Slovenian unions drop opposition to government austerity measures

Markus Salzmann
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Following a wave of protests that began at the end of November, the Slovenian trade unions are openly moving to support the right-wing program of the Janez Janša coalition government.

In December union representatives announced their intention to drop the demand for a referendum on the draft 2013-14 budget, which includes massive cuts. The unions' statement followed a series of anti-government demonstrations in the capital of Ljubljana and other major cities.

A few days earlier the Slovenian Constitutional Court had ruled two referendums on government "reform" measures invalid. The first involved a law passed in October on the reform of the banking sector, which provides for the establishment of a so-called "bad bank". The second concerned plans to set up a state holding company aimed at rapidly privatising public enterprises.

The referendums were organized by opposition parties and the unions in the chemical industry. In response, the government appealed to the constitutional court, which in a politically motivated verdict, ruled that state obligations and the effective application of European Union law on Slovenian territory superseded the right to a referendum.

The court thereby overturned a basic democratic right. The daily newspaper *Delo* [*Labor*] noted in a commentary that the reasoning of the judge had more in common with a political declaration than a constitutional judgment.

For their part, the Slovenian unions have unreservedly accepted this undemocratic decision, and in so doing yielded up even the most superficial resistance to the cuts. "With this [withdrawal of the demand for a referendum on the budget] we are showing our respect for the rule of law", declared Janez Posedi from the Federation of Public Service Trade Unions. He added pathetically, but "we will continue to defend the right to social dialogue, public services and citizens' welfare".

The public service union had demanded a national vote because the budget for 2013-14 included wage cuts of 5 percent for all employees in the public sector. The salaries of these workers had already previously been reduced by 3 percent in the summer of last year.

The principal reason the Janša government remains in power, despite massive opposition to its austerity program, is the support it has received from the unions and the Social Democratic opposition. There are strong indications that the opposition parties and trade unions are being integrated ever more closely into government policy to stifle all opposition.

Samo Uhan, a professor of political science at the University of Ljubljana, regards the formation of a technocratic type "government of experts" as a distinct possibility. This is far more likely than the forcing of new elections by the opposition. The historian Janko Prunk expects that combined pressure from the unions and the opposition will lead to the formation of a "national unity government".

Following the unions' reneging on their proposal to hold a referendum on the 2013-14 budget, Posedi declared that the main goal of the unions was now to persuade the government to engage in dialogue. He stressed that the unions had been ready to negotiate since the spring of 2012, but had been continually snubbed by the government.

Several unions are currently in negotiations with the Association of Employers of Slovenia (ZDS) to introduce further reforms of the labour market.

The budget for 2013-14 recently approved by the Slovene parliament stipulates massive cuts, while at the

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same time providing 800 million euros in the form of “financial incentives” for companies. The government plans to cut the budget deficit in 2013 to 2.8 percent of GDP, 2.5 percent in 2014 and zero in 2015.

Despite these cuts, international financial institutions are demanding even more. In a report last November the International Monetary Fund (IMF) complained that Slovenia had the highest expenditure quotient for pensions relative to GDP within the euro zone—despite all the “reforms” so far carried out.

The savings made through the cuts are being used primarily to fund the country’s ailing banks. Slovenian banks are sitting on a mountain of bad loans estimated to total at least 6.7 billion euros [$US 8.9 billion]. This represents nearly 20 percent of GDP. The government has already provided 100 million euros to assist the country’s second largest bank, the Nova KBM.

Following a cash injection of 383 million euros last year, the largest bank in Slovenia, the Nova Ljubljanska Banka (NLB), declared in December that it required more capital. At the end of last month, the ailing Belgian banking giant KBC made a deal with the Slovenian government to sever its links with the NLB. The subsequent bail-out of the NLB will be subsidised almost entirely via the Slovenian budget.

It was this policy which led to a series of angry protests and demonstrations in Ljubljana and other cities. In early December 30 people were injured and 140 arrested in the largest anti-government protests since Slovenia’s independence in 1991. Now fresh demonstrations are planned for the new year.

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