The lure of membership fades as Croatia joins the European Union

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Today, Croatia joins the European Union (EU) as its 28th member-state. Much as was the case with the last EU expansion in 2007, when poverty-stricken Bulgaria and Romania joined, the decision to grant membership to crisis-ridden Croatia was based more on political and geo-strategic considerations than on economic ones. The lure of membership has faded since the early days, after the break-up of the former Yugoslavia in the 1990s and Croatia's formal application to join the bloc in 2003.

Under conditions of deepening social austerity and economic crisis within Croatia and continent-wide, Croatia's politicians have tried to present its joining the EU as a significant step forward. They have also clearly signalled that further austerity is coming.

Premier Zoran Milanovic of the ruling Social Democratic Party (SDP), who describes himself as a "social democrat, free marketeer, libertarian", declared, "There will be plenty of possibilities, a plethora of possibilities, a new market, new chances. You might get them if you work hard, if you prepare well, but you can also end up as a loser...which would be a curse." Milanovic added, "We're under pressure...to downsize spending and explain to people there are no entitlements for life."

However, a number of EU and international policy makers and analysts have voiced concerns about Croatian accession, particularly in Germany, whose recognition of Croatia and Slovenia in 1991 sparked the dissolution of Yugoslavia. The speaker of the German parliament, Norbert Lammert, stated bluntly last October that "Croatia is clearly not yet ready for membership," and more recently, *Bild* magazine called the country a "new cemetery for EU billions." The German Parliament was the last in Europe to ratify the accession treaty, only doing so last month.

The Croatian population has also lost its previous enthusiasm for the EU. Almost 80 percent of the population supported accession in 2000 and less than 10 percent were against. Latest polls show only 45 percent view the accession as a positive move. In the EU membership referendum in January 2012, extensively promoted as a historically significant decision, only 43.5 percent of the voters bothered to show up. This was even lower than the 54 percent turnout for the parliamentary elections held a month earlier.

It should be added that all of the parliamentary political parties called for a yes vote at the time, leaving half of the population opposing the EU with no political voice whatsoever.

The disastrous social conditions plaguing Croatia as it accedes to the EU expose the nationalist claims made at the time—that independence would bring prosperity to the whole nation—as nothing but lies.

Largely dependent on international capital, the Croatian economy was hit hard by the financial crisis of 2008, going into deep recession in 2009 and staying there ever since. The country's GDP is now almost 12 percent lower than in 2008, and even the most optimistic estimates forecast a further contraction this year, with virtually no growth in 2014. Foreign direct investment has plunged 80 percent since 2008, and last year was at its lowest level since 1999.

Croatia's credit rating was downgraded to junk status in recent months, and, with interest on government 10-year bonds of over 6 percent, the former head of the International Monetary Fund's mission to Zagreb, Nikolay Gueorguiev, called the country "a hostage to sentiment on international markets."

As in other former Stalinist countries in Eastern Europe, the criminal dismantling and privatisation of

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former state-run industries—a process dictated by the EU and international capital—have enriched a tiny, corrupt elite and pauperised the working class. A staggering 80 percent of the manufacturing base has been lost. Official unemployment is 20 percent, and more than 50 percent amongst the youth. At the same time, prices are skyrocketing. One recent study found that utilities were as expensive as in Germany, but the average wages are only a third of the German level.

Presiding over and enforcing such social inequality, the political elite as a whole stands largely discredited in the eyes of the population.

First of all, there is the right-wing, conservative Croatian Democratic Union (HDZ), which has ruled Croatia for all but some five years since independence. Made up of nationalist right-wing émigrés, conservative Catholic layers and ex-Stalinists—its infamous leader Franjo Tudjman was a former Yugoslav army general—its long legacy in power has left it widely despised today and rife with corruption. In what is only the tip of the iceberg, former premier Ivo Sanader, who succeeded Tudjman as HDZ head, was sentenced to 10 years in prison in 2011 for accepting bribes in excess of €5 million.

The SDP, the other political pillar of the Croatian bourgeoisie, is likewise discredited. It was the successor to the former League of Communists of Croatia, the Croatian branch of the League of Communists of Yugoslavia. The SDP was briefly in power between 2000 and 2003 and then the recipient of a protest vote against HDZ in the last elections in 2011, ruling with minor coalition partners since and continuing with the same policies.

In 2012, the SDP-led government imposed an austerity budget and increased Value-Added Tax by 2 percent to 25 percent—the highest in Europe after Hungary and Iceland. Latest surveys show that only 23.8 percent of voters support the SDP, a 10 percent drop from just a year ago. The HDZ, even though currently in opposition, polls even lower at 21.5 percent, and none of the smaller parties come even close.

Croatia is the second of the ex-Yugoslav republics—Slovenia was the first in 2004—to be admitted into the EU. Slamming the door on accession is seen as carrying even more significant risks. Throughout the decades-long attacks on the position of the working class in Eastern Europe, EU politicians and their local counterparts have justified the process as a necessary "transition" to a more stable and prosperous market economy. The continent-wide crisis is exploding this lie. The ruling class fears that the working class is realising that austerity is not only the "new normal," but a prelude to their further impoverishment and a threat to capitalist rule.

Croatian foreign minister Vesna Pusic admitted as much in a recent *Financial Times* (*FT*) interview: "If the EU loses its soft power, then it loses the power to stabilise southeast Europe. And without stabilising southeast Europe, the danger of instability spreading from southeast Europe, from the southern Mediterranean and from the Middle East into Europe, becomes much bigger."

The *FT* also points to wider, geo-strategic considerations behind Croatian membership, commenting, "Southeast Europe is the continent's transition zone to the Middle East; political ferment in Turkey and war in Syria lie just beyond." Croatia has been a vital link in the supply of weapons to the Western-backed Syrian "rebels, via Jordan and Saudi Arabia, helped by the CIA.

Earlier this year, the *New York Times* revealed that there had been "a combined 36 round-trip flights between Amman and Croatia from December through February" and that these carried weapons including "a particular type of Yugoslav-made recoilless gun, as well as assault rifles, grenade launchers, machine guns, mortars and shoulder-fired rockets for use against tanks and other armored vehicles."

Croatia was thus conveniently serving imperialist interests in arming the Syrian Islamist-dominated opposition, while the official EU arms embargo was still in force, and the US preferred, at that stage, not to be too directly associated with arming them.

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