

Slovenia government on verge of collapse

By Markus Salzmann
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The Slovenian government led by social democratic Premier Borut Pahor faces collapse. Unpopular austerity measures and corruption affairs have led to the dissolution of the government's parliamentary majority.

Following the departure from the ruling coalition of the center-left Zares party and the pensioner party Desus, Home Affairs Minister Katarina Kresal quit on August 10. Shortly afterwards another five ministers also stepped down.

Kresal, who is being investigated on suspicion of corruption, is head of the neo-liberal Liberal Democracy of Slovenia (LDS). Despite her resignation the LDS will remain in the coalition, although Premier Pahor now has just 33 seats in the 90-strong parliament.

The most likely outcome for the former Yugoslavian republic will be new elections. Slovenia declared its independence just 20 years ago. Its news media now predict new elections as early as December, or at the latest February or March next year. Normally, elections would not be due until autumn 2012.

The other EU member states are looking on with concern at the inability of the Pahor government to hold the coalition together. The financial crisis in Slovenia has led the European Union and International Monetary Fund to impose strict austerity measures, along the lines of the radical cuts demanded in Greece. They had hoped that the coalition, formerly composed of five separate parties, would be strong enough to implement them.

Since the beginning of the financial crisis in 2008, public debts in Slovenia have risen from 22.5 percent to 43.3 percent of the country's gross domestic product. In 2009, this GDP sank by 8.1 percent. Slovenia's financial institutions, which are mostly owned by West European banks, are threatened by deficits of billions.

The financial crisis has also led to the doubling of the official unemployment rate to more than 12 percent. Nearly 55 percent of Slovenians between the ages of 18 and 34 still live with parents or other relatives because they don't have enough income to set up their own homes. This is more than the European average of about 46 percent. And, for the first time in years, average net income has fallen in comparison with that of the older EU member states.

In addition, Pahor and the Social Democrats (SD) have announced pension, health care and labor market reforms that will lead to cuts in social benefits. The proposed pension reforms were rejected in a June referendum by an overwhelming majority of 72.2 percent. Pahor immediately responded by declaring that he could not accept the will of the people, and that he would find another way to implement the desired cost savings.

In his first public statement after Kresal's resignation, Pahor insisted that he intended to undertake a thorough state budget review, regardless of the circumstances, and save an additional €364 million by the end of the year. Pahor was thereby hoping to win support for his proposal from the opposition parties. "That should be possible, even though the government itself no longer has a majority", commented Tanja Stanic in the daily paper *Delo*.

Indeed, if the opposition fails to agree to the measure, international repercussions for Slovenia will follow. The country's credit rating might fall. The public debts in Slovenia are currently running at around €16 billion.

According to opinion polls, the great majority of the population reject the government's planned course. In a new election, it may well be that the Social Democrats will find it difficult to win the necessary votes to regain entry to parliament. Slovenians regard Pahor and the other government leaders as representing a tiny layer who serve their own interests and the

interests of European big business at the expense of the people.

At the age of 15, Pahor was already the chairperson of the Youth Section of the Communist Party of Slovenia, and after that he rose quickly into the leading ranks of the party. In the 1980s he went on to become one of the strongest supporters of Milan Kucan's reform wing of the Communist Party, which called for more opening up of the country to Western-style free-market liberalization.

After Slovenia became independent in 1991, he sought to emphasize his break with his "communist past" by making an alliance with the nationalist Jozе Pucnik, who is still celebrated in right-wing circles today as being "the father of Slovenian democracy".

Kresal, the minister who has just resigned, is also part of this corrupt elite. She stepped down following investigations by the Anti-Corruption Commission, which found her culpable of corrupt involvement in a controversial housing deal. She used her power as minister to provide rented accommodation for a state official who happened to be a personal friend. The commission established that selection procedures were conducted without transparency, and that a housing provider was treated with favoritism. Kresal had already received a vote of no confidence in 2010 because of the affair.

The business newspaper *Finance* described the former minister as follows: "Kresal has also confirmed the power of the circles of influence in the Slovenian politics. She has never been a real politician, but a symbol of the rich and powerful Slovenians that operated on the fringes of legality, following the model: 'money-power-more money'."

The current most likely successor to the SD government appears to be the right-wing conservative opposition leader and former premier Janez Jansa. He was already in power from 2004 to 2008 and carried out right-wing policies. His government policies to make massive cuts in social services and welfare provision led to the November 2005 mass demonstration—the largest in Slovenia since independence—in which more than 40,000 took part.

Jansa has always been involved in dubious business deals. In September, court proceedings will start in Austria and Slovenia regarding bribery charges in connection with deals with the Finnish military tank

manufacturer, Patria. It is alleged that Jansa accepted bribes of up to €900,000 from an Austrian businessman.

Jansa's Democratic Party (SDS) has just announced a meeting between Jansa and the German chancellor, Angela Merkel, although this has not yet been confirmed in Germany. This meeting is supposedly to be aimed at agreeing strategies to manage the euro crisis.

All this makes clear that layers inside the EU seem to favor a quick regime change in Slovenia in order to bring the internal political crisis to an end. Jansa will be expected to take over from Pahor and fully implement the austerity measures program that Pahor has been unable to impose.

Jansa would undoubtedly gain additional support from extreme right-wing groupings. He already has good connections with the Slovenian National Party (SNS). During his previous time in office he received support from the SNS for numerous laws and policies.

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