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Croatia: the right-wing government suffers a painful defeat

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The left-wing Kukuriku coalition led by Zoran Milanović, which will hold 80 of the 151 parliamentary seats and thus will be able to form a government by itself, won the parliamentary elections on 4 December. The Croatian Democratic Union (HDZ), which had governed the country almost uninterruptedly since 1990 (with the exception of the period 2000–2003), won the lowest number of parliamentary seats in its history (47). A grouping formed by trade unions and a regional party from eastern Croatia (6 seats each) and three smaller right-wing parties, which obtained 4 seats in total, also entered the parliament. 8 seats will be held by representatives of national minorities.

Commentary

- The success of the political left was an effect of the increasing dissatisfaction with the rule of HDZ, associated with numerous corruption scandals in which most prominent representatives of the political right were involved (including Ivo Sanader, who was prime minister for many years, and two of his ministers). The economic policy of the government, which was unable to cope with the lengthy recession, was criticised by many. The government did not manage to overshadow these problems with such successes as Croatia's NATO membership (2009) and the finalisation of the accession negotiations with the EU (June 2011).

- Major challenges for the new government will include improving the competitiveness of the Croatian economy, changing the structure of the country's GDP, which relies primarily on tourism (19%) and the public sector and state-owned companies, and reducing foreign debt (over 100% of GDP) and public debt. The coalition has announced its intention to conduct numerous reforms, such as the privatisation of unprofitable companies, introducing a more flexible labour law and reforms of the social insurance system, healthcare and the inefficient state administration. The new government will find it difficult to gain approval from the public for the painful economic reforms, especially given the fact that it has no stable electorate. If major public protests take place, the government is likely to seek financial assistance from the International Monetary Fund (IMF), and the necessary reforms will be implemented on the pretext of meeting the conditions required to obtain the funds.

- One of the main sources of the success of the political left was its promise to effectively tackle corruption and nepotism. The personal and business connections of politicians from the ruling political right so far hindered the strengthening of the independence of the judiciary, which prevented investigations into corruption cases. The new left-wing government, which has no such burdens, is more likely to be successful in implementing the changes especially that this is a necessary condition for a smooth ratification of the accession treaty by EU member states (it will be signed on 9 December in Brussels).

- The new government is likely to discontinue the policy of confrontation with the neighbouring sates, which will contribute to the stabilisation of the Western Balkans. For example, it has already been announced that the indictment against Serbia covering war crimes, which has been adversely affecting relations between the two countries, will be withdrawn.