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Elections in Slovenia: little chance for a stable government and economic reforms

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The centre-left Positive Slovenia (PS) party led by the mayor of Ljubljana, Zoran Janković, unexpectedly won the early parliamentary elections held on 4 December. With 28.53% support, it will hold 28 of the 90 seats in parliament. The leader of the polls, the right-wing Slovenian Democratic Party (SDS) led by Janez Janša, achieved the second best result: 26.54% (26 seats), and the left-wing Democratic Party (SD) led by Prime Minister Borut Pahor received 10.5% of the votes (10 seats). The other groupings to be present in parliament are the three right-wing parties: Gregor Virant's Civic List – 8.41% (8 seats), the Slovenian People's Party (SLS) – 6.89% (6 seats), New Slovenia (NSi) – 4.8% (4 seats), and the pensioners' party, Desus, which won 6.99% of the votes and 6 seats in parliament. The other two seats will be held by representatives of the Italian and Hungarian minorities. Seven groupings will be represented in parliament, and none of the political blocs will have a stable majority. The turnout was 64.81%, which was unusually high for Slovenia.

Commentary

- PS, which was formed a month before the elections, is a political project of the left-wing establishment, who were to take care of an electorate unsatisfied with the government of Borut Pahor and at the same time fearing the economic reforms promised by Janez Janša and also to prevent the right-wing parties from taking power. The main source of PS's success, apart from support from the media, was its image as a new political force, alternative to the present *de facto* two-party system of SD and SDS . In fact, its members have been present on the Slovenian political scene for years. The business experience of Janković, who is one of the richest people in Slovenia, added credibility to the party's promises that painful savings are not necessary to improve the economic situation.

- The outcome of the elections has not decided who will form the government. Clearly, PS, which is supported by President Danilo Türk, stands the greatest chance of this. It is likely to form a coalition with SD and one of the smaller centre-right parties. Such a government coalition, with only a slender majority in parliament and prone to internal conflicts, will be quite unstable. This in turn increases the likelihood of another early election.

- Given the present situation, there is little chance that necessary reforms of the Slovenian economy will be carried out. The main problem here is the rapidly growing public debt (since 2008, it has increased by 22.1 percentage points as measured against GDP to reach a level of 45.5% of GDP in 2011). The economic plan proposed by Janković, which envisages growth stimulation by increasing state investments, seems unlikely to be a success. This would require increasing the public debt even more, while Slovenia already has problems servicing its present debt (the interest rate on long-term bonds is now 7%). In the longer term, this may lead to Slovenia being seen as unreliable to the financial markets, which would result in the need to offer financial assistance to another eurozone member state.