Slovenia’s new government prepares sharp attacks

By Markus Salzmann
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Following Miro Cerar’s electoral victory last July, a new government will take office in the next few weeks. Cerar has hitherto been a mostly unknown lawyer and a member of the SMC Party (Party of Miro Cerar), which was named after him. One thing is quite clear: the fourth government since the outbreak of the financial crisis will only exacerbate the Balkan country’s political, economic and social crisis. Miro Cerar, who campaigned without a political program, is preparing sharp attacks on the population.

On Tuesday, President Borut Pahor nominated election winner Cerar as candidate for prime minister. The parliament will most likely vote on the proposal this week, which will then be followed by a vote on the ministers. There exists no final coalition agreement, but it is highly likely that Cesar’s SMC, the Pensioners’ Party DeSUD, the Social Democrats (SD) and ZAB, the party of former prime minister Alenka Bratusek, will form the new government.

Thus Cerar will govern with precisely those forces that were punished for their anti-social policies in the previous elections. ZAB received only 4.5 percent of the vote, barely enough to enter the parliament, punished by the electorate for the party’s sweeping austerity policies. The Social Democrats’ vote dropped from 10 percent to 6 percent. The coalition of the four parties would have a comfortable majority in the 90-seat parliament, but previous governments have already witnessed quick declines in their majorities as a result of internal fights within the coalitions.

After losing internal party struggles for the leadership of the Positive Slovenia Party against Zoran Jankovic in May, Bratusek resigned as prime minister. This triggered the second election in a row in mid-June. Later Bratusek left the party and founded the ZAB. The Positive Slovenia Party, along with other right-wing conservative parties, collapsed in the election in June. This paved the way for Cerar’s party, which hid its program behind populist phrases.

Bratusek had also introduced austerity measures for the health care sector and agreed on severe cutbacks in the public sector. Bratusek followed in the footsteps of Janez Jansa, her right-wing predecessor, who had to resign after a motion of no confidence last spring, and has now been sentenced to two years’ imprisonment by the Supreme Court.

The new government’s stated goal is fiscal reform, which includes a long-planned tax increase for the majority of the population along with tax relief for companies, as well as health care cuts. Cerar wants to reduce the budget deficit to the EU’s 3 percent mark. In an interview, the head of the central bank, Bostjan Jazbec, summarized the demands on the government as follows: The new government has to attract foreign capital, counteract the budget deficit and continue the sale of state shares to compensate December’s bank bailout.

After barely being able to avoid a bailout for its debt-ridden banks, the former Yugoslav republic—with the Alps on one side and Adriatic Sea on the other—is under enormous pressure from the EU. By the end of last year the previous government had spent €3.3 billion (US$4.35 billion) on the country’s ailing banks.

Cerar is seeking to calm the business community’s fears that the new government is not pledged to continuing Bratusek’s reforms, which financed the bank bailout. Cerar presented Dusan Mramor as the new treasury secretary. From 2002 to 2004, the 60-year-old economics professor was a member of a center-left government and drafted tax reform that included massive tax increases for the population.

As secretary for Anton Rop (prime minister

2002-2004), Mramor drafted a template for tax breaks for companies to make Slovenia “competitive” and to prepare the adoption of the euro. He worked closely with the unions, agreeing on massive cuts in the public sector that were part of Mramor’s consolidation course. Last year he declared that public sector wages had to be cut by 5 to 7 percent.

The SMC issued a statement stating that as treasury secretary Mramor stands for a significant consolidation of public finances. Analysts expect Mramor to enforce the privatization of state-owned businesses.

Cerar has fully agreed to further privatizations, begun under the Bratusek administration, and explained that he would do nothing to damage Slovenia’s reputation among investors. The managing director of Spiro Sovereign Strategy in London, Nicholas Spiro, characterized Cerar’s policies thus: “He is not an advocate of state ownership and will certainly speed up sales.” Jaromir Sindel of Citigroup suggested that the EU increase its pressure on Cerar and that the government would privatize more than 15 companies previously agreed upon.

The selling process for Telekom Slovenije and airport operator Aerodrom Ljubljana had already been initiated when the government stopped the privatization by decree in early July. The temporary halt to privatization, a move heavily criticized by business circles, was adopted in order to leave the decision on further privatization to the new government. The outgoing Slovenian government at the time, apparently after consultation with Cerar, decided to once again approve the privatization process.

The government counts on close cooperation with the trade unions in this process of privatization. Already in late July the ZSSS, the country’s largest trade union federation, declared that it would cooperate with the government and introduced its own proposals for the upcoming legislative period. ZSSS is regarded as an advocate of the privatization of former state-owned businesses.

Recently, this has become more than obvious. For example, ZSSS played a key role in preventing a strike at the paint manufacturer Helios, which was sold to the Austrian Ring International Holding. In late July the Helios board and the union released a joint statement that they had agreed on a solution enabling a continuation of the collaboration between the unions and management at the company. Further details about the agreement have been kept in the dark.

The dispute was sparked by a planned layoff of a representative of the workers’ council, who had warned against upcoming wage cuts and layoffs as a result of a takeover. Officially the union, under pressure from the workforce, threatened to strike if the representative were laid off. At the same time, ZSSS quietly continued to negotiate with management. The union told the workers that it would stop its dialogue with the executive regarding upcoming contract agreements and reaffirmed its strike threat.

However, the Helios board simultaneously declared that dialogue with the union would continue. “Although there is political and public pressure that impedes talks about a new collective bargaining agreement, it is realistic to expect that they will be completed soon,” said Helios manager Ales Klavzar.

The union had simply used the conflict to demand that management and government closely cooperate with the trade union bureaucracy to enforce social cuts.