

Slovenia facing early elections

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On 20 September the centre-left government of Borut Pahor collapsed, having ruled Slovenia without a majority in parliament since May. The vote of no confidence was supported by the opposition right-wing party and two centre parties, which had formerly been part of the Pahor government. The main reason for the government's downfall was the dispute within the coalition about the shape of the pension scheme reform and personal infighting. Slovenia is facing early elections on 4 December. Despite the breakdown of the government and contrary to the fears of the European press, on 27 September the Slovenian government ratified the reform agreed in June by the EU Council aimed at strengthening the European Financial Stability Facility (EFSF). With the reform of the EFSF Slovenia will increase guarantees for the instrument from EUR 2.02 billion to EUR 3.66 billion.

Commentary

- The right-wing Slovenian Democratic Party (SDS), headed by Janez Janša, is the frontrunner in the first early elections in Slovenia's history. However, it will most likely need a coalition partner in order to form a government.
- The ratification of the amendments to the EFSF – the key mechanism of the crisis policy in the eurozone – was made possible due to the abstention of SDS Members of Parliament. This party, sceptical of the methods undertaken to combat the crisis (bailing out Greece and strengthening the EFSF), clearly intends to maintain its assertive rhetoric during the electoral campaign. It is however quite unlikely in the future to hamper the implementation of EU anti-crisis mechanisms. The majority of Slovenian parties are interested in keeping Slovenia in the mainstream of EU reforms, therefore the ascent to power of SDS will not bring about a substantial change in Slovenia's European policy.
- Slovenia's export-dependent economy acutely suffered from the economic crisis in 2009 (with its GDP falling by 8%), then entered a period of stagnation (with the forecast for 2011 envisaging a 1.5% decline in GDP), making it difficult to fight a high unemployment rate (11.5% in July this year). The onset of the recession has been further complicated by the fiasco of the reformist ambitions of the Borut Pahor government, above all by rejection of the pension scheme reform in a referendum. The main challenge for the future government will be to convince society that socioeconomic reforms should be continued.

