

Croatian government collapses after four months

Markus Salzmann**11 June 2016**

The Croatian government led by the non-party pharmaceutical manager Tihomir Oreskovic has fallen apart after just four months in power.

Last week, the head of the rightward-leaning Croatian Democratic Union (HDZ), Tomislav Karamarko, withdrew support from Oreskovic and allowed the coalition with the right-wing liberal Most party, under its leader Bozo Petrov, to collapse.

However, because Oreskovic has no intention of resigning, the HDZ could introduce a motion to remove him in parliament. Oreskovic previously demanded the resignation of Karamarko and Petrov from their joint position as deputy prime minister. The HDZ leader then ended the coalition. The issue is now whether the HDZ will manage to cobble together a new majority in parliament or if new elections will be required.

Karamarko came under severe pressure after it was revealed that his wife received consultancy fees of €60,000 from a lobbyist for the Hungarian minerals firm Mol. The opposition Social Democrats (SDP) responded in May by initiating impeachment proceedings against Karamarko.

Parliamentary elections last November ended in a tie between the right-wing HDZ and SDP. The new party, Most, became the kingmaker and united with the HDZ to appoint Oreskovic as Prime Minister. Oreskovic had never before publicly participated in political life and was unknown to the wider public. The former head of a North American pharmaceutical concern was, in the words of former intelligence agency chief Karamarko, pledged to impose "tough reforms."

From the outset, fierce conflicts and controversy rocked the new government. Three Most deputies left the party and refused to vote for Oreskovic because they did not agree with the allocation of ministries. Regardless, the coalition explicitly agreed on an

extremely right-wing programme.

The HDZ is based on ultra-conservative and radical right-wing groups. In May, the government backed a "march for life," which was initiated by clericalist and openly fascist forces against the right to abortion. The most prominent participant was the wife of the Prime Minister, Sanja Oreskovic. The chairman of the council of bishops, Selimir Puljic, felt so emboldened that he proposed a referendum on the lifting of the ban of the fascist greeting from World War II, "Ready for the fatherland," in the military.

The minister of veterans, Mijo Crnoja, who has since resigned, planned a list of "national traitors," a state register of all those who did not show enough "devotion to the fatherland" in the war against Serbia or spoke out against the government. He was explicitly defended by Oreskovic.

In addition, the coalition also agreed to continue to deter refugees fleeing the imperialist wars in the Middle East and close off the so-called Balkan route.

At the end of April, the government passed a national reform programme in response to a critical country report by the European Union which demanded the implementation of further reforms. Oreskovic referred to sixty "not difficult, but necessary" austerity measures being put in place. On the spending side, comprehensive cuts were included which hardly left any sector untouched, from healthcare to childcare and agriculture.

The government also pressed ahead with the privatisation of state enterprises. Above all, the state electricity provider and highway company are to be hived off as soon as possible, and will be connected with large-scale layoffs. The pension system is also to be reformed. An increase in the retirement age to 67 is planned.

Croatia has been in a deep economic crisis since 2008. The country has one of the highest unemployment rates in the EU, officially at 16 percent.

Public debt continues to increase, currently standing at 87 percent of GDP. The budget deficit, at 5.9 percent, is well above the Maastricht criteria, which stipulate that EU members must maintain a budget deficit of less than 3 percent of economic output.

After six years of recession, the Croatian economy grew minimally last year. Croatia was recently unable to issue any new government debt because political instability pushed interest rates too high. Moody's downgraded Croatia's credit rating in March.

Large protests erupted last month in response to attacks on the education system. The attempt by the openly fascist culture minister Zlatko Hasanbegovic to turn the education system to the right unleashed the largest protest movement in years. Forty thousand people took to the streets in the capital Zagreb with other demonstrations taking place across the country. Hasanbegovic, a historian, has defended and relativised the crimes of the Ustashe regime during World War II.

The collapse of the government has provoked a serious political crisis in the country. Oreskovic and President Kolinda Grabar-Kitarovic have already held secret talks to discuss future steps. The government is under significant pressure from the EU and the International Monetary Fund to pursue a sustained austerity program.

Representatives of all parties agree that the imposition of economic reforms takes priority. Vladimir Seks, a leading figure in the HDZ, stated that even the resignation of Karamarko could be considered and may even be "in the national interest" to allow the government to proceed with its austerity program. Bloomberg news agency cited a business representative as saying, "Economic growth in Croatia is more important than temporary political instability."



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