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# **Competition, Entrepreneurship and Institutional Change in Transition**

A Comparative Analysis of the Baltic and Three  
Post-Yugoslav Countries with Due Regard to the Austrian  
Tradition of Economics

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## Preface

My first journey to Croatia ended on June 19th, 2004. That morning, I took a last stroll through the center of Zagreb and had a last cup of *kava* at Ban Jelačić Square where I could watch the preparations for the party of the year: The day before, Croatia had been officially accepted as an EU accession candidate country. In my luggage I had dozens of filled-in questionnaires I had collected during interviews for my diploma thesis within the last six weeks, even more pleasant memories – and one question. After all I had seen, heard and read during my stay, inhaling the atmosphere of the Habsburg Empire, of a truly central European city – what had happened? Why hadn't Croatia been among the other formerly socialist countries which had already joined the EU a couple of weeks before?

In the following years, I encountered this question again and again during many seminars with my later doctoral advisor Professor Tamás Bauer who would not grow tired of emphasizing that, at the time the Berlin Wall and socialism as such fell into ruins, everyone would have expected Yugoslavia to become the first new member of the European Communities, thanks to its distinct economic system under socialism which had been a much better preparation for transition than the planned economy characteristic for the other Central European states. Were it merely the wars during the 1990s which had thwarted successful transition in Croatia and its neighbors Bosnia and Serbia? But still, why were some reforms implemented so hesitantly after the political changes at the turn of the millennium? As well, while I intensified my studies on Europe's East, another riddle appeared: What made the Baltic states so different from the remainder of the former Soviet Union? Small states as the post-Yugoslav countries, also deprived of their traditional market, equally burdened with the task to manage state- and nation-building, democratization, and economic transition simultaneously, but equipped with a much more unfavorable heritage – and nonetheless EU members since 2004. What are the reasons for their smooth economic transition, what makes them different from the countries on the Balkan peninsula?

Giving answers to these question is not an easy task, it required some physical visits to the six countries, a long journey back in time, many walks to the library and an almost never-ending expedition into the labyrinth of economic, political, sociological, and historical literature to find them. All these travels have been accompanied by a number of people whose support has enabled me to give the answers in this book.

First and foremost I would like to thank Professor Tamás Bauer not only for his valuable comments which contributed to this work, but also for the wonderful time I had while working at his chair at Johann Wolfgang Goethe-University. From my first visit to one of his lectures until today, he has always been a source of inspiration and an example, professionally and

personally. I thank him for his trust in me and my work which has been the highest motivation he could have provided.

As well, I thank my friends and colleagues at university: Britta Levering and Sebastian Bur for fetching, copying and archiving thousands of pages which provide the fundament of this work and for taking over administrative tasks at the chair so I could concentrate on my work. A hearty *hvala* goes to Marko Sušnik. Good work requires pleasant distraction as well, but funny hours at the office and the necessary regular doses of coffee are the least Marko has provided me with. He showed up a new way for my professional life after the dissertation, so I owe it to him that I can continue my academic career which makes me incredibly happy every day.

Finally, I thank my family for everything they have done for me. My parents-in-law Heidi and Peter for their support and encouragement. My brother-in-law Eggert for lively discussions on European history. My parents for letting me always go my own way, for their trust, and their love. It is the greatest joy that I have made them so proud. And I thank my husband Axel, the most critical (and therefore best) proofreader, but also the strongest shoulder to lean on and the most caring supporter. There will never be words to express how much I owe him in so many ways.

Claudia Rose

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