

The political left is taking over power in Slovakia

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The Social Democratic party, Smer-SD, won the early parliamentary election in Slovakia on 10 March. With a support level at 44%, which guarantees a majority of seats in parliament, Smer-SD outpaced the ruling centre-right parties. None of the five parliamentary groups forming the present government coalition managed to get more than 9% of the votes. The new cabinet will be headed by the leader of Smer-SD, Robert Fico, who plans to improve public finances, for example, by imposing higher taxes on the richest individuals and firms, introducing a bank tax and additional taxation on luxury goods. The incoming prime minister supports deeper economic integration in the eurozone and has declared the ratification of the European Stability Mechanism.

Commentary

- The stable majority (83 of the 150 seats in the National Council), with a splintered opposition, guarantees comfortable conditions of ruling to the new single party cabinet to be formed by Smer-SD. However, the political left is very unlikely to implement systemic reforms. One should rather expect that, as was the case with the first Robert Fico government (2006–2010), the announced fiscal changes will be limited to a slight modification of solutions already in existence. In turn, what can be expected is a development of state investments in infrastructure and PPP projects, and attempts to influence the decisions taken by the strategic firms from the energy sector.
- A serious barrier to intensifying the welfare function of the state, as was promised during the electoral campaign, will be posed by the rules accepted by Slovakia along with the Fiscal Compact. Fico respects the commitment made by the previous government to reduce the financial deficit to 3% of GDP in 2013 (from 4.6% in 2011) and a constitutional limit of public debt at a level of 50% of GDP (44% in 2011). The low economic growth and the rapidly increasing deficit will force the left-wing government to look for savings. Following the assumption that the Fico cabinet will avoid imposing a heavier burden on the poorest, he may decide to transfer part of the premiums from private pension funds to the state system.
- The new government will not have the ambition to embark on an assertive policy in the EU and the eurozone, but it will support a stronger integration and reinforcement of the role of EU institutions. It will also be interested in developing economic co-operation with non-EU member states, for example reviving Slovakian-Russian relations and the

resumption of joint economic projects (for example, the construction of the Bratislava–Schwechat oil pipeline or the extension of the broad-gauge railway). As a consequence, Slovakia may put less emphasis on democracy and human rights in contacts with the countries covered by the Eastern Partnership. Closer relations with Russia do not have to translate into strategic decisions by the Slovakian government in the area of energy security.

- The Hungarian minority issue was not raised during the election campaign, which leaves open the chance that constructive Slovakian-Hungarian relations will be maintained, especially given the fact that the Slovak National Party (SNS), one of Smer's coalition partners in 2006–2010, has found itself outside parliament. Slovakia will be interested in continuing co-operation as part of the Visegrad Group, especially in the context of negotiating the EU's multiannual financial framework for 2014–2020. However, a factor which may impede collaboration within the V4 in the next few years is the ongoing political integration within the eurozone.