Crisis in Slovenia: from "gradualism" to "colonization"

The short history of Slovenia's EU membership is a history of an accelerated political and economic decline. In less than 10 years, Slovenia has covered the trajectory that led it from the most successful EU-candidate to the candidate for the next Eurozone bailout. EU integration and present financial difficulties are interrelated. Before entering EU, Slovenian ratio of government public debt to GDP was a little more than 20 per cent, today it is over 60 per cent. Until recently Slovenia had one of the lowest ratios among the EU member states; however, due to 4 billion euros needed for the consolidation of the bank sector in 2013, it will soon come near to EU-27 average government debt. Before Slovenia joined EU in 2004, it had surplus in net international investment position. After liberalization of capital, its net international position has moved from surplus to deficit.

In 2004, western capital, fleeing from low profit rates in the West, overflowed Slovenian banks. "Cheap" capital available generated a new wave of privatization, the second after the independence of Slovenia in 1991. Many top managers took this opportunity to attempt a *buyout* of the companies they managed. However, this proved impossible and their little empires sank in 2008 by the outbreak of economic crisis. Due to the loose control over banks and financial system, credits were probably delivered to clients without due precaution. (Enterprises owned by Slovenian Catholic Church accumulated the debt of 0,8 billion euros). Many credits were given for real investments: however, because of economic recession enterprises now have difficulties to repay their debts. Many debts will not be repaid as the debtor companies have gone bankrupt (esp. in the construction industry). The indebtedness of usual suspects, the state and the households, remained low or almost negligible during the period 2004–2008. The thesis about the presumed immoderate consumption of the state and households as generators of economic crisis is therefore false in the case of Slovenia.

By an unfortunate historical coincidence, the right-wing Janez Janša's party won the elections in 2004 when Slovenia entered EU. His government stopped the "gradual" economic policy prevailing since the independence of Slovenia. Slovenian gradualism, i.e., moderate privatization and the maintenance of the welfare state, was unique among the post-socialist countries that usually opted for more radical restoration of capitalism. Janez Janša introduced aggressive neoliberal measures: regressive tax system, flat tax rate, accelerated privatization, restrictive pension system etc. His politics provoked massive protests against neoliberal policy in 2005 and demands for a higher minimal wage in 2007.Both actions, organized by trade unions, were successful, but could not prevent small bureaucratic advancements towards the implementation of neoliberal policy. Borut Pahor's social-democratic government in the period 2008–2012 was more moderate; however, it passed or tried to pass some key reforms. It implemented a new means for the testing of cash transfers which deprived 185.000 persons of their previous social benefits in 2012 and increased the risk of poverty rate. Pension and labour reform, to the contrary, were refused by a public referendum, facilitated by trade unions, in 2011. People's refusal of these two reforms was taken as the greatest offense against the new international order. Officials of European Commission, not to mention international organizations, take every opportunity to remind Slovenian government that it has to discipline its own people. In the latest report (March 2013), OECD recommended stricter criteria for the use of referendum. International financial institutions are therefore not solving economic difficulties, but are declaring war to the people.

In 2012, Janez Janša came to power once again. This time he integrated neoliberal policy into the austerity measures which were, rather, a brutal cutback of social rights of those most hurt by the economic crisis; Janša also targeted to privatize the public sector. His government often by-passed democratic institutions: many new laws, for instance, were adopted by the fast procedure, originally conceived for the cases of natural catastrophes or great security risks.

A rather bizarre event, installation of traffic surveillance system in the public-private partnership, stirred up popular anger and inflamed massive protests in Maribor (November 2012) where police used brutal force against peaceful demonstrators. Protests have soon spread all over the country against the corruption of local and state officials demanding resignation of Janša's government and withdrawal of austerity measures. Since the first *All-Slovenian general revolt* in December 2012, manifestations are organized regularly once a month by various groups; they are well-attended despite the resignation of Janša's government in February 2013 and the appointment of Alenka Bratušek as the new prime minister. Public revolt does not target individual persons, but is questioning the present socio-economic politics and the system in general.

The government of Alenka Bratušek hesitated to introduce austerity measures; however, it seems that, under the pressure of "financial markets" and European Commission, it finally decided to go in the footsteps of Janez Janša.

The government indebtedness reached already the state of snowball of debt: it was kept low up to the crisis in 2008 when the state had to assume responsibility for at least minimal social security for workers, victims of massive layoffs, and more spending for social benefits due to growing unemployment. Simultaneous increasing of the public spending and decreasing of economic growth (one of the biggest in the EU: –8 per cent in 2008, –2,5 per cent in 2012) created a public deficit. Country with a positive balance of payments could handle it, but the government is in the grip of "financial markets" and rating agencies which progressively intensify pressures upon the state by increasing the interest rate on new borrowing. It is a perverse confusion of the cause and the effect: the state is blackmailed by institutions which mismanagement caused enormous deficits and have had their deficits paid by the state through "bank saving" programmes. As a consequence, the state borrows money from financial institutions to which it gives borrowed money right back for a very high interest rate.

Meanwhile, the European institutions look away, pretend that Slovenian problems are not a result of their past politics and deliver advises how to "reassure financial markets". They offer a simple alternative: immediate socialization of banks credits (i.e. the risk should not be returned back to private money-lenders neither the debt can be even partially abolished), further reduction of public spending and new austerity measures as well as privatization of financially consolidated banks and companies in the state ownership (IMF, Slovenia 2013 Staff Visit, March 2013) – or a bailout under the same or even worst terms of Troika. We already know the decision of Slovenian government. On 24 May, the article 148 of Slovenian's constitution was amended to introduce fiscal golden rule as well as the articles 90, 97 and 99 to limit the access to referendum when fiscal questions are at stake. A new fiscal plan is also under the scrutiny of European semester in which 4 billion euros are booked for “saving of banks” and 15 state-owned companies are to be privatized: telecom operator, airport, air company, the second biggest Slovenian bank, bread producer, fair and many other profitable companies which will return the purchase money to their buyers in a few years. To this list we should add other companies on sale because of over-indebtedness of their owners: the biggest national food retail company and the biggest publishing house with the largest network of bookshops.

To summarize, Slovenia will have to give up to gradualism and social welfare, the policy which brought Slovenia into the EU as a prosperous society with a high social equality. New austerity measures will lead to a greater economic recession and social turmoil. By way of austerity measures, Slovenia will have to submit to “shock therapy”, although Slovenian gradual economic policy before 2004 is a good example that there is a better alternative. The country will be destroyed in order to minimize resistance and maximize profits for capital owners. In the long term, Slovenia will become a net exporter of capital and will be incorporated into colonial interrelations within the EU.

It is important to note that also corruption of local and state officials multiplied after the entering EU. It is a sign that corruption is not a result of poor local business culture: the present accumulation of capital regime boosts extra-exploitation and corruption. It puts no obstacle to management’s buyouts, private-public partnership, downgrading of workers’ rights, and misuses of financial instruments which generate mismanagement and corruption. Furthermore, governments and political elites are also pulled into this corruptive environment. EU consists of “national economies” that have neither economic nor political independence. The effect of such structure is that member states compete with each other in domains still under their sovereignty: by downgrading the standards of welfare state, rule of law, social and workers’ rights, while, at the same time, they have to relieve the capital owners from the economic risks (by privileges, subsidies, and even socialization of private debt). It is therefore necessary that political groups collaborate with capitalist class and the range of their politics is drawn to their function of local compradors.

Our politicians are obviously without any political imagination in the midst of class and colonial war. We have, on the other side, nothing to lose.

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