



Weekly Briefing

Slovakia political briefing:
Slovak coalition teeters on the brink again
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Slovak coalition teeters on the brink again

Summary

Prime Minister Eduard Heger (OLaNO) will have to choose between Finance Minister and OLaNO leader Igor Matovič or the SaS party, one of four coalition parties. Its chair Richard Sulík claims that the party will no longer adhere to the coalition deal, threatening to leave the coalition government if Matovič remains part of it after the summer holidays. Matovič has repeatedly attacked Sulík and his party, which is still criticizing the finance minister for drafting and passing a "family" package worth €1.2 billion.

The OLaNO party addressed its coalition partner in a letter (before the SaS' decision), saying that Matovič will not be going anywhere from the government. The reaction of the other coalition parties are different. Boris Kollár, who leads the coalition party Sme Rodina, does not want to intervene in the SaS-OLaNO conflict. Besides the party is ready to support a snap election. Veronika Remišová, chair of the smallest coalition party Za Ľudí, is willing to do anything to make the coalition government of four parties work. Just like the OLaNO and SaS parties, Za Ľudí says Smer-SD chair Robert Fico and Hlas chair Peter Pellegrini cannot take over the country again.

Introduction

Slovakia's government is facing another serious crisis after a junior party threatened to withdraw from the four-party coalition over disagreements about how to deal with rising inflation. The liberal Freedom and Solidarity (SaS) party said it wasn't willing to be in the government anymore because of Finance Minister Igor Matovič. According to Richard Sulík Igor Matovič is the biggest problem of the coalition. He has often clashed with Matovič, considered a populist politician, over how to tackle soaring inflation driven by high energy prices amid the Russian invasion of Ukraine. Freedom and Solidarity gave Prime Minister Eduard Heger a deadline until the end of August to reshuffle the Cabinet and rule without Matovič or its four ministers would resign.

SaS - OLaNO conflict

Conflict between the coalition Freedom and Solidarity (SaS) and coalition leader Igor Matovič (OLaNO) continues to escalate. At the beginning of June, OLaNO MP György Gyimesi accused SaS Richard Sulík of brokering a disadvantageous deal for Slovakia's Slovnaft refinery within the negotiations on the sixth package of sanctions against Russia that involve an oil embargo with an exemption for Slovakia and some other landlocked member states. Matovič backed Gyimesi against Sulík, and even admitted part of the blame was with his nominee in the prime-ministerial chair, Eduard Heger (OLaNO), who he said was misled by Sulík.

A few days later there was another move of the Finance Minister. Igor Matovič was about to propose a 10-percent increase in teacher salaries, which Education Minister Branislav Gröhling of SaS has been calling for, in one package with a proposal of several tax hikes (such as on gambling, alcohol, and Russian oil), which SaS is categorically against. The SaS party has called on PM Heger to intervene and stop holding teachers hostage in a coalition conflict, arguing that if education is to be the government's priority, Eduard Heger must make sure that the Finance Minister signs a raise in teachers' salary without further excuses.

President Zuzana Čaputová vetoed the coalition's €1.2 billion pro-family package that is supposed to help families in a time of rising prices and bills. She was prepared to turn to the Constitutional Court if MPs override her veto.

Despite of it the Parliament overrode the veto of President Zuzana Čaputová regarding the package of measures designed by Finance Minister Igor Matovič (OLaNO). The MPs first passed the package of measures amid controversy earlier in June. The price tag of the package has been estimated at about €1.2 billion, or about 1 percent of the state budget. The costs of the measures were the main reason the coalition partner Freedom and Solidarity (SaS) gave for rejecting its support for the package.

The measures include the gradual increase of tax bonus per child and the gradual increase of child allowances that parents or legal guardians receive every month, to €30 a month as of July and further to €50 a month as of January 2023. Children aged 5 to 18 should also get €50 for free time activities under the new rules.

Igor Matovič was satisfied and thanked everyone who had been keeping fingers crossed and lobbying. Even though the law now becomes effective even without the president's signature, it does not mean the measures will materialize soon. The president said she was going

to turn to the Constitutional Court to assess the law-passing procedure if the MPs break her veto, which means its effectiveness may yet be postponed.

The pro-family package was supported by 77 out of 142 present MPs. To be passed, the law needed the support of 76 votes.

How MPs voted on the veto:

FOR: OĽaNO, former OĽaNO MPs Romana Tabak, Ján Mičovský, Ján Krošlák, Sme rodina, LSNS, non-attached members around Tomáš Taraba.

AGAINST: SaS.

AGAINST OR ABSTAINED: Smer-SD.

ABSTAINED: Za ľudí and non-attached members around Peter Pellegrini (Hlas), OĽaNO MP Juraj Krúpa

The reaction of Freedom and Solidarity (SaS) was to pull out of coalition deal, calling on the PM to sack Matovič. The coalition party is prepared to leave the government if no new deal is on the table by late summer. Prime Minister Eduard Heger has placed the stability of his coalition government at stake due to his reluctance to remove Finance Minister Igor Matovič from his post.

SaS has announced that it will no longer accept the existing coalition deal starting from July 6, and demands the sacking of Matovič, the least trusted minister according to polls, from the government. The party argues that they cannot continue the way they have until now. According to the party's leader, Economy Minister Richard Sulík, Matovič is the biggest problem in the coalition, criticizing the finance minister for the mishandling of public finances.

It is also important to mention that during this coalition wrangling in June the teachers started their protest for higher salaries. Thousands of teachers and non-pedagogical workers in education took to the streets of the capital city to protest against the government's policy on financing education. Their main demand is higher salaries. They also insist that that inflation was reflected in the higher prices of utilities and groceries, also complicating the basic functioning of school. The protest gathering marched through Bratislava's streets, demanding a 10-percent salary raise instead of the 3 percent teachers are going to get along with all the workers in state administration. They also want better work conditions and tariff changes.

Teachers say that they are ready to go on strike in September if their protests fail to motivate the government to make systemic changes. Teachers' representatives called on PM Eduard Heger to be the leader he should be and deal with the conflict between his two ministers - Finance Minister, OĽaNO leader Igor Matovič, and Economy Minister Richard Sulík of SaS.

PM Heger responded that he spoke about the issue with both Igor Matovič and Richard Sulík and that the government wants to raise teachers' salaries. The starting salary of a teacher is €916 before tax (according to the Education Ministry), compared to the €1,212 average wage in the national economy in the first quarter of this year. Now it is up to the government to do something with it.

Conclusion

Slovakia's Freedom and Solidarity (SaS) party has threatened to pull out of the ruling four-party coalition government unless Finance Minister Igor Matovič resigns. The SaS has demanded that the OĽaNO party leader resign by the end of August or it will withdraw from the coalition. OĽaNO has rejected Matovič leaving the government. Without the support of SaS' 19 MPs, Prime Minister Eduard Heger (also OĽANO) would only have 67 seats in the 150-member parliament, forcing him to seek votes from opposition parties to pass each piece of legislation.

Sulík and Matovič have been at loggerheads ever since the coalition was founded in March 2020, over political differences as well as personal animosity. The SaS was the prime mover in forcing Matovič to step down as Prime Minister in March 2021 and move to the finance ministry over his handling of the COVID-19 pandemic.

Matovič has been attacked by the SaS for his emotional, narcissist and irrational style of governing and in particular the way he makes policy on his own and then announces it on Facebook. The final straw in 2021 was when he secretly procured Russian Sputnik V vaccines despite SaS opposition, and then personally greeted the first shipment's arrival at Košice airport. Since then the in-fighting has repeatedly broken out as Sulík continued to make policy on the hoof, without discussing it with cabinet colleagues. The free market party has particularly objected to the way that, as Finance Minister, Matovič has thrown money at every problem that arose.

Following an extraordinary extended SaS republican council, the party decided to withdraw from the coalition agreement and expects Heger to draft a new one that will reflect the current political state of affairs. If this does not happen by the end of August, all SaS-nominated ministers will tender their resignations.