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## Values or interests: Economic Determinants of Voting Behavior in the 2007 Croatian Parliamentary Elections

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### Summary

The article examines the importance of economic issues as determinants of voting behavior in Croatia in the 2007 parliamentary elections. It seeks to establish whether there is an electoral division between winners and losers of transition in Croatia and whether the voters' positions on economic issues are mainly shaped by their political affiliation, rather than their position in the social structure. Drawing upon survey data from the 2007 elections, it is argued here that economic issues, notably the division between transitional winners and losers, do not play an important role in determining support for the two main political parties. The article also finds that the voters' opinion on economic issues salient in recent elections and the voters' evaluation of economic conditions are mostly structured by their affiliation to a particular political party. Finally, it concludes that economic issues are less relevant in structuring the voting behavior in Croatia than the ones related to culture and history, and that, unless a major realignment takes place, what voters think about economic issues could be largely conditioned by what parties they support say.

*Key words:* elections, electoral behavior, economic voting, economic issues, party identification, party competition



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## *Introduction*

From the early 1990s and into the 21st century, Croatian politics was dominated by political conflict lines drawn during the Second World War and the ensuing communist regime (see Šiber 1997, 1998). These conflict lines were drawn principally along the lines of family affiliation in the Second World War, religion and closeness to the communist regime. Their content largely concerned the interpretation of history and the identity of the modern Croatian state and society (see Šiber 1998, Zakošek 1998, Zakošek and Čular 2004). For the most part, these political divisions overshadowed all other issues during the formative phase of democratic politics in Croatia. The advent of war merely accentuated these differences, and prevented the emergence of serious political divisions over issues that became prominent during transition, such as privatization and the establishment of market economy.

In a comparative context, Croatia would fit well in Kitschelt's (1995, see also Tworzecki 2002) model of countries with a national accommodative model of communism. In such countries, which, according to Kitschelt, also include Hungary, Poland, Lithuania and Slovenia, the communist regimes had to accommodate to some extent the social forces which have existed before communist rise to power and which relied on Catholic Church as an organization that was largely independent from the regime. While the communist regimes brought about industrialization and modernization which benefited large segments of the population, they could not impose rigid dictatorship, and had to seek some sort of accommodation with social groups that could withstand social control imposed by the regime and maintain a certain level of autonomy from the regime. We may say that in Croatia these segments included groups close to the Catholic Church, but also groups associated with the losing side in the Second World War, which maintained, at least on ideological and symbolic level their separateness from the system.

While the communist regime in Yugoslavia took some measures to liberalize the economy and social life, it did not try to reconcile divisions brought about by the by the Second World War. Instead the regime tried to impose only one version of history and swept social divisions, sometimes even historical facts, under the carpet. The result was latent division in the Croatian society that did not become manifest until the period of transition. When multiparty system emerged, this division resurfaced and substantially influenced the structuring of the new party system and also shaped the voters' views on issues of national identity, definition of citizenship, and the future course of Croatia's development (Šiber 1997, 1998).

Throughout the period since independence in 1990, the issues of allocation of economic resources and governance of economy did not play an important role in Croatian politics. The only marginally salient economic issue

concerned the participation of foreign economic actors in the privatization and foreign ownership of economic resources within Croatia. But this issue was hardly independent, and it was by and large subsumed under a broader dimension marked by the divide between citizens with traditionalist and nationalistic attitudes and those holding more cosmopolitan and integrationist attitudes. As such, economic attitudes played an insignificant role, both in the structuring of divisions between parties and in the shaping of ideological identities of Croatian voters (see Čular 1999 and Henjak 2005).

A decade later, however, the issue of statehood has slowly moved off the political agenda, and economic transition and privatization created new distributive outcomes in Croatian society. It can be expected that this would raised the salience of issues concerning the distribution of economic resources and the future direction of economic development. The political salience of divisions over the definition of national identity has markedly declined, at least between the mainstream parties, and a general consensus of established political elites has emerged concerning Croatia's membership in the EU and NATO. The salience and polarization over cultural issues has not decline to the same extent, but the competition between parties over cultural issues has become less pronounced and is now waged from more moderate positions.

On the other hand, the public salience of governance issues – such as corruption, and economic issues – such as privatization and its distributive outcomes, visibly increased. The findings of the electoral survey conducted by the Zagreb Faculty of Political Science (FPZ) show that, prior to the 2003 and 2007 elections, almost two thirds of respondents considered both, unemployment and corruption, to be the most important issues. This is not to say that respondents in the 1995 and 2000 elections thought these issues were insignificant, however the public salience of other issues considerably declined raising the prominence of these two.

But it is not just that the salience of these issues increased. The 2007 elections showed first signs of differences between main parties over various aspects of economic policy. HDZ advocated and implemented privatization of public companies through preferential sale to Croatian citizens during its 2003-2007 term in office. SDP called for taxation of capital gains as a matter of just distribution of fiscal burden, arguing that the contribution to public expenditure of those who make very high incomes from capital gains is disproportionately low given their ability to pay. Arguably, the scope of distributive effects of such policies would be small, but these differences do indicate that parties were trying to deal in one way or another with rising salience of economic and governance issues. Moreover, SDP offered a substantially different model of economic policy, in which the government would be more actively involved in reshaping of the economic structure and in up-

grading of technological base of the economy. It also proposed several policies aimed at reshaping the distributive outcomes of privatization. At the same time, HSS advocated a significant increase of expenditure on rural development, while HNS put forward what could generally be described as pro-entrepreneurial policy proposals.

We should not focus our attention solely on the positions advanced by parties in the recent campaign. Underneath the surface there exist a number of potential relevant issues, which emerged in the 1990s, and might structure political competition in Croatia in the near future. In the 1990s, Croatia moved from industrial economy to an economy that is highly dependent on services. A large number of industrial employees went through a very rough transition, which the state barely tried to manage and smooth out through social policies. Such changes produced sizable groups of transitional 'losers', but also not unsubstantial groups of transitional 'winners'. And as the data from the 2003 and 2007 election survey demonstrate, concern about the outcome of privatization, distributive outcomes of transition and effectiveness of governance are highly salient issues that could potentially structure political competition in the future.

Starting from position outlined above, this study draws on general theories (notably those of Kitschelt, Tworzecki and Tucker), regarding the nature of political divisions in post-communist countries, and uses them to devise propositions to be tested in the Croatian context. But in part, the study is also explorative as it considers the role of economic and governance issues, the topic that was largely ignored in research of Croatian elections thus far. Therefore, the study aims to test several propositions derived from broader theoretical accounts and assesses the importance of a number of factors which exhibited relatively low salience in Croatian politics so far in what appears to be a different competitive environment. The article strives to provide answers to several questions.

Firstly, the study aims to assess the importance of economic and governance factors as determinants of vote choice relative to family history and religion, which previous studies found relevant. Secondly, it investigates whether there exist a political division between socioeconomic groups in Croatia, and how relevant it is compared to other political divisions. In more specific terms, the study aims to establish whether the better off social groups would be more likely to support HDZ as the party which was in government for the most part of the transition period, and whether worse off socioeconomic groups would support SDP as the party which repeatedly promised to reverse the consequences of privatization. It would be interesting to see if better off groups prefer the parties which were initially credited with policies aimed at modernization and opening up of the country, or the parties which implemented policies that largely affected the distributive out-

comes of transition. The study also seeks to investigate whether there are differences between the voters of HDZ and of SDP in terms of their sensitivity to the performance of their favored party when it is in office. It has been widely speculated, though very few studies actually investigated the matter, that HDZ voters are disciplined and loyal, and tend to stick to their party even if they are not satisfied with how it performs in government. On the other hand, as the argument goes, voters of the left, notably of SDP and parties close to SDP, tend to demobilize if they are dissatisfied with the performance of their party in government. And, last but not least, the study investigates whether the voters vote in accordance with their distributive position, or whether their preference for distributive policies is guided by their political affiliation.

In the first part of this article, I give an outline of the basic propositions to be tested; in the second part, I proceed to test these propositions against the data from the 2007 Croatian electoral survey conducted by FPZ. Finally, I present the results and briefly discuss their meaning and implications. Given the dominance of bipolar competition between HDZ and SDP over the political scene, I focus here only on differences between two main parties.

### *Propositions*

Economic transition and privatization created a new economic and distributional reality in all post-communist countries. A number of authors (Tucker, Pacek and Berinsky 2002, Tucker 2001, Rohrschneider and Whitefield 2004, Fidumurc 2000) suggest that the new distributional outcomes relevant for these countries' politics are generally characterized by a division between winners and losers of economic transition. Winners, in short, are those who benefited in various ways from the transitional process, who managed to acquire assets in the privatization, and who have mobile skills or mobile assets which enable them to benefit from the market economy. In the group of winners we can also include those who managed to get privileged access to public or state-owned assets during the economic transition and to preserve privileged access to public spending or regulatory policy-making throughout the period. On the other hand, losers are those whose economic position worsened during the transition, who lost their job or income because their skills became obsolete, or do not have mobile skills or assets which would allow them to compete in an open market economy.

While concept of winners and losers is widely used, it is hard to identify members of these groups precisely in absence of sociological research about distributional outcomes of transition. In Croatia, up to this point, there are no studies that would enable us to map precisely the position or the strength of these groups, but we can safely say that such groups exist. Without having a

clear picture about who winners and losers are, this article is focusing on differences in socioeconomic characteristics of respondents such as income, education, occupation and employment status.

The question is what political preferences can be assigned to these groups. Keeping aside all others factors we can say that, since HDZ was in power for most of the transition period, we could expect that worse off groups might be more likely to support the opposition parties. However, HDZ was also a party which presented itself, especially in the 1990s, primarily as a party which defends national interests, including national economic interests, and is opposed to policies which would allow stronger foreign economic influence. Moreover, during the 1990s HDZ government attempted to offset public dissatisfaction with privatization, by offering extensive social programs for war veterans and residents of war affected areas, as well as embarking on numerous bailouts of companies that were on the brink of bankruptcy. Obviously, we could expect all those policies to appeal to those with lower income and working class jobs. At the same time, the party's nationalistic orientation and the protectionist and clientelistic policies may have had negative impacts on groups with high education and mobile skills and assets.

On the other hand, while one could expect SDP to be supported by those worse off, SDP-led government implemented an economic stabilization package that resulted in closing of numerous companies and an increase in unemployment, which mostly affected those with lower income and working class employment. But SDP also initiated the process of opening up the country and of modernizing the governance system, which undoubtedly appealed to those with mobile skills and resources.

Empirical analysis of electoral behavior in post-communist countries did not find anything resembling division between winners and losers to be politically relevant. Attitudes toward economic issues and market economy are found to be important only in Czech republic (Kitschelt, Markowski, Mansfeldova and Toka 1999, Evans and Whitefield 1998) as was socioeconomic position (class/occupation and income) (Gijstbers and Nieuwbeerta 2000, Mateju et al 1999). According to research conducted thus far Croatia in no exception in this sense (see Šiber 1998, Zakošek 1998, Zakošek and Čular 2004). The issues related to economic transition and its outcomes did not play a significant role as determinants of electoral behavior in Croatia in previous elections. Because of this and because of the conditions described, it is not possible to form clear hypotheses regarding the impact of general outcome of economic transition on voting behavior in Croatia.

As for the second proposition, it is frequently said that voters of HDZ are more disciplined and less sensitive in their propensity to take part in elections than are voters of SDP and other parties. In particular, this would mean

that voters of HDZ would be more likely to stick to their party even if they were not satisfied with its performance in government, or for that matter with the performance of the economy, than voters of SDP and other parties who are likely to demobilize when they become dissatisfied with the performance of their party. The aggregate results of the 2003 and 2007 elections, when compared to the 2000 elections, show that support for HDZ is much more resilient while support for SDP goes up and down as does support for other left parties<sup>1</sup>. Therefore, I expect that probability of voters supporting HDZ does not differ significantly between those who are and those who are not satisfied with the economic situation when this party is in government. I also expect that the opposite will be the case with SDP, i.e., voters who are not satisfied with the economic situation are much less likely to vote for SDP when this party is in government.

The last proposition to be tested in this study is to what extent does the closeness of a voter to a particular political party affects his position on a newly-raised issue. The starting point is the issue of taxation, as one of the more salient issues in the recent electoral campaign, where positions of political parties were clear and visible to voters. It has been argued that voters' identification with parties in Croatia is so strong that it affects the divisions between voters over policy issues (Čular 2003). In this case it would mean that voters' position on taxation is not in fact conditioned by their actual exposure to a particular type of tax or their distributive preferences, but rather, their preferences are in fact conditioned by their closeness to a particular political party. Therefore, voters who feel close to HDZ would oppose the SDP-proposed taxation of capital gains, while voters who feel close to SDP would support it regardless of whether its introduction would affect them.

### *Method and data*

The empirical part of this study is based on public-opinion data collected by the survey organized and implemented by FPZ immediately before the 2007 parliamentary elections. The survey includes 1081 respondents selected in a two stage sampling process. In the first stage eighty locations have been selected, controlling for the share of population in particular settlement type, and in the second stage respondents were sampled within loca-

<sup>1</sup> Support for SDP declined significantly between 2000 and 2003 and then went up in 2007. While in 2000 SDP was in coalition with HSL, the total score of coalitions lead by both parties in 2003 was well below their combined score in 2000. Given that electoral fortunes of SDP and liberal parties are in reverse proportion over all these elections it is possible that large fraction of left voters shifts allegiances between elections. On the other hand HDZ won roughly the same number of votes in 2003 and 2007, and in 2000 weaker result can be attributed to party being worn out after a decade in power and being involved in numerous scandals.

tions. In test of the second proposition I also use the FPZ survey data from the 2003 elections, which included 1153 respondents sampled in a very similar two stage process. To maximize the number of cases available for analysis, which was significantly reduced by a large number of missing values on the household income variable, I used Amelia software for missing data in order to impute missing values for all variables except vote choice. For about one third of the respondents, however, no information about vote choice is available, and this information was not imputed, given the possibility that respondents might not have actual preferences for any particular party. Imputation procedure created five datasets which were combined using procedure available in the Clarify module of the STATA software.

Since the recent political dynamics in Croatia resulted in electoral competition between two parties, and since most of proposition to be tested are really about differences between SDP and HDZ I will focus here exclusively on the differences between these two parties. These two parties account for 2/3 of respondents which indicated their party preference. Given that more than 30% of respondents did not indicate which party they would vote for, the total number of cases available for analysis, including voters of HDZ and SDP is 442.

The three above-mentioned propositions are tested separately using different methods. The first one is tested using logistic regression, with vote choice for SDP or HDZ as the dependent variable. The independent variables include indicators of a respondent's position in the economic structure, such as occupation, sector of employment, income, education, and status on the labor market. The principal indicators of the socioeconomic position are education and income, as these are the only available variables that measure possession or lack of possession of mobile skills and resources. Separate variables for the unemployed and the retired additionally measure exposure to a particular type of social risk. In addition, I use age, sex and residence as control variables. Indicators of religiosity and family political affiliation during the Second World War are also included, since these factors are found to be relevant determinants of electoral divisions in Croatia (Šiber 1998, Zakošek 1998, Zakošek and Čular 2004). Their inclusion in the model could provide insight into the importance of economic divisions when compared to divisions based on religion, culture and history. In the second model, in order to assess the role of economic issues and evaluations, I also added variables measuring attitudes toward taxation of assets, which was a prominent issue in the election campaign; measure of perception of exposure to such taxes, and an assessment of the overall and personal economic conditions in comparison with those of four years ago. The detailed description of all variables is provided in the appendix.



In testing the second proposition, I compared the impact of a respondent's perception of Croatia's economic situation in general and the respondent's family economic situation in particular upon his voting for one of the two main parties, HDZ and SDP, in the 2003 and 2007 elections.

Given the expectation that HDZ voters are less sensitive than SDP voters to negative opinion about the economic situation when their party is in government, comparisons need to be drawn between points when SDP and HDZ were in power, in this case the 2003 and 2007 elections respectively. To this end I use multinomial regression, with vote choice for all parties or coalitions winning more than 4% of the national vote as a dependent variable. Multinomial regression is used to generate parameters for statistical simulation of the impact that the change in evaluation of national economic conditions and of the family economic situation has on the probability that a respondent will vote for HDZ or SDP. Simulations are done with the Clarify module of STATA. Clarify takes parameters generated by statistical analysis and use them to simulate effects on a dependent variable when values of one or more independent variables are changed (see King, Tomz and Wittenberg 2002). Clarify also transforms statistical parameters into easily interpretable real values, in this case the probability that a respondent will vote for HDZ or SDP. The multinomial regression model, used to generate parameters for simulation, includes indicators of sex, age, education, employment status, income, residence, religiosity and family history in the Second World War. Variables indicating occupation and sector of employment are not included, because the test of the first proposition did not find them to be significant, but also because the employment sector and occupation categories from the 2007 survey could not be matched with data collected in the 2003 survey.

Simulations in the first step estimate the change in probability that a respondent will vote for HDZ or SDP related to a gradual increase in the value of the variable indicating a respondent's perception of the economic situation (in comparison with that of 4 years ago). All other variables in the model are set to their mean value in this simulation. In the second step, the identical procedure is used, except that this time, the simulation estimates the change in probability that a respondent will vote for HDZ or SDP related to a gradual increase in the value of the variable indicating a respondent's perception of his family's economic situation (in comparison with that of 4 years ago). In this step all other variables are also set to their mean value.

The test of third proposition, which has to do with the impact of partisan affiliation on respondent's support for taxation of income from assets, uses the OLS regression. The dependent variable is support for taxation of income from property and capital. Independent variables in this model are: respondent's attitude toward HDZ and SDP, respondent's assessment of whether the introduction of new taxes will affect respondent or his family,

and variables capturing respondent's socioeconomic position namely sex, age, education, income, residence, labor market status and sector of employment. Given that the FPZ survey does not comprise variables measuring degree of identification with every political party, I use variables measuring whether respondent has positive or negative attitudes toward either political party instead. Since this study focuses primarily on divisions between HDZ and SDP, I use only variables which indicate whether the respondent has a positive or a negative attitude toward these two parties.

### *Findings and Discussion*

Regarding the first proposition, the analysis provides very little evidence of a division between groups with different socioeconomic status in Croatia. The results of logistic regression presented in Table 1 show that the voters of SDP are more educated and slightly more likely to be employed in the private sector, while voters of HDZ are more likely to be unemployed, but those are the only differences between the two parties we find to be significant. The lack of visible socioeconomic differences within the electorate of HDZ and SDP is not surprising, if we have in mind that neither party has an unambiguous record, with regard to both – policy statements and actual conduct when in government, which would position them as a credible representative of either group.

In 2007, family history and religiosity reemerged as the strongest sources of difference between HDZ and SDP voters, pretty much in line with the findings of studies focusing on previous elections (Šiber 1998, Zakošek 1998, Zakošek and Čular 2004).

In the second logistic regression, when variables measuring the economic evaluation and attitudes toward the introduction of capital gains taxation are added, we find that voters of SDP are much more likely to have a negative evaluation of the economic situation in comparison to that of four years ago, and are much more likely to support the introduction of proposed taxes. On the other hand, the views of HDZ voters are diametrically opposite. It is very unlikely that the vote choice of HDZ or SDP voters is structured by the evaluation of economic situation and the attitudes toward taxation. While causal link can not be established on the basis of analysis in this paper, it is more likely than not that attitudes of voters' on both issues are conditioned by their affiliation or closeness to one or the other political party. In this case, it would mean that voters of SDP tend to support the introduction of taxes proposed by their preferred party not because they agree with this proposal, but because they identify the issue with the party they feel close to. While the evidence for this claim is not conclusive and causal link can not be established on the basis of results of this study, given the clear dominance of

historical and cultural issues in structuring of political divisions and ideological and partisan affiliations, as well as almost total absence of economic factors and weak salience of economic issues in the whole period after 1990 (see Šiber 1998, Zakošek 1998, Zakošek and Čular 2004, Čular 2003, Henjak 2005) it is very hard to expect that attitudes toward taxation could form as an independent electoral division in 2007 elections.

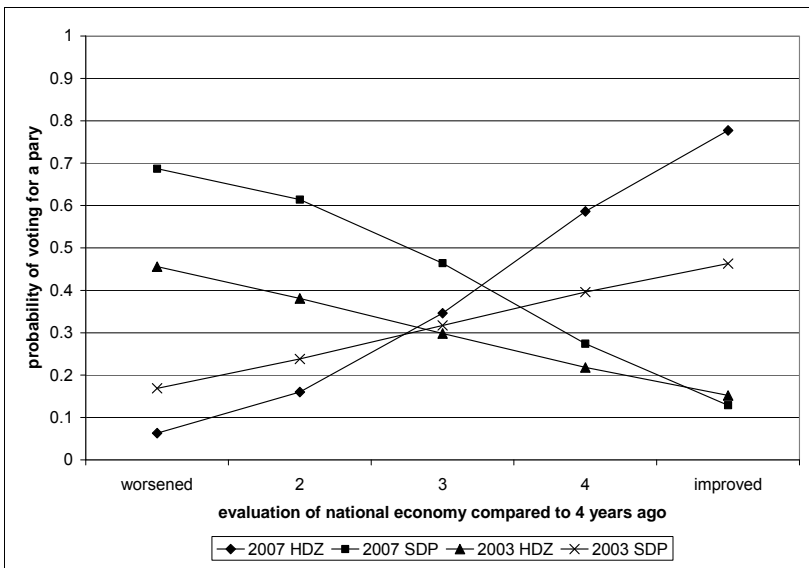
*Table 1.* Results of the regression analysis, with vote for HDZ or SDP as the dependent variable. The entries are logistic regression coefficients and standard errors.

	Model 1		Model 2	
	B	S.E.	B	S.E.
Sex	0.409*	(0.255)	0.344	(0.323)
Age	0.006	(0.010)	-0.011	(0.013)
Education	0.298**	(0.139)	0.501***	(0.183)
Income	0.000	(0.000)	0.000	(0.000)
Religiosity	-1.317***	(0.185)	-1.286***	(0.227)
<b>Family affiliation in WW II</b>				
NDH	Ref		Ref	
NOP	1.312***	(0.369)	1.098**	(0.475)
None	0.660**	(0.320)	0.594	(0.418)
Residence	0.067*	(0.040)	0.041	(0.049)
Unemployed	-1.302**	(0.566)	-0.990	(0.728)
Retired	0.030	(0.353)	0.502	(0.442)
Budget-dependent sector	-0.135	(0.608)	-0.057	(0.828)
Private sector	0.983*	(0.609)	1.244	(0.819)
<b>Occupation</b>				
Business and technical professionals	-0.477	(0.603)	-0.681	(0.754)
Sociocultural professionals	-0.150	(0.548)	-0.016	(0.650)
Technicians, clerks and administrators	Ref		Ref	
Self-employed	0.092	(0.575)	0.143	(0.704)
Skilled workers	-0.196	(0.416)	-0.342	(0.515)
Unskilled workers	0.039	(0.436)	-0.068	(0.560)
Others	1.200*	(0.669)	1.043	(0.890)
Exposure to SDP proposed taxes			-0.135	(0.116)
Attitude toward SDP proposed taxes			0.741***	(0.123)
Evaluation of the economic situation			-0.997***	(0.171)
Change in economic situation of family			0.100	(0.173)
Constant	3.105***	(1.217)	4.439***	(1.668)
Nagelkerke R <sup>2</sup>	0.406		0.647	

Apart from taxation, voters also seem to evaluate the economic situation in accordance with their partisan preferences. Those who prefer the party

which was in government up to the 2007 elections, in this case HDZ, tend to have a positive evaluation of the economic situation in comparison to that of four years ago, when their party was not in government. On the other hand, those who prefer the party that was in opposition at the time of the 2007 elections, in this case SDP, tend to have a negative evaluation of the current economic situation in comparison with that of four years ago, when SDP was in government.

Figure 1. Changes in probability that a respondent will vote for HDZ or SDP in 2007 and 2003 respectively, related to the increase of his satisfaction with the overall economic situation in comparison to that of four years ago. All entries are probabilities generated using statistical simulation based on parameters generated by multinomial logistic regression, with vote choice as a dependent variable.

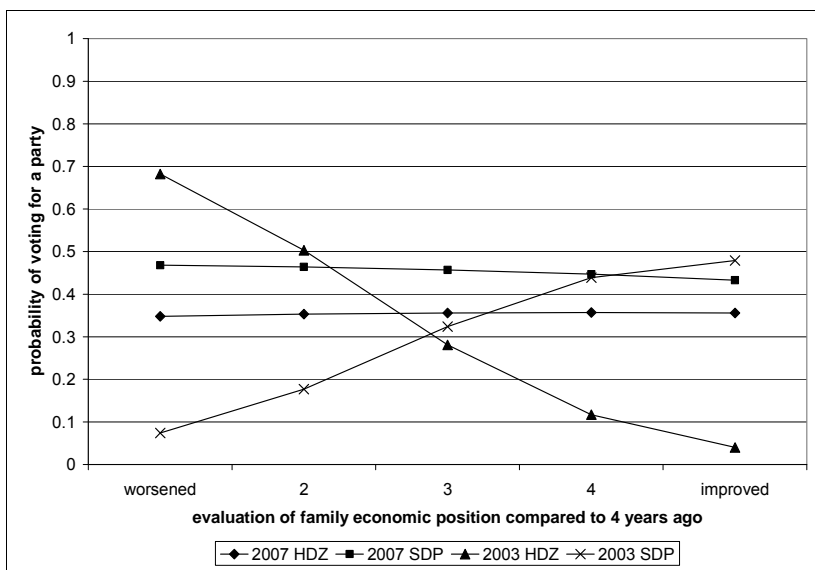


Parties included in the analysis are HDZ, SDP, HNS, HSS and HSU. Since results for HNS; HSS and HSU are not substantively relevant for this analysis, the probabilities generated for these parties have been omitted.

I will now examine whether HDZ voters are less likely than SDP voters to abandon their party if they get dissatisfied with the economic conditions when their party is in government. According to the results of statistical

simulation shown in Figure 1, the evaluation of the national economic situation closely corresponds to party preferences. The probability of vote for HDZ or SDP in 2007 and 2003 is substantially different, depending on a respondent's comparison of the current economic condition with that of four years ago. In 2003, the probability that a respondent will support SDP declines as the respondent becomes less satisfied with the state of the national economy compared to that of four years ago, while in 2007 a similar, but somewhat more pronounced effect is visible when it comes to HDZ.

*Figure 2.* Changes in probability that a respondent will vote for HDZ or SDP in 2007 and 2003 respectively, related to the increase of his satisfaction with the economic situation of his family in comparison to that of four years ago. All entries are probabilities generated using statistical simulation based on parameters generated by multinomial logistic regression, with vote choice as a dependent variable.



Parties included in the analysis are HDZ, SDP, HNS, HSS and HSU. Since results for HNS; HSS and HSU are not substantively relevant for this analysis, the probabilities generated for these parties have been omitted.

But when it comes to the effect of personal economic conditions compared to those of four years ago, we see a considerable difference between

the 2003 and the 2007 elections. In 2007, when HDZ was the governing party, the probability of a respondent voting for HDZ as well as SDP changes only marginally as respondent opinion moves from the opinion that personal economic situation in 2003 was much better than in 2007 to the opinion that it was much worse. In 2003, however, when SDP was a governing party, the situation was quite different. The probability of voting for SDP increased by approximately 40% as respondent's becomes more positive about the economic situation of his family compared to four years before. At the same time, the probability of voting for HDZ decreased by approximately 60%.

It appears that SDP voters are indeed more sensitive than voters of HDZ to the effects which their preferred party has on their own economic position when in government. But otherwise, we do not find clear evidence that HDZ voters are more willing to stick to their party irregardless of how it performs in government.

A closer look at the determinants of voter attitudes on one issue prominent in the recent elections, which can clearly be attributed to one particular party, namely the taxation program proposed by SDP, suggest that closeness to either HDZ or SDP was the principal determinant of attitudes toward taxation. The OLS regression-based analysis (Table 2) shows that closeness to the two main parties, HDZ and SDP is the variable with the largest impact on attitudes toward the proposed taxation. Those who have a positive opinion of SDP are more supportive of the introduction of taxes, while those who have a positive opinion of HDZ are more likely to oppose the introduction of new taxes. The only other significant effect indicates that respondents who expect to be affected by the proposed taxes are less likely to support their introduction. It seems therefore that, in large part, the opinion of respondents toward taxation is shaped by their closeness to parties proposing or opposing this particular program.

In this test the causal link can not be clearly established, however, the alternative interpretation stating that position toward taxation affects closeness toward parties is not very plausible given the context. The proposal in question was floated only shortly before recent elections and before that economic positions of parties were either not very clear or very clearly differentiated. Also, in studies conducted thus far economic issues did not register significant effects in studies of Croatian elections, while there is substantial evidence that attachment to a particular party is based on factors that were relevant at the time multiparty system was created and that it continued to be relevant in subsequent elections (see Šiber 1998, Zakošek 1998, Zakošek and Čular 2004, Čular 2003, Henjak 2005).

*Table 2.* Determinants of support for the introduction of capital gains and property taxation proposed by SDP. The entries are coefficients and standard errors generated by the OLS regression.

	<b>B</b>	<b>S.E.</b>
Attitude toward HDZ	-0.214***	(0.033)
Attitude toward SDP	0.251***	(0.037)
Exposure to proposed taxes	-0.203***	(0.029)
Education	0.024	(0.031)
Age	0.007**	(0.003)
Sex	-0.115	(0.076)
Income	0.000	(0.000)
Private sector	-0.030	(0.075)
Retired	-0.116	(0.115)
Unemployed	-0.214*	(0.121)
Constant	2.918***	(0.284)
Adjusted R <sup>2</sup>	0.186	

\*\*\*=p<0.001, \*\*=p<0.01, \*=p<0.05, N=1081

On the basis of findings and interpretation of findings provided here, I would propose a general conclusion stating that, affiliation of voters with a particular party continues to be shaped by divisions' salient at the time when partisan alignments are formed. In the case of Croatia, these divisions concern attitudes toward history and religion, the role of tradition and the definition of national identity. Divisions among voters on these issues were politicized in the 1990s, and led to the separation of Croatian voters into political blocs (see Čular 1999, Henjak 2005, Zakošek and Čular 2004). The stability of partisan alternatives representing these blocs was not overwhelming; with the exception of largely stable electorate of HDZ. But it seems that there developed a more or less clear division between those supporting HDZ and those supporting liberal and left-wing parties. It appears likely that, in the absence of a broader realignment and restructuring of the political space, this basic division between HDZ and left parties rooted in cultural and historical divisions will shape voters' views on most of new political issues of low salience.

The finding that economic factors do not play a significant role in the structuring of political divisions in Croatia fits very well in the overall picture of political divisions in countries of Central and Eastern Europe which share similar historical legacies with Croatia. Numerous studies find that in most countries of CEE, socioeconomic and divisions based on economic is-

sues are rather weak (see Kitschelt et al 1999, Gijstbers and Nieuwbeerta 2000, Mateju et al 1999, Evans and Whitefield 1998, Toka and Henjak 2007). In countries that belong to accommodative model of communism like Hungary, Poland or Slovakia, as in Croatia, political divisions, either electoral or ideological, are rotating primarily around religion, tradition, identity and history (Kitschelt et al 1999, Toka 2004, Toka and Henjak 2007). These are largely shaped by the events taking place during communism and in pro-communist period, while end of communism and the transition only allowed them to resurface without adding lot of new content. The only exception from this pattern in CEE is found in Czech republic, an early industrialized country with bureaucratic authoritarian type of communist regime, where economic issues are found to be in the root of electoral and ideological divisions (Kitschelt et al 1999, Toka and Henjak 2007, Evans and Whitefield 1998) and where socioeconomic divisions have visible impact on the structuring of electoral divisions (Mateju et al 1999).

### *Conclusion*

Based on the analysis conducted in this study, it appears that socioeconomic cleavage, either on sociostructural or on attitudinal level is not present in Croatia. The reason for this might be the fact that transitional societies do not have homogenous socioeconomic groups. Better off groups, include both those in possession of skills and assets allowing them to compete in market economy, and those who benefited from the privatization process due to their close relations with the political elite that was in control of the process. While the former group could be expected to support reform-oriented policies aimed at strengthening of the market economy and the rule of law, the latter group members would prefer policies that would keep them in control of economic resources and protect their position on the domestic market. On the losing side, we have both those whose dissatisfaction with government policies was ameliorated by their inclusion in what could essentially be described as clientelistic social-security schemes, and those who were not compensated by such policies. At this point, we do not have the data with sufficiently precise measurement to test this proposition. Consequently, our conclusion is based on an informed speculation. Still, when additional data becomes available, this could be a fruitful line of research.

Another tentative finding emerging from this study is that attitudes toward the economic issue of taxation, which was salient in the 2007 elections, as well as the voters' evaluation of economic conditions in comparison with those at the time of the previous elections, were largely conditioned by the respondents' closeness to a particular political party. According to most previous studies of Croatian electoral politics, the sources of political closeness are to be found in attitudes toward history, religion, and the definition of na-



tional identity and the identity of post-transitional Croatia. Until the entry of new cohorts alters the character of the Croatian electorate, or until a reconfiguration of political divisions takes place, we can expect to see continued low salience of economic issues in the Croatian elections. It is also likely that the voters' position on economic issues will be determined primarily by their closeness to one of the main political parties.

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### *Appendix 1: Description of Variables*

SEX: Sex of a respondent coded as 1 for female and 0 for male.

AGE: Age of a respondent in years.

EDUCATION: Respondents highest completed level of education.

INCOME: Household income measured in kunas.

RELIGIOSITY: Respondent attitude toward the religion, higher value mark higher level of religiosity.

POSITION OF FAMILY IN SECOND WORLD WAR: Variable distinguishing between those with families on the side of NDH (1), NOP (2) and mixed or non aligned family history (3).

RESIDENCE: Size of respondent locality.

UNEMPLOYED: Dummy variable for unemployed respondents.

RETIRED: Dummy variable for retired respondents.

BUDGET DEPENDENT SECTOR: Variable coded as 0 and 1 and indicating if respondent sector of employment is dependent on government budget. Sectors included are public administration, public services, public companies and transport and construction.

PRIVATE SECTOR: Variable indicating if respondent is employed in the market sector includes industry, trade and services and business services.

OCCUPATION: Variable indicating respondent occupation, differentiating between business and technical professionals, sociocultural professionals, technicians, clerks and administrators, self-employed, skilled workers, unskilled workers and others.

EXPOSURE TO PROPOSED TAXES: Measures respondent perception about whether respondent or hers household is likely to be affected by proposed capital gain and property taxes and to what extent (higher values indicate higher perceived exposure).

ATTITUDES TOWARD PROPOSED TAXES: Measures whether and to what extent respondent supports proposed taxes (higher values indicate higher support).

EVALUATION OF ECONOMIC SITUATION: Measure how respondent perceives economic situation in comparison to that of four years ago (higher values indicate negative evaluation).

**EVALUATION OF FAMILY ECONOMIC SITUATION:** Measure how respondent perceives economic situation of his family in comparison to that of four years ago (higher values indicate negative evaluation).

**ATTITUDE TOWARD HDZ:** Variable measures whether respondent has positive or negative opinion about HDZ (higher values indicate positive evaluation).

**ATTITUDE TOWARD SDP:** Variable measures whether respondent has positive or negative opinion about SDP (higher values indicate positive evaluation).

**VOTE CHOICE:** Dependent variable, in logistic regression coded as 0 if respondent indicated preference for HDZ and 1 if respondent indicated preference for SDP. In multinomial regression it also includes values if respondent indicated preference for HSS, HNS and HSU.