

Drug company boss is new head of Croatian government

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Six weeks after parliamentary elections in Croatia, President Kolinda Grabar-Kitarović has appointed the non-party corporate executive Tihomir Orešković to form a new government. The 49-year old drug company manager is being supported by the conservative HDZ and the so-called “reform party” MOST, and can count on 78 votes in the 151-seat parliament. He has 30 days to form a government.

Born in 1966 in Zagreb, Orešković moved as an infant with his parents to Hamilton, Ontario, Canada, where he grew up. After completing his studies, he began his career with the Canadian branch of the giant US drugmaker Eli Lilly. Later, he worked for the Canadian subsidiary of the Israeli pharmaceutical giant Teva. In 2009, he returned home as finance director and board chairman of the Croatian pharma company Pliva, which also belongs to the Teva group.

Orešković has not previously been active politically and is unknown to the public, having lived in Canada for most of his life. He follows a pattern increasingly common in Eastern Europe: the selection of returned emigrants, usually from North America, to assume office as the representatives of big business in the countries where they were born, even though they speak the local language imperfectly, if at all.

These include, to name only a few, Natalie Jaresko, the finance minister of Ukraine, Radislaw Sikorski, former defense and foreign minister of Poland, Toomas Hendrik Ilves, president of Estonia, and Valdas Adamkus, former two-term president of Lithuania.

According to HDZ chairman Tomislav Karamarko, he will have to implement “harsh” measures. “Expert knowledge is important. We have to embark on reforms—and have no time for bad experiments,” declared the former secret service chief, who is a possible candidate as deputy government leader with

responsibility for “domestic security.”

The chairman of the NHS trade union, Krešimir Sever, said about Orešković: “All the reforms he is calling for mean added pressure on the public sector, a new round of privatisation, abandonment of some social rights, cuts, dismissals, all of which will break the backs of our citizens.”

The naming of Orešković was preceded by weeks of horse-trading, in which the coalition talks alternated each day; behind the scenes, intrigues were hatched and strings pulled.

Since independence in 1991, the HDZ and SDP have alternately ruled Croatia, with Kolinda Grabar-Kitarović (HDZ) as president since February 2015, and Zoran Milanović (SDP) as Prime Minister for the last four years. In November’s elections, for the first time, neither party won a majority and the role of king-maker fell to MOST.

This organisation had participated in the elections with a promise to break the duopoly of the two large parties, both shaken by corruption scandals. The new party advocates right-wing, neo-liberal policies. It accuses the old parties of not implementing consistently enough the austerity measures and privatisations demanded by the European Union and the international banks and of not orienting strongly enough to Brussels.

Before the election, MOST had promised not to form a coalition with either of the two large parties. After the election, it has called for a “government of national unity” with a non-partisan expert as government leader. The party has manoeuvred between the HDZ and SDP in numerous talks and negotiations.

While MOST had initially announced it would only accept an independent candidate as government leader, it later brought the party’s own leader Petrov into discussion for the post. Shortly before Christmas, it

agreed with the Social Democrats on a joint government under Petrov. His appointment as government leader was regarded as an established fact, until MOST then made an about-turn, joined with the HDZ and pulled the name of Orešković out of the hat.

The Croatian media ascribe this above all to the intervention of the Catholic Church, which is closely allied with the HDZ. The arch-conservative Bishop Vlado Košić had publicly insulted the SDP leader Milanović as a thief and swindler, and accused the MOST leader Petrov, a devout Catholic, of throwing his party into the maw of the communists.

Other reports regard the new government leader Orešković as an HDZ man in disguise. He is said to have been friends with the current President Grabar-Kitarović since the 1990s, when Grabar-Kitarović was ambassador to Canada, where Orešković grew up and made his mark in the pharmaceutical industry.

In any case, it is assumed that HDZ leader Karamarko will play a powerful role in the new government. He would not have been able to do this on his own. The HDZ, which ruled from 1990 to 2000 and from 2003 till 2011, is strongly discredited due to its right-wing politics, corruption and nepotism. Its chairman of many years was sentenced to ten years imprisonment for numerous cases of corruption.

Croatia, which two years ago was the latest country to join the EU, faces a deep economic crisis. The radical reforms which both the HDZ and SDP introduced before the country joined the EU, have pushed the official unemployment rate up to 16 percent, and the jobless rate for young people to over 50 percent. The country has been stuck in a recession for seven years. State debt is about 90 percent of GDP and continues to grow. Interest payments alone consume more than twice the predicted growth in GDP.

Pressure from the EU Commission is growing stronger. Brussels is demanding even harsher reforms to attract investments and reduce the public debt. According to analysts, further delay in introducing reforms will lead to a reduction in Croatia's credit rating. Fitch and Standard & Poor's currently rate the country BB, Moody's Ba1 with negative prospects.

The representative of the Austrian Chamber of Commerce in Zagreb, Roman Rauch, has expressed clearly what international finance circles expect of the new government. "Some foreign investors are waiting

to see which government and which economic policy emerges. In the last years, there have always been 'mixed signals' given to investors," he said.

In reality, MOST, which presented itself as an alternative to the old parties, is guaranteeing they will hold onto power. Party leader Petrov entered politics in 2012 after years of activity in the Catholic Church and four years in a seminary. In a surprise result, he won the local elections in the town of Metković in the south, population 17,000. Subsequently, some mayors and communal leaders mainly in Dalmatia and Slavonia joined his party.

Meanwhile, tendencies towards dissolution have already begun in MOST. In the horse-trading over the coalition negotiations, four of its 19 parliamentary deputies quit MOST. Six others reject the alliance with the HDZ and favour joining with the SDP.



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