other small countries on the periphery of Europe confirms that eurozone membership was neither necessary nor sufficient for countries to get sucked into an idiosyncratic credit-fuelled boom. A closer look at a few of these cases, especially that of Latvia, helps to clarify the status of the euro as a causal factor in the Irish bubble.

Latvia seems to have been the worst affected country in the current crisis. It too had experienced a dramatic property price and construction boom, especially in 2005-7, when GDP growth averaged almost 11 per cent. House price inflation reached 60 per cent per annum in 2005 and 2006, before stalling in 2007. Bank credit had expanded rapidly to reach 70 per cent of GDP, and almost two-thirds of bank credit was for property.

The "new era" myth underlying the Latvian boom was subtly different from the Irish story. Here was a small country which had—at last—found its post-transition feet and was rapidly converging to the frontier. No reason why it should not get there faster with the help of credit. Property prices at Western European levels would soon be justified by the income con-

– mogla se opravdati Balassa–Samuelsonovim učinkom – visok rast produktivnosti vodi u visoku inflaciju zbog strukturnih razloga.

Ova pogrešna analiza letonskih izgleda prerasla je u mit o “novoj eri”, koji je generirao ponudu i potražnju za kreditiranjem. Iako pod manjim utjecajem stranih banaka nego njezini baltički susjedi, Letonija je za 60% svojih kredita ipak ovisila o bankama u stranom vlasništvu, ponajviše skandinavskima. Banke u lokalnom vlasništvu također su se zaduživale u inozemstvu. Gotovo 90% bankovnih kredita bilo je nominirano u stranoj valuti, uglavnom u eurima. Stope bankovnoga kreditiranja tako su odražavale kamatne stope u eurima, a ne u letonskoj valuti (koje su bile znatno više, unatoč dugotrajnoj vezanosti valute uz posebna prava vučenja i euro).

Pristup izvorima financiranja s niskom kamatom, dakle, nije bio ograničavajući faktor u letonskom rastu, unatoč činjenici da je tečajni rizik prebačen na krajnje dužnike (pa tako članstvo u eurozoni nije bilo odlučujući faktor za priljev kapitala). Neutemeljeno vjerovanje u letonski mit o “novoj eri” i želja da se ostvari tržišni udio u regiji s dobrim izgledima za konvergenciju prihoda u srednjoročnom razdoblju bili su dovoljni za prevladavanje svih bojazni u vezi s tečajnim rizikom.

Slične su priče o naglom rastu i u Estoniji i Litvi, čije su valute također vezane uz euro. No skok cijena nekretnina izazvan priljevom kredita u stranoj valuti i s niskim kamatama dogodio se i u nekim tranzicijskim zemljama koje nisu vezale svoju valutu. Najveće su među njima Madžarska i Poljska, u kojima se, pomalo iznenađujuće, kao nominacijska valuta u kreditiranju često rabi švicarski franak – što jasno pokazuje uobičajenu prednost koju dužnici daju niskim početnim troškovima kredita, ali i praksu austrijskih banaka da nude kredite u valutama s najnižim kamatnim stopama. Austrijske banke razvile su takav običaj kao specifičnost na domaćem tržištu sredinom 1990-ih godina, kad je austrijski bankovni sustav privatiziran i liberaliziran. Austrijske banke čak su na svom lokalnom tržištu davale značajan broj kredita u jenima prije nego

vergence. The double-digit inflation – despite the 15-year currency peg, at first to the SDR and then, from 2004, to the euro – could seem to be justified by a Balassa-Samuelson story – high productivity growth leading to high inflation for structural reasons.

This flawed analysis of Latvian prospects became the “new era” myth that generated both the demand and supply of credit. Less-dominanted than its Baltic neighbours by foreign banks, Latvia nevertheless depended on foreign-owned banks, especially from Scandinavia, for 60 per cent of its loans. The locally-owned banks also borrowed heavily from abroad. Almost 90 per cent of bank credit was denominated in foreign currency, mainly the euro. Bank lending rates thus reflected euro interest rates and not those on Latvian currency (which were considerably higher, despite the long-standing peg).

Access to low-interest sources of funds was not a constraining factor for the Latvian boom, despite the exchange risk being assumed by the final borrowers (thus euro membership was not a decisive necessary factor for the capital inflow). Misplaced confidence in the Latvian “new era” myth, and a desire to establish market share in a region with promising medium-term income convergence prospects were enough to overcome whatever misgivings the exchange rate risk might have generated.

Quite similar stories can be told of the booms in Estonia and Lithuania, both of which also have euro-pegs. But property booms fuelled by low interest foreign-currency credit flows occurred even in Transition countries without currency pegs, of which the largest are Hungary and Poland, in both of which the Swiss franc was somewhat surprisingly the currency of denomination of much bank lending – clearly reflecting the familiar borrower preference for low initial servicing charges, but also the practice of Austrian banks to offer lending in the lowest-interest currencies. The Austrian banks had developed this as a speciality in their domestic market from the mid-1990s, when the Austrian banking system was privatized and lib-

što su se uglavnom prebacile na švicarske franke. Praksu kreditiranja u švicarskim francima onda su naprsto proširele na vlastite velike operacije u zemljama Srednje i Istočne Europe.

Cinjenica da su banke na sebe preuzele znatan dio kreditnog rizika time što su, zapravo, svoje klijente uključile u zaduživanje u švicarskim francima ili jenima (engl. *carry-trade*), nesumnjivo je još jedan od aspekata ukupnog porasta sklonosti riziku u svjetskim financijama. To je bio bitan element za rast balona u pogodenim zemljama. Irske banke nisu morale preuzeti taj rizik: članstvo u eurozoni učinilo ga je nepotrebним.

Dakako, tranzicijski mit o "novoj eri" nema veze sa složenim i dramatičnim slučajem islandskoga bankarskog sloma. Za nas je ključna dimenzija islandskog slučaja činjenica da je on imao malo veze s eustom. Tri islandske banke koje su se neoprezno počele širiti sredinom prošlog desetljeća nisu samo pridonijele stvaranju domaćeg balona nego su i preuzimale kreditni rizik u inozemstvu (između polovine i dvije trećine njihove bilance bilo je izvan Islanda). Uglavnom su financirale spajanja u industriji i komercijalnom sektoru te akvizicije islandskih poduzetnika u Evropi, no uglavnom izvan eurozone. Tako je, na primjer, tri četvrtine kredita najveće islandske banke Kaupthing izvan Islanda bilo plasirano u Veliku Britaniju i Skandinaviju. Cinjenica da je islandskim bankama bilo omogućeno da tako brzo narastu do točke na kojoj je njihova ukupna imovina bila desetak puta veća od islandskog BDP-a, možda se u određenoj mjeri može pripisati i propustu u regulativi jedne male zemlje koji je nezdravim bankama omogućio pristup cijelom tržištu Europskoga ekonomskog prostora po principu jedinstvenog odobrenja o radu u skladu s Drugom direktivom o koordinaciji banaka. Međutim, eurozona sama po sebi nije bila glavni element koji je pomogao nastanku islandskog balona. Njemu je vjerojatno pridonijelo i vezivanje islandskih hipoteka za indeks potrošačkih cijena uz smanjenje naknada za njihovo servisiranje – a taj oblik finansijske inovacije uistinu nije imao nikakve veze s eustom.

eralized. Indeed the Austrian banks made substantial loans in their local market in Japanese yen, before switching largely to Swiss francs. They extended the practice of Swiss franc lending to their very large operations in Central and Eastern European Countries.

The assumption by banks of sizable credit risks by, in effect, involving their customers in a carry-trade, was clearly an aspect of the overall increase in risk appetite in worldwide finance. That was essential for the amplification of the bubble in these countries. This kind of risk was not assumed by the Irish banks: euro membership made it unnecessary.

*The Transition-based "new era" myth was not, of course, relevant to the complex and dramatic case of the Iceland banking crash. For our purposes, the key dimensions of the Iceland case relate to how little it had to do with the euro. The three Icelandic banks that expanded so recklessly from the mid-2000s both fuelled a domestic bubble, and assumed credit risk abroad (between $\frac{1}{2}$ and $\frac{2}{3}$ of their balance sheets was outside Iceland). Their financing of foreign industrial and commercial mergers and acquisitions by Icelandic entrepreneurs abroad was mainly in Europe, but not mainly in the eurozone. For example, three-quarters of the largest bank Kaupthing's loans outside Iceland were to the UK and Scandinavia. That Iceland's banks were allowed to grow so quickly to the point where their total assets amounted to about ten times the home country GDP could possibly be attributed in part to the fact that regulatory failure in one small jurisdiction allowed these unsound banks access to the whole European Economic Area market under the single license principle of the European Second Banking Coordination Directive. But the eurozone *per se* was not central in helping to amplify the Icelandic boom. Use of consumer price index-linked mortgages in Iceland, by lowering current servicing charges, may also have helped fuel the boom – this a form of financial innovation which had nothing to do with the euro.*

Za razliku od zemalja o kojima je dosad bilo riječi, u kojima se idiosinkrastičan zamah zasnovan na vanjskim kreditima dogodio iako nisu članice eurozone, čini se da je Portugal uspio izbjegić sličnu stvar unatoč činjenici da je riječ o jednoj od zemalja osnivača eurozone. Kako u Portugalu nije bilo euforije koja bi dovela do stvaranja mita koji je irsko, islandsko i gospodarstva zemalja u tranziciji natjerao u nagli rast, naišao lak novac koji je euro nudio na Portugal je imao relativno malo učinka. Prije i neposredno nakon stvaranja EMU došlo je do kratkotrajnog skoka portugalske gospodarske aktivnosti, što je bilo potaknuto optimizmom nakon uvođenja eura i nižim kamatnim stopama. Međutim, nakon recesije 2000. – 2003. taj se rast usporio. Ovaj slučaj potvrđuje činjenicu da članstvo male rubne zemlje u eurozoni ne mora nužno potaknuti nagli rast kakav je zabilježen u Irskoj.

Iako je imao važnu ulogu u novom mitu koji je doveo do irskog fijaska, euro očito nije nužan ni sam po sebi dovoljan za nastanak ciklusa naglog rasta i pada. Neki drugi mitovi gurnuli su zemlje koje ne upotrebljavaju euro u jednakom štetnom financijskim balonima. Da EMU nije uspostavljena, lako je moguće da bi nešto drugaćiji razvoj događaja stvorio osnovu za drugaćiji tip naglog rasta, možda zasnovanog – kao u slučaju baltičkih zemalja i Irske – na kreditiranju u stranoj valuti.

UPRAVLJANJE KRIZOM U DRUGIM ZEMLJAMA

A što je s ulogom koju je euro imao u obuzdavanju krize i makroekonomskoj politici?

Iako članstvo u eurozoni ne ograničava letonsku tečajnu politiku, zemlja je odlučila vezati domaću valutu uz euro (barem je tako bilo u trenutku pisanja ovog govorova), čime je digla ruke od neovisne monetarne politike i devalvacije radi bržeg obnavljanja konkurentnosti plaća koju je u posljednjih nekoliko godina izgubila. Tako je Letonija, iako nije u eurozoni, odabrala sporiji i potencijalno politički i socijalno opasniji put smanjenja nominalnih plaća. Poput Irske i Letonija je doživjela značajan porast nezaposlenosti.

S obzirom na to koliko je unutarnjeg duga nominirano u stranoj valuti, izbjegavanje deval-

In contrast to the countries already discussed, which built idiosyncratic booms based on foreign credit despite not being members of the euro area, Portugal seems to have avoided a comparable boom despite being a founder user of the euro. Absent the kind of euphoria-promoting myth that drove Ireland, the Transition economies and Iceland into boom, the easy money seemingly offered by the euro had relatively little effect in Portugal. Before and immediately after the start of EMU, there was a brief surge in Portuguese economic activity, promoted by euro-entry optimism and the lower interest rates. Following the recession of 2002–3, though, growth has been sluggish. The point here though is to draw attention to the fact that euro-membership of a small peripheral country need not trigger the kind of boom we saw in Ireland.

Even though it did play an essential part in the neo-myth underlying the Irish fiasco, the euro is thus neither necessary nor sufficient for a boom-and-bust cycle. Alternative myths have driven non-euro countries into equally devastating bubbles. Had the EMU not been created, it is quite possible that a slightly different narrative could have formed the basis for a slightly different type of boom, perhaps based – as in the Baltics and Iceland – on foreign currency lending.

CRISIS MANAGEMENT IN OTHER COUNTRIES

How about the role of the euro in crisis containment and the macroeconomic workout?

Although eurozone membership does not constrain Latvia's exchange rate policy, it has opted (up to the time of writing) to maintain the euro peg, thereby turning its back on the use of an independent monetary policy, and of devaluation to accelerate the recovery of wage competitiveness, which had been lost over the past several years. Although not in the euro area, then, Latvia has opted for the slower and potentially more politically and socially fraught route of nominal wage reductions. Like Ireland, Latvia has experienced a sharp jump in unemployment.

vacije ima prednost u tome što se izbjegavaju problemi s bilancom. U tom smislu oslanjanje velikog dijela financijskog sustava na nominaciju u stranoj valuti ima manje ili više isti učinak kao i uvođenje eura.

Island je prošao kroz razdoblje od nekoliko mjeseci strogih deviznih kontrola. Kad se moglo doći do strane valute, to je bilo po jako diskontiranoj vrijednosti islandske krune. Irski strmoglavi pad BDP-a može se otprilike usporediti s islandskim, dok je onaj u Letoniji bio još teži, u skladu s pravilom da vezivanje valute uz euro u zemljama izvan eurozone može imati teže posljedice ne samo od članstva u eurozoni nego i od fluktuirajućeg tečaja.

I Island i Letonija službeno su zatražili pomoć MMF-a i drugih međunarodnih finansijskih institucija. Dobili su je pod cijenu strogih uvjeta vezanih uz provođenje finansijske politike, što je, posebno u letonskom slučaju, dovelo do osobito teških pregovora i provjere usklađenosti.

Kao što je već spomenuto, članstvo Irske u eurozoni irskim je bankama osiguralo pristup likvidnosti ESB-a u većem opsegu od odgovarajućih zajmova koje je MMF dao Islandu i Letoniji.

6. ZAVRŠNE NAPOMENE

Pri svakom prikazu irske krize treba uzeti u obzir uzročno-posljedičnu ulogu eura kao faktora koji je posjepio pojavu niskih kamatnih stopa, što je pak dovelo do skoka cijena nekretnina. Članstvo u eurozoni činilo je kontekst unutar kojeg su irske banke od 2003. godine nemiliće i gotovo neprimijećeno (s obzirom na to da ESB daje prednost konsolidiranim podacima za eurozonu kao cjelinu) povećavale kreditiranje na temelju vanjskog zaduzivanja u eurima. Stabilnost finansijske platforme koju je pružala eurozona bila je dio iluzije koja je održavala irski rast onoliko dugo koliko je to bilo moguće. Međutim, eurozona nije tu stabilnost poduprila strožim središnjim bonitetnim nadzorom.

Pa ipak, kao što smo vidjeli, cjelokupna ta ekspanzija dogodila se u vrijeme nastanka svjet-

Given how much of internal debt is denominated in foreign currency, avoiding devaluation does have the advantage of avoiding balance sheet problems. To that extent, reliance on foreign currency denomination of the bulk of one's financial system has much the same effect as adoption of the euro.

Iceland went through a period of many months of severe exchange controls. When foreign currency could be obtained, it was only at a deeply discounted value of the Icelandic krona. Peak-to-trough GDP declines will be broadly comparable in Ireland and Iceland, and rather worse in Latvia, consistent with the idea that a currency peg outside the eurozone may be inferior both to eurozone membership and to the alternative of a float.

Iceland and Latvia both successfully applied to the IMF and other international lenders for official assistance. This has come at the price of strict policy conditionalities, which has led to especially difficult negotiations and compliance issues in Latvia.

As mentioned earlier, Ireland's euro membership has indeed given its banks access to liquidity from the ECB on a larger scale than the corresponding IMF loans to Iceland and Latvia.

6. CONCLUDING REMARKS

Any account of the Irish crisis must include the causal role of euro membership as a precipitating factor in producing the lower interest rates that clearly ignited the property price boom. eurozone membership was the context in which the Irish banks lavishly and almost without it being noticed (given the ECB's preference for consolidating data for the zone as a whole) expanded credit from 2003 on the basis of foreign borrowing in euros. Indeed the stability of the financial platform provided by the eurozone was part of the illusion that sustained the Irish boom for as long as it did. And the zone did not back up this stability with tougher centralized prudential supervision.

Yet as we have seen, all of this expansion

skoga kreditnog balona, čijem je stvaranju i održavanju pridonijela još veća iluzija, mit o sofisticiranom modelu upravljanja rizikom. Opravdavajući činjenicu da vodeće svjetske banke sve više povećavaju kreditiranje, ova je dublja iluzija uljuljkala supervizore u osjećaj lažne sigurnosti i dopustila neoprezno ponašanje banaka u nekoliko rubnih europskih zemalja, premda je ta neopreznost značila zanemarivanje suvremenih tehnika upravljanja rizikom.

Premda je bio dio mita koji je doveo do nastanka irskoga naglog rasta i premda je podržavao njegov razvoj, euro nije bio ključni element ni u jednoj od tih dviju uloga. To, između ostaloga, pokazuju i slučajevi drugih zemalja, poput Letonije i Islanda. A kao što pokazuje portugalski slučaj, uvođenje eura u rubnoj europskoj zemlji nije nužno moralo dovesti do stvaranja golemoga finansijskog balona.

Radari irske politike nisu bili okrenuti tako da uzmu u obzir činjenicu da nakon uvođenja eura finansijska tržišta (koja su dotad bila iznimno osjetljiva na valutne rizike) više ne služe kao sustavi ranog upozorenja. Korektivne radnje koje su mogle i trebale biti poduzete (fiskalna politika, regulacija banaka, središnje dogovaranje plaća) tako su zanemarene. To je bila skupa pogreška koja se u Irskoj neće ponoviti, kao što ne bi trebala ni igdje drugdje.

S obzirom na hrvatsko približavanje EU i već sada snažno oslanjanje na korištenje eura u domaćim bankovnim depozitima i kreditima, vjerujem da će iskustva koja sam iznio Hrvatskoj pomoći u određivanju buduće političke strategije.

occurred against the background of a global credit bubble, generated and sustained by a wider illusion, the myth of the sophisticated risk management model. By legitimizing expansive credit from the World's leading banks, this deeper illusion lulled supervisors into a sense of false security and allowed reckless banking behaviour in several peripheral European states, even though this recklessness was of a sort that did not make any call on modern risk management techniques.

Although implicated in the actual myth that sustained the Irish boom, and in fuelling its progress, the euro was not essential in either role. Its place was taken by other factors in Latvia and Iceland among others. And, as Portugal shows, a massive bubble was not inherent or entailed for a peripheral state by membership of the eurozone.

Irish policy antennae were not re-tuned to take account of the fact that, following euro membership, financial markets (hitherto so sensitive to currency risk) were no longer offering an early warning system. Corrective action that could and should have been taken (fiscal policy, bank regulation, centralized wage negotiations) were neglected as a result. This was a costly error that will not be repeated in Ireland and should not be repeated elsewhere.

As Croatia's membership of the EU approaches, and given the already heavy reliance on the use of euro in bank deposits and loans in Croatia, the experiences that I have described should, I hope, be instructive as Croatians contemplate future policy strategy.

Uzvratno izlaganje Response



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UZVRATNO IZLAGANJE NA GOVOR GUVERNERA HONOHANA

Dame i gospodo,
Dvostruka mi je čast što imam priliku govoriti na ovom skupu.

Dr. Čičin-Šain i ja postali smo kolege još 1980-ih godina, kad smo radili na Ekonomskom institutu u Zagrebu. Svi koji su imali priliku raditi s njim bili su impresionirani njegovim nastojanjima da unaprijedi položaj Hrvatske na međunarodnoj sceni te uspostavi i ojača njezine veze s međunarodnom zajednicom. Dr. Čičin-Šain radio je i na razvoju modernoga financijskog sustava, uspješno uveo prvu hrvatsku valutu i ulagao napore u obrazovanje hrvatskih ekonomista. Zbog svega toga on zaslужuje priznanje i počast, i to veću nego što mu je dosad iskazana. Upravo zato posebno mi je dragو zbog priznanja koje mu je Irsko-hrvatska poslovna udružba odala nazavavši ova predavanja njegovim imenom.

Nadalje, polaskan sam činjenicom da sam dobio priliku održati uzvratno izlaganje na govor guvernera Honohana. Guverner iza sebe ima uspješnu akademsku karijeru s brojnim zanimljivim radovima. Sada obnaša funkciju guvernera Irske središnje banke, i to u vrijeme kad

RESPONSE TO GOVERNOR HONAHAN'S SPEECH

*Ladies and gentlemen,
It is for me a double honour to have the opportunity to speak on this occasion.*

Dr Čičin-Šain and I were colleagues from the 1980s when we both worked at the Institute of Economics in Zagreb. During all these years all his colleagues were impressed by his efforts to raise Croatia's profile on the international scene and to establish and strengthen its links with the international community. At the same time he worked on the development of a modern financial system, successfully introduced the first Croatian currency and laboured to improve the education of Croatian economists. For all these accomplishments, Dr. Čičin-Šain deserves recognition and credit, even more than he has received so far. I am therefore glad that the Irish Croatian Business Association has honoured him by establishing these distinguished lectures in his name.

Second, I am flattered to be asked to present a response to the speech by Governor Honohan. Behind him, the Governor has a distinguished academic career and numerous interesting publications. Now he has been entrusted with

se Irska suočava s jednim od najvećih gospodarskih izazova u posljednjih nekoliko desetljeća, ako ne i od osamostaljenja zemlje.

Tema guvernerova govora, odnos između članstva u eurozoni i stabilnosti banaka, zanimljiva je ne samo sadašnjim članicama eurozone već i onima koji se namjeravaju priključiti tom klubu, poput Hrvatske. Naravno, nije mi cilj ponovno otvarati raspravu o tome je li ulazak u eurozonu za Irsku bio dobra odluka ili ne. No kriza u kojoj se danas nalazimo otvorila je pitanja o načinu na koji je eurozona funkcionalna prije krize i za njezina trajanja. Potrebno je analizirati moguće slabosti kako bi se smanjio rizik da se kriza ponovi.

Budući da je guverner u svojem govoru postavio pitanje jesu li članstvo u eurozoni i stabilnost banaka prijatelji ili neprijatelji u obliku dileme, iskoristit će slobodu da se i u uzvratnom izlaganju držim iste forme.

Pozabavimo se prvo načinom upravljanja sadašnjom krizom. Ovdje nije teško braniti tezu da su eurozona i bankovna stabilnost prijatelji. Kao što je guverner na uvjerljiv način pokazao u svojem nedavnom radu, ali i u govoru koji je danas održao, Irska od trenutka izbijanja krize dobiva golemu potporu članica eurozone. Tako su, primjerice, od početka 2008. do početka 2009. irske banke povećale svoju zaduženost kod Europske središnje banke za nekih 100 milijardi eura, ili više od polovine irskoga nacionalnog dohotka. Da u vrijeme kad je Irsku pogodio veliki odljev privatnoga kapitala nije bilo te podrške, zemlja bi se suočila s porastom kamatnih stopa, gubitkom pričuva i tečajnim pritiscima. Ustvari bi se dogodilo to da bi se u jednom trenutku našla pod udarom svih tih nevolja. Nije potrebno isticati da druge zemlje, poput Letonije, Islanda i Madžarske nisu imale tu mogućnost. Možemo stoga zaključiti da se eurozona pokazala kao dobar prijatelj zemlji članici u nevolji.

No i najbolji prijatelji imaju ograničene resurse. Osim toga, način na koji pružaju pomoć katkad je određen posebnim okolnostima. Lak pristup irskih banaka refinanciranju djelomič-

the duties of being the Governor of the Central Bank of Ireland, and this at the time when Ireland is facing some of the greatest economic challenges of the last decades, if not since its independence.

The topic of the Governor's speech, the relationship between euro-membership and bank stability is of interest not only for current euro-zone members, but also for those aspiring to join the club, as Croatia is. The purpose of the debate is obviously not to re-open the debate concerning whether joining the euro zone was the right decision for Ireland or not. But the current crisis has opened up the question as to how the euro zone functioned in the run-up to as well as during the crisis. An analysis of possible weaknesses is necessary to reduce the risk that the crisis will repeat itself.

As the Governor has shaped the discourse in a form of dilemma, as to whether the two, euro membership and bank stability, are friends or foes, I will take the liberty of using the same format in my response.

Let us first focus on the management of the current crisis. Here the case that the two are friends is easy to defend. As the Governor has convincingly demonstrated in his recent publication and in today's speech, the support of the eurozone to Ireland since the outbreak of the crisis has been enormous. For example, from early 2008 to early 2009 Irish banks increased their borrowing from the ECB by some 100 billion euros, or more than a half of Ireland's national income. Had such support not been available at the time when Ireland was experiencing large private capital outflows, the country would have faced a surge in interest rates, a loss of reserves and exchange rate pressures. In fact, it would have been hit simultaneously by a combination of all these calamities. Needless to say, other countries like Latvia, Iceland or Hungary did not have such an option. We can safely conclude that the euro-zone proved to be a good friend to a member-country in need.

However, even the best friends have limited resources. Moreover, sometimes their assistance

no odražava iznimne i nekonvencionalne instrumente kojima se ESB danas koristi u borbi protiv globalne recesije, ali i recesije unutar eurozone. Premda možemo biti sigurni da bi ESB pomogao irskim bankama i u konvencionalnijem okruženju, ne treba automatski prepostaviti da bi oblik i modaliteti te pomoći bili isti.

Nadalje, kad se situacija normalizira, ESB će morati početi smanjivati svoju bilancu. To bi moglo dovesti do napetosti ako se dodat ne riješi problem pretjeranog oslanjanja pojedinačnih banaka ili regija na refinanciranje od strane središnje banke. Prema nedavnim navodima *Financial Timesa* u ESB-u već se javila zabitost glede mogućih napetosti s tim u svezi. A čini se da su tržišta još više zabrinuta.

Vratimo se sada u vrijeme uoči nastanka krize. Jesu li članstvo u eurozoni i stabilnost banaka i tada bili prijatelji ili nisu?

Prije nego što je prihvatile euro Irška je uživala u dugom razdoblju vrlo snažnog rasta. Kako je meni poznato, taj je rast bio uravnotežen, o čemu svjedoči i dobro stanje tekućeg računa platne bilance iz tog vremena.

Međutim, impresivan je rast ostvaren unatoč kamatnim stopama koje su bile visoke i svakako pozitivne u realnom iskazu. Sve ovo jasno je navedeno u guvernerovu govoru i njegovim nedavnim radovima.

Međutim, s približavanjem i konačnim dovršetkom procesa uvođenja eura došlo je do naglog pada kamatnih stopa, koje su u realnom iskazu postale negativne, te stvaranja okruženja koje je iznimno pogodovalo brzom rastu sektora i cijena nekretnina koji je uslijedio. Tako je nastala situacija u kojoj se čovjek mora zapitati donose li dobri prijatelji sa sobom i velike rizike.

Nije, međutim, bila stvar samo u kamatnim stopama. Teško je, recimo, zamisliti da, u slučaju da Irška nije bila članica monetarne unije, Irška središnja banka kao jedina institucija odgovorna za monetarnu politiku i stabilnost ne bi barem na neki način reagirala na nagli rast cijena nekretnina u zemlji. Taj nagli rast nekako se našao u procjepu između različitih monetarnih i supervizorskih institucija, i nacionalnih i

reflects specific circumstances. The easy access of Irish banks to refinancing has in part reflected the exceptional and unconventional instruments used currently by the ECB to fight the global and then the eurozone recession. While we can be sure that the ECB would provide assistance to Irish banks even in a more conventional setting, it should not be automatically assumed that the form and modalities would be the same.

Further, once the situation normalizes, the ECB will have to start shrinking its balance sheet. This might cause tensions unless by that time the excessive reliance of individual banks or regions on central bank refinancing has been resolved. According to a recent FT article, the ECB is already becoming concerned about possible tensions in this respect. It seems that markets are concerned even more.

Let us now look at the run-up to the crisis. Were euro membership and banking stability also friends at that time or not?

Before adopting the euro, Ireland had enjoyed a long period of very strong growth. As far as I can see, this growth was well-balanced as evidenced by Ireland's strong current account position at the time.

Moreover, the impressive growth performance was achieved despite interest rates that were on the high side and certainly positive in real terms. All this is clearly documented in the Governor's speech and his recent papers.

But as the adoption of the euro came closer and was finally accomplished, a sharp fall in interest rates, which turned negative in real terms, created an environment highly conducive to the property boom that evolved. This is a case when one has to wonder whether having had good friends might not also have involved high risks.

But it was not only the interest rates that mattered. It is for example difficult to imagine that, outside of the monetary union, the Irish property boom would not have triggered at least some response by the Irish Central Bank if it had been solely responsible for monetary policy and stability. Somehow, the property boom fell

onih nadnacionalnih, na što će se još vratiti u svojem izlaganju.

Guverner je u pravu kada tvrdi da se, bez obzira na niške kamatne stope, nagli rast cijena nekretnina mogao spriječiti. Kazao je i da članstvo u eurozoni, iako je pogodovalo nastanku krize u Irskoj, nije u tome smislu bilo nužno niti samo po sebi dovoljno. Prvo, ustvrdio je da sve zemlje članice eurozone izvan središnje jezgre (ili rubne, kako ih je on nazvao) nisu doživjele nagli rast cijena nekretnina nakon uvođenja eura. Drugo, i važnije, guverner je argumentirano upozorio na pogreške irske domaće politike.

Što se tiče prvoga, guverner navodi slučaj Portugala, u kojem nije došlo ni do približnog rasta cijena nekretnina poput onog u Irskoj, iako je ta zemlja članica eurozone. Tu se ne bih složio s njim, odnosno iznio bih vlastito mišljenje. Kao i u nekim drugim zemljama koje će uskoro postati članice eurozone, poput Italije, i portugalske kamatne stope počele su se približavati njemačkima čim se zemlja počela pripremati za službeno uvođenje eura. Zbog toga je Portugal doživio pretjerani rast u razdoblju od 1995. do 2000. godine, kad je njegov tekući račun platne bilance u pet godina iz ravnoteže pao na manjak u visini 10% BDP-a. Tržišta su brzo shvatila da je Portugal u trenutku kad je ušao u eurozonu već imao precijenjen tečaj i slabe izglede za rast proizvodnje. Osim toga, i građani su već bili prezaduženi. Oba ta faktora spriječila su daljnje povećanje neravnoteže nakon uvođenja eura. Tako je, iako nakon 2000. godine Portugal ne bilježi znatno povećanje neravnoteže, nastanku one iz razdoblja od 1995. do 2000. nesumnjivo pogodovao budući ulazak u eurozonu.

Zašto je u Portugalu došlo do stvaranja neravnoteže ranije nego u Irskoj, i zašto se to dogodilo u svim sektorima nerazmjenjivih dobara, dok je u Irskoj neravnoteža bila snažno koncentrirana na sektor nekretnina, dva su zanimljiva pitanja. Međutim, ona su sporedna. Osim toga, kao što će poslije nešto detaljnije govoriti, pretjerani rast kredita bio je zajedničko obilježje još najmanje četiri zemlje članice eurozone izvan središnje jezgre.

into the crack among various monetary and supervisory institutions, both national and supranational, an issue to which I will come back later in this response.

The Governor makes a strong case that despite low interest rates the boom was preventable. He said that euro membership, while conducive, was neither necessary nor sufficient for causing the crisis in Ireland. First, he argues that not all the non-core (or so-called peripheral) eurozone members experienced property booms after adopting the euro. Second, and more importantly, the Governor convincingly points to domestic policy failures in Ireland.

On his first point, the Governor refers to the case of Portugal, which did not see anything close to the Irish real estate boom, despite being a eurozone member. On that, I would disagree, or at least qualify it. As in some other soon-to-be eurozone members, including Italy, Portugal's interest rates had started to converge on the German level as early as the run-up to the formal adoption of the euro. As a result, Portugal experienced an excessive boom in the period 1995-2000, when its current account position in a few years deteriorated from a balance to a deficit equivalent to 10% of GDP. Markets quickly realized that Portugal had entered the euro zone with an already over appreciated exchange rate and bleak prospects for output growth. Moreover, households had already become over-leveraged. Both of these factors prevented a further build-up of imbalances after the euro was introduced. While therefore one cannot see much deterioration in Portugal's imbalances after 2000, those created during 1995-2000 were clearly facilitated by prospective euro membership.

Why Portugal developed imbalances earlier than Ireland, and why they developed across all of the non-tradable sectors, while in Ireland they were heavily concentrated in real estate are interesting questions. However, they are of secondary importance. Moreover, as I will discuss in a little bit more detail later, an excessive credit boom was a common characteristic of at least four non-core eurozone members.

Sada bih prešao na propuste u politici koji su Irsku sprječili da izbjegne bankovnu krizu.

Guverner je potpuno u pravu kada upozorava na slabosti fiskalne politike koja se previše oslanjala na prihode nastale na osnovi naglog rasta građevinskog sektora i nije sterilizirala dio koji je potjecao iz pregrilanoga gospodarstva. Navodeći da je takva politika bila posve u skladu s Paktom o stabilnosti i rastu, on zapravo upućuje na njegovu slabost. I doista, Pakt o stabilnosti i rastu nije osigurao mudar fiskalni okvir za djelovanje monetarne unije, ne samo u smislu provedbe nego i kod ciljeva i pokazatelja koje je odredio.

Međutim, fiskalna politika nije stvar koju je guverner u svojem izlaganju označio kao glavnog krivca za današnju krizu, riječ je o nedjelotvornoj bankovnoj regulativi i superviziji. Govo-reći o tim propustima, guverner je sastavio izvrstan službeni Izvještaj ministru o regulatornoj politici i politici finansijske stabilnosti 2003. – 2008. Svi koje zanimaju slabosti u superviziji banaka koje su dovele do nastanka bankovne krize ne samo u Irskoj nego i u svijetu, trebali bi pročitati to izvrsno štivo.

U njemu se opisuje supervizija koja je vrlo popustljiva prema upravama banaka, neodlučna u kontroli provedbe mjera određenih na temelju rezultata nadzora i nespremna za suprotstavljanje nesposobnim upravama pretjerano sklonima riziku ili neraspoloženima za poduzimanje korektivnih mjera. Posljedica takozvanoga načelnog pristupa bila je meka supervizija, koja se suzdržavala ne samo od određivanja jasnih pravila nego čak i od diskrecijskih intervencija u praksi banaka. Na kraju, izvještaj uvjerljivo pokazuje da je supervizija banaka bila prepuštena daleko pre malom broju osoba (koje su, dodao bih, bile i premalo plaćene) i opterećena brojnim besmislenim birokratskim procedurama mimo onoga što je trebalo biti njezin osnovni mandat. No, u mnogima od tih pitanja, uključujući i potkapacitiranost, irska supervizija nije bila usamljena.

Iako sam uistinu impresioniran guvernerovom analizom slabosti u bankovnoj regulativi

I now turn to the policy failures that prevented Ireland avoiding its banking crisis.

The Governor is completely right to point to the weaknesses of fiscal policy, which excessively relied on revenue from the real estate boom and did not sterilize the part stemming from an overheated economy. By noting that such policy was comfortably in line with the Stability and Growth Pact, he effectively points to the weakness of the latter. Yes, the Stability and Growth pact did not deliver a prudent fiscal framework for a monetary union, not only in terms of implementation but also in respect of the objectives and indicators it set.

However, it was not fiscal policy that the Governor identified as the main culprit of the current crisis; it was ineffective banking regulation and supervision. On these failures, the Governor produced an impressive official Report to the Minister on the regulatory and financial stability policy 2003-2008. Everybody interested in the weaknesses of banking supervision that caused the banking crisis not only in Ireland but also globally should read this excellent paper.

The picture that arises is one of supervision highly deferential to bank managements, reluctant to follow up on its findings and unwilling to confront managements that were incompetent, excessively prone to taking risk or unwilling to take corrective measures. The so-called principles-based approach resulted in soft-touch supervision that refrained not only from specifying clear rules but even more so from discretionary interventions in bank practices. And finally, the paper convincingly shows that supervision was highly understaffed (and I would add underpaid), while burdened with many useless bureaucratic procedures outside what should have been its primary mandate. But with respect to many of these issues, including the insufficient staffing, Ireland's supervision was not an outlier.

While very much impressed by this analysis of the weakness in banking regulation and supervision, I would also welcome a more straightforward assessment of whether Basel

i superviziji, volio bih čuti i jasniji odgovor na pitanje je li Basel II izravno utjecao na uspostavu sustava meke supervizije, kao i na pitanje u kojoj su mjeri naporu u njegovoj provedbi ograničili resurse potrebne za provođenje stvarne supervizije. Čini se da ima dosta dokaza koji govoraju o tome u prilog, odnosno upućuju na činjenicu da Basel II u svojim najvažnijim aspektima nije bio korak naprijed, već upravo korak unatrag. Premda je uz pomoć Basela II ostvaren određeni napredak u smislu izvanbilančnih rizika, u praktici to zbog mukog pristupa za koji se on zalaže nije imalo učinka. Stoga bi bilo dobro izravno razmotriti ova pitanja i dati nedvosmislenu ocjenu primjerenosti i uloge Basela II u sadašnjoj krizi, ali i prijelaza na Basel III.

S tim u svezi, dopustite mi da sada kažem nekoliko riječi o stabilnosti banaka u Hrvatskoj i u drugim posttranzicijskim zemljama. Relativnoj otpornosti hrvatskoga bankovnog sektora u tekućoj krizi pridonijelo je nekoliko faktora, i svima od njih neću se sada baviti. Ipak, među onima koji su odigrali važniju ulogu spomenuo bih sljedeće: 1) zakonski propisana stopa adekvatnosti kapitala bila je postavljena iznad bazelskog minimuma; 2) Hrvatska narodna banka uvela je različite vrste visokih obveznih pričuva, osobito za deviznu pasivu. Obvezne pričuve primjenjivane su prvenstveno za usporavanje kreditnog rasta, odnosno u makroekonomskse svrhe, no ostvarile su i dodatnu korist povećavši troškove međubankovnog financiranja. Zbog toga je došlo do smanjenja relativnih troškova kapitala, što je dovelo do toga da se efektivna stopa adekvatnosti kapitala znatno povećala u odnosu na zakonom propisani minimum. Tako se u hrvatskim bankama stopa adekvatnosti kapitala sada približila iznosu od 19% kreditnim rizikom ponderirane aktive, dok je zakonski propisani minimum od 12%; 3) središnja je banka uvela više pondere za kredite nezaštićenim dužnicima nominirane u stranoj valuti ili indeksirane uz stranu valutu; 4) napokon, na banke je izvršen pritisak da stvore adekvatne rezervacije.

U provedbi nekih od tih mjer i naporima na jačanju bankovnog sustava Hrvatska je na-

II was directly instrumental in establishing the system of soft-touch supervision, and about the extent to which the efforts for its implementation have distracted resources from the actual supervision. There seems to be a lot of evidence to that effect, and it appears that Basel II in its most important aspects was not a step forward, but a step backward. While Basel II made some progress in respect to off-balance sheet risks, in practice this did not produce any effect, given the soft-touch approach that it otherwise promoted. It would therefore be good to address these issues directly and to provide an explicit assessment of the appropriateness and the role of Basel II in the current crisis and indeed the switch to Basel III.

In this context, let me here add few words on banking stability in Croatia and more broadly in post-transition countries. Several factors have contributed to the relative resilience of the Croatian banking system in the current crisis. I will not elaborate on all of them here. However, among those that played an important role I would mention the following: (i) statutory capital adequacy requirement was set above the Basel minimum; (ii) the Croatian National Bank imposed various forms of high reserve requirements, particularly on foreign currency liabilities. The reserve requirements were used primarily to slow down credit growth, i.e. for macroeconomic purposes, but they also created an additional benefit by increasing the cost of inter-bank funding: As a result, the relative costs of equity were reduced, which led to effective capital adequacy ratios much higher than the statutory minimum. For example in Croatian banks, the capital adequacy ratio is now close to 19% of the risk weighted assets, compared to the statutory minimum of 12%; (iii) the central bank imposed increased capital requirement weights for foreign currency lending to unhedged borrowers; (iv) finally, pressure has been put on banks to create adequate provisions.

In the implementation of some of these measures and in its efforts to strengthen the banking system, the Croatian National Bank,

rodna banka, kao i druge banke u regiji koje primjenjuju ovako proaktivn pristup, nadišla model iz Basela II. U nekoliko slučajeva HNB je svjesno poduzeo odredene mjere za ispravljanje nepovoljnih učinaka Basela II. Tako je, na primjer, uklanjanje viših pondera kapitala za kredite nezaštićenim dužnicima nominirane u stranoj valuti ili indeksirane uz stranu valutu u sklopu Prvog stupa korigirano povećanjem minimalnog kapitalnog zahtjeva za dva postotna boda. Gledamo li unaprijed, trebali bi nas brinuti prijedlozi koji idu u pravcu smanjenja nacionalne diskrecije pri određivanju viših kapitalnih zahtjeva, kakve sadržavaju prijedlozi nove europske direktive o adekvatnosti kapitala. Takvo što nesumnjivo bi vodilo k slabljenju bankovnog sustava.

No kako u svojem današnjem izlaganju guverner nije išao u pojedinosti glede supervizijskih propusta, ni ja neću više o tome govoriti. Ipak, u jednom je svojem radu nedavno istaknuo da eurozona nije uspjela uspostaviti "snažniji centralizirani bonitetni nadzor". Nema sumnje da je snažniji nadzor nužan. Ali treba li on biti centraliziran? I bi li ga centralizacija automatski učinila djelotvornijim?

Fiskalne posljedice regulatornih i supervizijskih propusta dosad su snosile nacionalne vlade. Nadalje, nismo primijetili da nacionalne vlasti troškove pokušavaju prebaciti na druge zemlje. Mislim da je to jak argument za tvrdnju da bi temeljna odgovornost za superviziju trebala ostati na nacionalnim vlastima. Otvoranje pitanja centralizacije supervizije tako bi zahtijevalo i istodobno preispitivanje njezinih fiskalnih aspekata. Naravno, time ne osporavam potrebu za koordinacijom u prekograničnoj bankovnoj superviziji.

Na kraju, unatoč činjenici da je izlaganje bilo vrlo opsežno, mislim da ostaje otvoreno još jedno pitanje o odnosu između članstva u eurozoni i stabilnosti bankarskog sektora. Je li usko definirana monetarna politika ESB-a uoči izbijanja krize bila ispravna ili pak prelabava te je na taj način možda i pridonijela razvoju krize?

as well as other banks in the region that were using such a proactive approach, went beyond the Basel II model. In several instances, the CNB specifically took measures to correct for the unfortunate effects of Basel II. For example, the elimination of the higher capital weights for foreign currency loans to non-hedged borrowers under Pillar I was corrected by increasing the minimum capital requirement by 2pp. Looking forward, we should be concerned about proposals that would reduce national discretion in imposing higher capital requirements, as currently entertained in the proposals for the new EU capital adequacy directive. This would obviously lead to a weaker banking system.

However, as in today's lecture the Governor did not go in the details of supervisory failures, I shall not proceed in this direction either. But in one paper he recently mentioned that the eurozone had failed to establish "a tougher centralized prudential supervision". That tougher supervision is needed is undisputable. But does it need to be centralized? And would such centralization automatically be more effective?

So far, the fiscal consequences of regulatory and supervisory follies have been borne by national governments. Moreover, we have not seen that national authorities were trying to shift the costs to other countries. This seems to me to be a strong argument that primary supervision responsibility should remain with the national authorities. Opening the question of the centralization of supervision would therefore require that fiscal aspects of supervision be also simultaneously addressed. Of course, I do not dispute the need for coordination in supervising cross-border banking.

And finally, despite the fact that the lecture was very comprehensive, I would suggest that there remains one more question about the relationship between eurozone membership and banking stability. Was the ECB's narrowly defined monetary policy in the run-up to the crisis right or was it too lax, thereby possibly contributing to the crisis?

Guverner Honohan rekao je da su kamatne stope američke monetarne politike od 2001. od 2004. ostale ispod razine koja proizlazi iz Taylorova pravila. To implicitno pokazuje da je Greenspanova politika bila premeka, kao što su već primijetili i drugi autori. Ali što je s eurozonom? To je svakako legitimno pitanje.

Sada neću pokušati na njega odgovoriti, no ipak bih se htio osvrnuti na dvije stvari.

U posljednje se vrijeme navodi da je monetarna politika ESB-a ispravna, budući da je od uspostavljanja eurozone ostvarena ciljana inflacija. No izuzmem li prvu i posljednju godinu (1999. kao inicijalnu i još ne "u punom smislu godinu eurozone" te 2009. kao godinu kad se dogodio vrhunac recesije), prosječna je stopa inflacije u eurozoni iznosila 2,3%. To nije "ispod, ali blizu 2%", odnosno u rasponu od 0% do 2%, što je bilo na početku dogovoren cilj ESB-a. Jasno, da bi se dao temeljit odgovor na pitanje je li monetarna politika ESB-a u vrijeme nastanka krize bila prelabava, trebalo bi uzeti u obzir i mnoge druge faktore, poput šokova na strani ponude u navedenom razdoblju i činjenice da je i američka monetarna politika nametala ESB-u određena ograničenja pri odlučivanju. Bilo kako bilo, ti podaci govore o tome da pitanje koliko je monetarna politika u navedenom razdoblju bila primjerena, zahtijeva dublju analizu.

Druge, guverner je istaknuo da je kreditna ekspanzija u nekim zemljama EU nekako prošla nezamijećena zbog "sklonosti ESB-a prema primjeni konsolidiranih podataka za eurozonu u cijelini".

U potpunosti se slažem s tom ocjenom. Kreditiranje privatnog sektora u odnosu na BDP tako je u razdoblju od 1997. do 2009. u Irskoj, Španjolskoj, Portugalu i Grčkoj raslo nevjerojatnom brzinom, znatno većom nego u bilo kojem od posttranzicijskih gospodarstava.

Činjenica da je to prošlo nezamijećeno, iznenadjuje i ne ohrabruje osobito. Ona iznenadjuje pogotovo zato što je jedno od posebnih obilježja monetarne politike trebala biti njezina usmjerenost ne samo na kamatne stope i ciljanu

Governor Honohan mentioned that the US monetary policy interest rate in 2001-04 undershot the level that would follow from the Taylor rule. This implicitly suggests that the Greenspan policy was too soft, as has already been pointed out by other authors. But how about the eurozone? This is certainly a legitimate question.

I will not try to answer it now, but would still make two comments.

Recently, it has been suggested that the monetary policy of the ECB was fully on target as it achieved its inflation target from the establishment of the eurozone. However, if we exclude the first and the last year (1999 as the introductory and not yet "a fully euro year" and 2009 as the year of an exceptional recession), the average inflation rate was 2.3%. This was not "below but close to 2%", nor in the range of 0% to 2%, which is how the ECB's target was originally understood. Needless to say, a thorough answer to the question of whether the ECB's monetary policy was too lax in the run-up to the crisis would require that one took into account many other factors, including supply shocks in the period, and the fact that US monetary policy also imposed some constraints on the ECB decisions. However, these data suggest that the question about the appropriateness of the monetary policy in that period deserves a more thorough analysis.

Second, the Governor has suggested that credit expansion in some EU countries somehow went unnoticed "given the ECB's preference for consolidating data for the zone as a whole".

I entirely agree with this assessment. In fact, credit to private sector relative to GDP in Ireland, Spain, Portugal, and Greece between 1997 and 2009 grew at an incredible speed, much faster than in any post-transition economy.

How this went unnoticed is surprising and not very reassuring. It is even more surprising given that a particular feature of the monetary policy was supposed to be a focus not only on interest rates and the inflation target, but also on monetary and then presumably credit

inflaciju nego i na monetarne, pa tako i kreditne agregate. Nadalje, forumi EU sve su donedavno okljevali priznati da u monetarnoj uniji može doći do nastanka velike neravnoteže tekućeg računa i s time povezanih napetosti. Tvrđilo se i da EU nije dio globalnog problema s neravnotežom jer je njezin ukupni saldo tekućeg računa blizu nule. Međutim, neravnoteže unutar EU nisu bile ništa manje od onih na svjetskoj sceni, kao što je danas postalo bolno jasno.

Zato okvir za analizu monetarnih kretanja i finansijske stabilnosti koji se fokusira samo na agregatne varijable monetarne unije treba preispitati.

Dame i gospodo,

guverner Honohan je iznio izvrsnu analizu međudjelovanja članstva u eurozoni i stabilnosti finansijskog sektora, ne samo u svojem današnjem izlaganju nego i u mnogim radovima i izvještajima koje je u posljednje vrijeme napisao o toj temi. Time je pružio neprocjenjivu pomoć ne samo postojećim članicama i pridošlicama u euroklub nego i ekonomistima i svima ostalima koje ta tema zanima. Dopustite mi stoga da mu izrazim svoju zahvalnost na izlaganju koje je danas održao.

aggregates. Furthermore, EU forums were until recently reluctant to acknowledge that large current account imbalances can also develop and cause tensions within a monetary union. It was also claimed that the EU was not part of the global imbalance problem given that its aggregate current account position is close to zero. But, in fact, the imbalances within the EU have not been smaller than those on the global scene, as has now become painfully obvious.

Therefore, the framework of analysing monetary developments and financial stability by focusing only on aggregate variables in the monetary union needs to be challenged.

Ladies and gentlemen,

Governor Honohan has provided an excellent analysis of the interaction between euro-zone membership and financial sector stability, not only in his speech today, but also in the many papers and reports he has recently written on this subject. By so doing this, he is extending invaluable help to both the existing members of and newcomers to the euro club, as well as to all economists and other people interested in the subject. Let me therefore express my gratitude to him for today's lecture.



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