

Slovenia: Protests against government reforms

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On November 26, protesters took to the streets of the Slovenian capital of Ljubljana against government plans for massive cuts in the country's social security system. More than 40,000 people participated—the largest demonstration since the republic's independence from the former Yugoslavia.

The protest's organisers had anticipated far fewer participants. In spite of freezing temperatures and persistent snowfalls, thousands of workers, pensioners, youth and students from all over the country assembled in the capital. Some buses with protesters were delayed due to the weather.

Trade unions, pensioner organisations and student groups had called the demonstration under the slogan, "For the maintenance of the welfare state." The protest was aimed against the planned economic reforms of the right-wing government of Prime Minister Janez Jansa.

Since his election victory in October of last year, Jansa has headed a conservative coalition of the Slovenian Democratic Party (SDS), the People's Party (SLS) and the New Slovenia Party (NSI). However, the coalition does not enjoy a safe majority in parliament and is forced to rely on support from the pensioner party, DeSus, which was a member of the previous government.

Given that there are divisions within DeSus over the reforms, the government cannot rely on always being able to pass legislation in parliament. When the government could not muster a majority in the past, some parliament deputies on the fringes of the government worked with the Slovenian National Party (SNS) to push bills through. The SNS represents openly nationalistic and fascist positions. In the last elections, held in October 2004, it was able to gain more than 6 percent of the vote and thereby entered parliament.

These elections saw the centre-left government under liberal democrat Anton Rop punished for its neo-liberal policies, policies that were entirely designed to fulfil the

requirements for entry into the European Union (EU). Under Rop's rule, the social security system, considerable by east European standards, was rigorously cut back and public utilities were privatised.

After entering office, Jansa set about pursuing this attack against the Slovenian population much more aggressively. His reform package contained some 70 measures that are due to be implemented next year and are aimed at improving the country's "business climate." The centrepiece of the reforms is the introduction of a flat income tax rate of 20 percent and the dismantling of social services.

The measures will also make it far easier to dismiss workers. Allowances for meals and travel will be eliminated. Sick leave pay will be reduced to 70 percent of wages, instead of the 100 percent that workers currently receive. The government also wants to make free tertiary education a thing of the past. In addition to higher education fees, students will lose various concessions and entitlements. Health care is also under attack, with both the privatisation of state hospitals and clinics and further cuts to the public health system on the agenda.

The introduction of a flat tax will have a detrimental effect primarily on low-income workers, while further lining the pockets of a small wealthy layer. Slovenian trade unions are warning that this measure will lead to a drastic impoverishment of broad layers of the population.

Dusan Semolic, head of the Slovenian trade union organisation ZSSS, says that living standards for 70 percent of the population will decline significantly due to the reforms. Estimates show that approximately 250,000 pensioners living on a monthly income of 420 euros or less will need an additional 200 euros to maintain their current standard of living.

In recent years, government price controls on electricity, post, telecommunications and essential groceries were

eliminated, after which costs shot through the roof. At the same time, wages and salaries stagnated.

Alongside cuts to social services and reforms of taxation, the government also aims to completely privatise the remaining public utilities. About half of the country's gross domestic product is produced by public utilities and corporations. The metal industry is one of the main ones still largely controlled by the state.

It was government control over a large portion of industry that led to a relatively high standard of living and a comparatively low level of unemployment. However, the country's ruling elite views this as an unacceptable restriction on its personal enrichment. Joze Damijan, the man designated by the government to head the newly created reform ministry, characterised every form of control over the economy as "unhealthy" and advocated privatising scores of enterprises next year. The result would be mass layoffs and huge salary cuts.

The conservative government's reform programme has been welcomed by political and economic circles in western Europe. One year after Slovenia entered the European Union, Brussels is increasing political and economic pressure on the Balkan country. Together with Estonia and Lithuania, Slovenia is due to introduce the euro in 2007.

However, problems already surfaced after 2004 when the country's currency, the tolar, was bound to the euro and entered into the European exchange mechanism. The real value of the tolar in comparison to the euro adversely affected foreign trade and led to a significant increase in the trade deficit.

The Convergence Report issued by the European Central Bank in autumn of last year concluded that Slovenia was not yet ripe for the euro. Brussels demanded further cuts in expenditures to balance the budget, a "moderate" wage policy and structural changes (that is, the introduction of private investment) to the health and pension systems. It further demanded a radical liberalisation and privatisation of industry as well as changes to agricultural subsidies.

Significant pressure also came from other new EU member states. In the Baltic states, the Czech Republic and Slovakia, similar reforms have been implemented in recent years in order to attract Western capital. Many companies have passed Slovenia by and invested in these countries, which offered lower taxes and cheaper labour costs.

The liberal democrats and social democrats, which comprise the largest portion of the opposition in

parliament, have at most only tactical differences with the government. While they officially reject the introduction of a flat tax, they nevertheless welcome the radical cost-cutting measures.

With the exception of a few short periods, the liberal democrats, a party that arose out of the youth organisation of the Yugoslav Communist Party, have ruled the country since 1992. Their initial programme of national-protectionism came under increasing pressure from large European corporations. This pressure reached its high point when Rop took over the party and government leadership and led a drastic turn to the right, paving the way for the election victory of the right-wing forces under Jansa.

Even the trade unions have not opposed the attacks. Many unions stand behind the right-wing government and kept their distance from the recent demonstration. Even those unions that called the protests fundamentally agree with the aims of the government. Many union representatives call on the government to engage in a dialog with them and work out a way to implement the reforms together. These elements see the danger that a precipitous process of reforms could trigger a movement from below that could develop out of the unions' control.

Since independence, close cooperation has existed between politicians, business and the unions, which represent nearly half of all workers in the country. The unions played a decisive role during the privatisation of enterprises at the beginning of the 1990s. They suppressed all forms of opposition by workers to the selling off of the Slovenian economy. The union organisation ZSSS characterised itself as an "active partner in the privatisation process." It is telling that nearly all unions in Slovenia completely supported the country's entry into the EU, in spite of its social consequences.

As in Slovenia, the attack on living standards in other east European states is leading to protests. On the same weekend that people took to the streets in Ljubljana, 25,000 people assembled in the Czech Republic's capital of Prague to protest against legislation aimed at making it easier for companies to shed workers.



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