

Slovenian election brings businessman to power, more cuts promised

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The party Positive Slovenia won the early parliamentary election held on Sunday with 29 percent of the vote. Zoran Jankovic, the mayor of Ljubljana, Slovenia's capital city, founded the party just two months ago specifically to run in the election.

The favourite to win the elections, the conservative Slovenian Democratic Party (SDS) led by Janez Jansa, won just 26 percent of the vote. Jansa headed a government between 2004-08, which led Slovenia into the European Union (EU).

The Social Democrats (SD), led by the incumbent prime minister, Borut Pahor, suffered a crushing defeat and polled just ten percent of the vote. In September Pahor lost a confidence vote in parliament following the resignation of several ministers implicated in corruption scandals. In June, 72 percent of voters rejected the Pahor government's pension reform that would have significantly raised the retirement age.

Election winner Jankovic poses as a successful businessman who stands above the contending political camps. His party entered the election with the promise that it would "make a better world for all Slovenians, beyond current political doctrines and practices."

The 58-year-old Jankovic studied economics in Ljubljana and began his career in the Mercator retail chain in Yugoslavia. In 1997 he took over the chairmanship at Mercator, now controlled by the Slovenian government. Jankovic converted the concern into one of the largest companies in Slovenia and the major regional retail chain in the former Yugoslavia. In 2005 he was fired by then-Prime Minister Jansa.

A year later, Jankovic unexpectedly won the mayoral election in Ljubljana, standing as an independent

candidate. In 2010 he was elected for another four years. He sought to win popular support by building a football stadium and promoting handball, in which Slovenia excels. From 1996 to 2004 he was president of the Slovenian handball federation.

At the heart of Jankovic's program is the enforcement of the cuts that the outgoing government of Pahor failed to implement. Following the rejection of his pension reform, Pahor announced another draconian austerity package involving savings of 360 million euros, wage cuts and a freeze on hiring in public service.

Both the EU Commission and the German government are demanding Slovenia implement drastic budget cuts to reduce debt. During a visit to Ljubljana in late August, German chancellor Angela Merkel demanded tougher action and declared, with an eye to the public rejection of the pension cuts, "Means must now be found to implement structural reforms."

Euro group chief Jean-Claude Juncker warned that Slovenia could be a "new Greece" if the country did not begin an extensive "reform" process.

Slovenia, with a population of only two million, had long been regarded as a model for the economic integration of Eastern and Western Europe. In 2007 it was the first Eastern European country to introduce the euro. However, the situation has markedly worsened in the wake of the global economic crisis. In 2007 Slovenia's public debt ratio stood at just over 20 percent, while this year the EU Commission expects this to increase to 45 percent.

During the same period the unemployment rate trebled. The risk of recession “has increased tremendously,” declared Michal Dybula from the French bank BNP Paribas. “The focus of economic policy must be to lower the fiscal deficit in line with EU guidelines,” insisted Goran Saravanja, chief economist of Zagrebacka Banka.

The Adriatic country, whose credit rating was recently downgraded by the rating agency Standard & Poor’s, plans to dump an additional one billion euros in government bonds on the market. Interests rates on ten-year government bonds have already soared to 7.7 percent, i.e., more than the rate demanded for Italian bonds.

According to Lutz Röhmeier, fund manager at Landesbank Berlin, which holds 11.5 billion euros in Slovenian bonds, “As investors, we look at the balance-sheet of Mercator. It is a stable company and that speaks in favour of Jankovic. The change of government is a first step, but we now expect sharp cuts in the budget and reforms to accelerate growth.”

Echoing this sentiment, the future prime minister announced on election night, “What our country now needs is a businessman,” making clear his intention to run Slovenia like a profit-making company.

Many media commentaries have likened Jankovic to the former Italian Prime Minister Silvio Berlusconi, after Jankovic’s two sons got rich on urban developments projects and then shifted their money to tax havens.

Jankovic owes his electoral success, first and foremost, to the broad rejection of his main rivals Pahor and Jansa. Jansa was repeatedly involved in shady business deals. In September trials began in both Austria and Slovenia in connection with a bribery scandal surrounding the Finnish tank manufacturer Patria. Jansa is alleged to have received bribes amounting to €900,000 from an Austrian businessman with links to Patria.

On the evening of the election, Jankovic was still considering forming a coalition with the Social

Democrats. With only 38 of the 90 parliamentary seats, his party lacks a majority. Commentators reckon that Jankovic will therefore seek support from the new civil list headed by Jansa’s former party colleague, Gregor Virant, which won 8.4 percent of the vote on its first showing.

Such a coalition with a total of 46 deputies would have a majority of one vote, but to ensure a safe majority, Jankovic would require additional support from the Peasant Party (SLS) or from an alliance with the Pensioners Party (DeSUS).

Slovenia’s trade unions also pose no alternative to Jankovic. Many union leaders expressed their support for the principle of political “reforms” and fiscal austerity. In Slovenia the unions and political circles have worked hand in hand with business interests since the country’s nominal independence. The unions played a crucial role in the early 1990s in the privatisation of publicly-owned enterprises by suppressing all opposition on the part of workers to the fire sale of the Slovenian economy.

Jankovic’s own words says it all: “For 14 years I have led the largest company in the country. And in those 14 years I have not had a single conflict with the unions, not a single call for strike action.”



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