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ABSTRACT

The Impact of Socio-economic Shocks on Collective Bargaining and Social Dialogue in Slovenia*

In this article we outlined main features of the social dialogue and the collective bargaining in Slovenia as they occurred during the 1990s' growth period. Then we tried to identify the main changes at the level of actors and processes that are emerging in the recent period. We found that the highly coordinated Slovenian system from the 1990s has been definitely exposed to the strong socio-economic shocks in the 2000s. Under the pressure of these – as we suggested not entirely externally caused shocks, the system's coordinative capacity was weakening.

Keywords: social dialogue, social partners, socio-economic shocks
Industrial relations, political sciences

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In the Slovenian case, the disintegration of 'real-socialism' and the former Yugoslav federation overlapped with the process of internal democratization and with the formation of the Slovenian national state. In spite of a relatively dramatic separation from the former federation, which culminated in the ten-day war in mid-1991, Slovenia later gradually advanced to market economy without any major social and political disturbances. The process was concluded with Slovenia's entrance into the EU (2004) and into the Euro-zone (2007).

From the period of the 'transformational depression' – the late 1980s and early 1990s –, Slovenia experienced high growth rates (Silva-Jauregui, 2004: 117) with the trend continuing until the recent breakout of the global financial crisis. During the growth period inflation was relatively high. It was a serious problem, which was treated as one of the central policy issues. Having the necessary support of social partners, different Slovenian governments handled the problem of reducing the inflation rate to a level that enabled Slovenia to enter the Euro-zone in 2007.

From the late 1980s onward, the unemployment rate began to increase, reaching its peak of 9 per cent (according to the ILO standard) at the end of the transformational depression (in 1993 and 1994). After that, it saw a gradual decline, which lasted up until the outburst of the economic crisis in 2008.

1. Approaching the EU: Slovenian Neo-corporatism in the 1990s

The formation of the Slovenian 'post-communist' industrial relations system was heavily influenced by the emergence of strong interest organisations, especially the strong trade union movement. In the late 1980s, the movement was to a large extent fuelled by the disintegration of the domestic (Yugoslav) market and by the correspondingly growing workers' discontent at that time. In the context of the transformational depression and the formation of a new political and economic system, first democratically elected governments were simply not in the position to ignore this massive and relatively organized social force when trying to resolve contemporary pressing economic and social issues.

At the beginning of the transition process, the structure of the employers' interest and the nature of its articulation were strongly marked by the structure of the Slovenian economy. Its main feature, formed within the Yugoslav 'communist' system, was the orientation of large companies from the metal, machine and chemical/pharmaceutical industries to Western markets. In the context of the transformation of the political system and the abovementioned disintegration of the domestic Yugoslav market, however, the entire economy was put under additional pressure and forced to reorient towards Western markets. This kind of re-orientation was the only window of opportunity, the single survival strategy not only for companies, but for the economy and for the new national state in general. On the employers' side, these vital companies' interests were systematically articulated and supported by the Chamber of Commerce, where large, already strongly export-oriented companies were traditionally most influential.

Against that background, in the circumstances when formerly dominant, old political forces were gradually losing influence, and new political parties were gaining it incrementally, the proportional electoral system was adopted in Slovenia. The system induced the formation of political coalitions and moderate policies which were relatively open and sensitive to trade unions' demands (compare: Wilensky, 2002: 121).

In 1992, a law on privatisation was adopted in Slovenia. According to that law, privatisation got a feature of massive (re)distribution of the property inherited from 'communism'. It was envisaged for the State to become the key owner of the largest and most capital intensive companies. Managers would accordingly become the second most important co-owners in all sectors, and workers owners and even majority owners of the most problematic, cheapest, most labour intensive companies. All actors agreed with that solution and all (or, at least, most of them) perceived it as an interim compromise which would be followed by a second, 'real' privatisation. The outlined process, where property was simply (re)distributed, i.e. was not bought or sold, can in a way be seen as a major initiatory political compromise which marked the beginning of the Slovenia's transition to market economy. It strongly influenced Slovenian development in the 1990s.

Following the adoption of the compromise law on privatization, early neo-corporative coordinative (institutional) practices started to emerge. They were based on the involvement of large organised economic interests – strong unions and employers' associations – in national economic and social policies formation and implementation processes. During the 1990s, unstable, centre-left coalition governments systematically prevailed. Being centre-left oriented and relatively weak, these governments were sensitive and open to the trade unions' demands. On the other hand, they were also strongly determined by the on-going process of accommodation to EU rules and demands. As relatively high inflation was a problem which had to be solved during the accession process, its lowering was a permanent priority of the Slovenian governments' policies. This focus implied systematic wage moderation. In contemporary Slovenian circumstances, the latter was not possible without systematic cooperation with social partners. Accordingly, the resulting policies were strongly focused on job protection, i.e. sustaining a low unemployment rate, and *gradual* lowering of the relatively high inflation. It seems that the outlined constellations – strong unions and employers' organizations combined with the unstable centre-left coalition governments – almost spontaneously generated the 'neo-corporatist' compromise in the Slovenian case.

Institutionalisation of the neo-corporative system was concluded in 1994 when the Economic and Social Council (ESC) – the most important institution for social dialogue, was formed. The ESC basically resulted from a political exchange between the first coalition centre-left government and trade unions. As mentioned above, faced with the problem of high inflation, the government intended to use wage moderation, but was aware that it would not be able to manage it without the unions' support. The establishment of the ESC was (in a certain respect) the 'price' that the government had to pay for the support of the unions. From 1994, social partners have been accordingly systematically negotiating income and other policies within the ESC. Negotiations cyclically materialised in the form of one or two-year agreements on income policies, occasionally also taking up the form of broader social pacts, wherein chapters on wage policies were traditionally of central importance.

The key implementation mechanism of the agreed policies was the centralised collective bargaining system. In the 1990s, general collective agreements for the private and public sectors framed sector bargaining within that system. At the time, sector agreements were implemented in almost all Slovenian organisations – the coverage rate, supported by the extension rule, was extremely high.

By the mid-1990s, this type of wage regulation influenced wage trends in Slovenia and proved to be relatively favourable in terms of macro-economic stability and the country's external competitiveness. Congruent with the rigorous implementation of the Maastricht

criteria, wage growth in Slovenia systematically lagged behind the productivity rate growth during the entire accession process, with only minor exceptions at its very beginning (Klinar, 2006).

Over a decade of the trade unions' support for the policy of systematic wage restraint was part of a wider political exchange. In the late 1990s and early 2000s, trade unions were able to exchange this systematic constructive stance for a relatively generous pensions reform and then – in the first half of the 2000s – for a comparably generous labour law. At the beginning of that period workers were ready to accept internal rationalisation (work flexibilisation and intensification) in exchange for job security.

In those times, Slovenia was not under the pressure of budget deficit and public debt problems; companies were not overloaded by loans. Stable economic growth provided room for political exchanges at that time. In these conditions, political exchanges functioned as a key element of the system's governing mechanisms. Stabilisation and the development of generous social protection were essential parts of that system. During the 1990s, the relatively developed welfare state definitely did not restrain the competitiveness of the Slovenian economy.

According to the outlined features, the Slovenian system clearly demonstrated characteristics of successful, functioning, competitive neo-corporatism from the mid-1990s up to the full inclusion into the EU in the mid-2000s (Stanojević and Krašovec, 2010). It was the main regulatory mechanism of the contemporary Slovenian Keynesian economy.

2. The EU Member State: the Outset of the Deconstruction of Neo-corporatism

2004: The Centre-right Electoral Victory

Since 2004, when Slovenia became a full EU member state, internal Slovenian constellations of power have changed and the role of the ESC in policy-making processes accordingly grew ever less important. A few years before the adherence to the Euro-zone, the income policies previously agreed upon functioned almost automatically and were not on the ESC agenda anymore. Not only was this item removed from the ESC agenda, but the new right government, elected in 2004 also announced a new agenda – a package of radical neoliberal reforms.

The entire neoliberal agenda was unacceptable for trade unions. Accordingly, negotiations and consensual development of policies within the ESC became impossible. Social dialogue literally vanished. Trade unions, being pushed into the opposition, started to articulate public resistance against the intended government's reforms. Resistance culminated in autumn 2005, when a massive trade unions' rally was organised in the Slovenian capital. After the rally, public support for the government decreased dramatically. At the same time, in the context of a massive inflow of cheap loans and exceptional economic growth, the problem of increasing inflation came to the fore again. Accordingly, the centre-right government initiated the renewal of social dialogue and even concluded a social pact with the partners for the period of 2007–2009. In the meantime, relations between the partners were going through significant changes. The system of competitive neo-corporatism and the corresponding legitimisation of the political elite no longer functioned as well as it used to during the accession process. The

electoral impact of renewed social dialogue and of the concluded social pact was insignificant. The centre-right lost the elections in 2008.

Exogenous and Endogenous Shocks: Inclusion into the Euro-zone and the Second Wave of Privatisation

The political change of 2004 and the announced reforms overlapped with Slovenia's inclusion into the Euro-zone. The process reached its critical point with the introduction of a fixed exchange rate prior to the State's formal admission into the Euro-zone in 2007. This proved to be a strong external shock: due to the fixed exchange rate, competitive pressures on companies increased rapidly.

The second phase of privatisation was an implicit key element of the intended neoliberal reforms. In fact, the new centre-right government clearly announced privatisation of the largest and most advanced Slovenian companies at the very beginning of its mandate. At the same time, it changed the status of the Chamber of Commerce: its former status of a mandatory organisation was abolished. By the new law on the Chamber of Commerce, adopted in 2006, the Chamber was transformed into a voluntary interest organisation. Formerly modest employers' interest representation, which used to play an important role in the processes of social pacts negotiation, thereby vanished.

The key instruments of privatisation were generous, cheap loans offered mostly by State-owned banks. Acquired loans were secured by company shares, which were bought with these same loans. Companies and their employers bore a large part of the burden of repaying the loans. Their repayment capacity was strongly determined by the changing market values of the companies, i.e. their shares.

The key player in the entire process of privatisation was the centre-right government. It triggered a reconstruction of the economic elite's network (see: Žerdin and Mrvar, 2007), by means of *selective privatisation*, where a core group of privileged 'owners' of appropriate *political capital* had easiest access to major State banks and massive, generous loans.

In the context of that process, acquisition of ownership shares became the main strategic goal of all the managers participating in the contest. With that goal in mind, all other strategies seemed more or less meaningless. Having recognized the chance to concentrate the companies' ownership in their hands, all the managers involved in the contest were more preoccupied by developing their *political capital*, rather than with strategic interactions on foreign markets or with improving production and adopting new technologies.

During the period of major privatising rearrangements in the economic elite's network, debts started to increase at all levels of the Slovenian economy. It was the time when work burden levels, acceptable for employees of the indebted companies exposed to growing competitive pressures, were exceeded. Gradual accumulation of the work burdens during the period of the accession process was concluded by the rapid increase of the work loads. In these circumstances, the possibilities for traditional micro exchanges, where employment security was ensured by the growing work flexibilisation and intensification, started to disappear.

De-unionization

The trade unions' exclusion from the processes of policy formation overlapped with the processes of the disappearance of traditional exchanges at the micro level. Trade unions were faced with a double problem: along with the exclusion from the political decision-making process, they had to deal with declining membership and workers' support in the traditionally strongly unionised sectors of the economy. After more over a decade of stabilisation at relatively high density rates, the latter started to decline rapidly in the mid-2000s. The intensity of this transformation, which began when Slovenia entered the EU, may be compared to the massive changes of the early 1990s. In a few years' time (2005–2008) the trade union density rate dropped from 40 to less than 30 per cent (Toš, 1999, 2004, 2009). The share of unionised blue-collar workers has been declining relatively quickly. Unionisation within public services has been stable and/or growing, but not intensively enough to make up for losses in the manufacturing industry.

What are the possible explanations of this rather dramatic, unfavourable trend? What are the causes for the massive decline? Has it been caused by recent changes in the structure of the labour force? Can it be explained by generational changes, i.e. the wave of retirement of the population which entered the labour market in the 60s and early 70s, or simply by the growth of the labour force (it surpassed 1.000.000 in this decade) which was not followed by an increase in union membership? It seems that all these factors explain the problem only partially and insufficiently.

The 'coincidence' of the two processes – the completion of the accession process, which almost totally overlapped with the beginning of the trade unions' decline – suggests that the set of the most influential factors is probably to be found in the new, radically different context, set up in 2004 when Slovenia entered the EU. Some comparative studies reveal that the accession (to the EU) process and the corresponding full inclusion of the Slovenian export economy into the European market(s) implied a gradual increase of work pressures on the labour force (see: FEWCS 2007; Svetlik and Ilič, 2006). It was systematically combined with Slovenian neo-corporative restrictive income policies. It seems that these processes were supported by and went hand in hand with workers' patience, mostly generated by high expectations from the entrance into the EU; expectations proved to be too high and the unions paid the price for massive disillusionment.

The abovementioned electoral victory of the (centre) right parties in 2004, i.e. the year when Slovenia became full member of the EU, was an important contextual change for the unions. The new government triggered radical neoliberal reforms at the beginning of its 2004–2008 mandate. Unions opposed these reforms, which brought them into conflict with the government in late 2005. They enjoyed massive public support in that rift and managed to hinder the implementation of intended changes. In that same year of the escalation of the conflict, however, the union density rate dropped by about 6 per cent. It is hence quite possible that this primarily political conflict also significantly contributed to the decline in union membership.

In spite of this relatively rapid decline in membership, the distribution of the unionised workforce among the main union organisations has not changed significantly. Despite recent heavy losses, the Association of Free Trade Unions of Slovenia (AFTUS) remains the largest confederation on the Slovenian trade union scene, just as it used to be in the 1990s. Today, this organisation, which traditionally focuses primarily on classical industrial workers, still covers more than half of the trade unionised population in Slovenia. Internal interest fragmentation of the confederation, mostly evident from the development of company

unionism, is however a new trend, which was not typical in the 1990s. This tendency indicates that the mobilising capacity of that largest confederation in Slovenia may be significantly lower from what one could conclude from its official membership statistics.

The second main feature of the recent processes is stability and growth of unionisation in the public sector services. In 2006, some major unions from that sector formed the Confederation of Public Sector Trade Unions (CPSTU) which formally covers almost a quarter of the unionised workforce in Slovenia. The affiliates of this new confederation are quite strong and autonomous. Compared to the AFTUS case, internal fragmentation at the micro level is an outstanding trend, whereas fragmentation within the CPSTU is more sectional in its nature.

The rest of the union organisations covering around 20 per cent of the unionised Slovenian workforce, consist of smaller confederations, autonomous national mostly public sector unions and, in addition to these, some company unions.

To conclude: in formal terms, Slovenian trade union membership is highly concentrated in two major confederations – the blue-collar AFTUS and the white-collar CPSTU. Both are characterized by a trend of strong interest fragmentation, also demonstrated by the existence of numerous small unions that are not included in the two major confederations. The situation is highly contradictory. Along with the formal prevalence of the two confederations covering from 70 to 80 per cent of the unionised population, the Slovenian trade union scene is also marked by enhanced interest fragmentation which applies to approximately 50 per cent of that population.

Changes in the collective bargaining structure

As the changes outlined above indicate, the Slovenian industrial relations system began to transform (significantly) in the mid-2000s. The direction of the transformation, announced by previous governments, corresponded to the prevalent European trends of the time. Coordination at the macro level was kept, but general collective agreements at the national level were abolished and the entire regulatory system focused more on the sector level. In spite of that decentralisation, the new law on collective bargaining (adopted in 2006) still assured a high collective bargaining coverage rate. In general terms, this ‘new’ system is a ‘softer’ version of the old one. It is not significantly weaker than the old one in terms of regulation. Along with the moderate decentralisation it preserved a relatively high level of regulatory capacity.

In Slovenia, collective bargaining is also rather systematically conducted at the company level. Trade unions are usually active in negotiating agreements with managers in large and medium-sized companies. In successful companies, such agreements typically surpass the standards designated by sector agreements.

Along with the unions, worker councils also exist in the majority of large and medium-sized companies. At the normative level, this system was implemented at the beginning of 1990 when the law on participation was adopted (1993). In basic terms, the law reorganised former self-management institutions and accommodated them to forms of participation similar to those in the German system.

Relations between the representative bodies (unions and workers’ council) within this dual system of workers’ interests’ representation are of cooperative nature, occasionally showing

signs of competition. Lists of candidates for worker councillors are usually prepared by unions.

3. Economic and Political Crisis 2008–2011: The Failure of Unilateral Policy-Making

Immediately after the elections of 2008, the new centre-left coalition government found itself in the midst of the economic crisis. The crisis escalated dramatically in the first year of the new government's mandate. In 2009, the Slovenian GDP dropped by 8 per cent (OECD, 18-19). Budget deficit and public debt, which used to be almost non-problematic in the previous years, started to increase significantly. The export sector was suddenly faced with a decline in demand on the foreign markets.

In these circumstances, all major privatisation projects encountered huge problems. A chain of bankruptcies suddenly struck the construction sector. At that point, the second wave of privatisation began to crumble. A series of unsuccessful local privatisations – breakdowns of financial arrangements, additionally deepened the crisis in Slovenia. In the autumn of 2009, a wave of spontaneous strikes broke out.

The government reacted with a series of fire-extinguishing measures. Faced with workers' evident discontent, it opted for a significant increase in minimal wages, along with provisions focused on interim support for companies and redundant workforce. Under the pressure of the escalating crisis, the threat of an increase in public debt and the corresponding demands of the EU institutions, it also drew up an ambitious program of structural reforms, aimed at tackling the difficult tasks of reforming the labour market and the pension system.

Upon the adoption of the law on minimal wages, the government tried to include it into a sort of a direct exchange with the unions. It intended to exchange the minimal wage improvement for the unions' support for the announced structural reforms. The unions, faced with huge pressure from below, generated by dissatisfied workers, and with the corresponding declining membership, found the government's offer unacceptable. The government reacted to the conflict by enforcing the structural reforms unilaterally.

The government's unilateral policy-making had devastating political repercussions. Unions, pushed into the opposition by the former (centre) right government, and kept at a distance by the centre-left one, started articulating social and political dissatisfaction and immediately revealed a rather impressive, exceptional mobilising capacity. The student organization and Slovenia's largest oppositional centre-right party SDS joined the unions' protest against governmental reforms.

The youth was especially appalled by the proposal of abolishing the institution of student jobs. The latter was introduced in Slovenia over fifty years ago with the intention of allowing students to earn some money during their study years. Following the OECD's dictate, the government wanted to limit students' income, introducing German-tailored "small work", accessible to students, pensioners and the unemployed. It also put an end to free warm meals and scholarships for high school students, trying to balance the restrictive measures out by raising the amount of dependent child allowance by a couple of percentage points. The Student organization of Slovenia strongly opposed the plan of reforms, as they wouldn't merely negatively affect students' rights but would also decrease its own income. Its anger culminated in the student protests of May 2010. The protests were attended by an astounding

15,000 students and involved an attack at the building of the Parliament, during which a part of its façade was seriously damaged.

Aided by trade unions, the Student organization, later managed to gather over 40,000 signatures – the Slovenian quota for demanding a referendum. The latter followed in April 2011, with over 80% of the participants voting against the proposed reform package. The outcome signalled the first major defeat of the ruling coalition. Its demise followed soon after, at a triple referendum in June, when over 70% negative votes prevented the government from implementing reforms concerning the pension system, black market jobs and archive materials. It became perfectly clear that the government lost the voters' support and would not be able to implement any reforms. Persisting in promoting reforms which did not have public support and weren't coordinated with social partners resulted in the slump of support for the centre-left government and its Prime Minister Borut Pahor (president of the Social Democrats' party) to under 20% – the lowest support rate any President or Prime Minister has ever had in the history of Slovenia. The Zares party, which gained around 10% at the previous elections, with its calls for so-called „new politics”, left the coalition after the referenda. The coalition thereby lost its majority in the parliament, which voted against the government at the confidence vote in September. In the following month, none of the parliamentary parties came forth with a candidate for a formateur of a new government as they could have done with the support of 10 parliamentarians.

It turned out that political parties, who were all suffering from decreasing public support, were hoping for new elections to be issued as soon as possible, (not without a reason) fearing that newly formed parties might present a threat.

To sum up: political conflicts caused by the government's unilateral enforcement of structural reforms, escalated and finally culminated in referenda which showed that none of the planned structural reforms succeeded in getting public support. This resulted in the deepening of the political crisis and premature general elections. Stubbornly persisting to carry on with unilateral enactment of structural reforms, the centre-left government pushed the unions and entire the public sector – the core of its 'Keynesian' electoral body, into opposition.

4. Recent Development: Premature Elections of 2011 and the New Wave of Socio-Economic Shocks

The elections of 2011 brought the centre-right back to power. This time, Slovenia was rather close to falling into the trap of a potentially serious debt crisis. Before the elections, all public opinion polls indicated great public disappointment with the centre-left coalition's policies. The polls also indicated that SDS (the party in power in 2004–2008) was going to win the elections again. However, Ljubljana's mayor Zoran Janković, extremely popular with the public, then unexpectedly announced he was going to form a new political party (Positive Slovenia) and join the elections race. Almost at the same time, Slovenia was in for another surprise: the most popular minister of Janša's first government, Gregor Virant, also announced he was forming a political party. Many thought he'd done so with the intention of taking some of Zoran Janković's votes. The votes received by his party would then allow for the formation of a centre-right government, which SDS would not necessarily be able to form without a new, partner party. During the elections campaign, the views and solutions advocated by Virant's party appeared to be even more neoliberal than those of SDS. They demanded complete liberalization of healthcare, complete privatization of state-owned companies, lowering income taxes for legal subjects, individualization and privatization of

pension funds, etc. At the beginning, public opinion ratings indicated that Virant's party even had chances of winning the elections. However, the party and its leader soon saw a decrease in public support, after it was revealed that the ex-minister had received a large amount of state support for unemployed parliamentarians, despite having a well-paid part-time job.

Contrary to Virant's party, mayor Janković's party advocated a more leftist oriented policy, closer to Keynesian principles. In the campaign, it emphasized the importance of public education and healthcare. Janković also promised to provide state-funded flat construction for young families and a mini Slovenian „New Deal” for the construction of the third pier of the port in Koper and the Slovenian railways. He promised to conclude the mandate with an economic growth rate of 4%. Furthermore, he supported the structural reforms that the previous government planned but failed to implement.

A few days before the elections, almost all public opinion polls predicted the victory of the oppositional SDS. The outcome of the elections, which were marked by a high participation rate, was hence a great surprise. Positive Slovenia, the party set up by the mayor of Ljubljana, came first, with an advantage of 2% over SDS. The result achieved by SD, the party of the previous Prime Minister Borut Pahor, was greatly disappointing. Advocating reforms without the trade unions' support cost it the greatest amount of votes. It lost two thirds of the seats in parliament that it had during the previous mandate. Virant's party came in fourth. Despite getting less votes than expected, it became the decisive factor, soon to tip the scale of government-formation.

The centre-left led by Janković got a chance to form a government, but lost it after several tactical mistakes cost Janković (appointed by the President of Slovenia as formateur) the necessary majority support. Consequently, Janez Janša, who had the necessary support of Virant's party, became Prime Minister of a centre-right government for the second time. Soon after coming into power, he announced radical austerity measures were to take place as soon as possible. The measures proposed were far more radical than the milder ones of the previous government, which his party fervently opposed while being in the opposition. They touched upon various aspects of social and labour market policies. Proposed austerity measures affected unemployment compensations, maternity leave, child support and selective pension adjustment; they also involved the cancellation of two national holidays and saw to the reduction of the scope of state celebrations. Financial support for young families buying their first apartment was cancelled and, among other measures, a ban on employment was introduced in the public sector. Trade unions were especially appalled by the announcement of a planned 15% linear wage cut for all employees in the public sector. It was also announced that this year's holiday bonus would be withheld; certain healthcare services previously available as part of compulsory health insurance were to be reclassified as part of extra insurance, and standards and rates in education were to be lowered.

Extremely critical of the proposed measures, on April 2012 trade unions organized one of the biggest general strikes in the public sector in the history of Slovenia. After long negotiations and much coordination, most of the trade unions finally signed an agreement with the government (which some trade unions still oppose). In the course of negotiations, some of the trade unions succeeded in persuading the government to decrease the extent of interference with social rights. Wages were agreed to be linearly decreased by 8% and inequalities that resulted from the latest wage reform in the public sector were to be removed. Moreover, the issue of lowering standards and rates in education, which would decrease its quality, was removed from the law. Nevertheless, the law still involves abolishing financial support for

young families, decreasing the amount of financial compensation for the unemployed, cancelling pension adjustment for this year, limiting the highest pension from the State's budget to 1450 EUR, transferring more healthcare services to private extra insurance and the lowering of amount of compensation for sick leave. Reproaches of concentrating merely on the expenses side of the budget also led to the introduction of a fourth tax class of 50% for a tax base over 69.313 EUR.

Janez Janša's new government therefore succeeded in doing what Pahor's government failed: concluding an agreement with trade unions that would allow radically limiting or decreasing wages in the public sector. This probably means it successfully avoided a referendum on the proposed reforms.

It appears that the government isn't thinking about stopping with these radical limitations of budget spending, but intends to also implement reforms regarding the labour market and the pension system. The government wishes to see greater privatisation of the pension system and a more flexible labour market. Serious conflicts between the trade unions and the government may thus not be excluded.

To weaken trade unions, the government wants to see a fiscal rule integrated into the Slovenian constitution. The rule, stating that governmental spending should be balanced, would probably allow the government to reach a ban on referenda on matters regarding public finances. This would significantly weaken the trade unions' negotiation position. But to enforce the rule, the government needs a 2/3 majority in the parliament, which it has been unable to guarantee for now (despite the fact that ex-Prime Minister Pahor expressed his support for the idea). It may therefore not be excluded that a similar provision be enforced in different form if agreement is reached with the opposition.

5. Conclusion

In this article we outlined main features of the social dialogue and the collective bargaining in Slovenia as they occurred during the 1990s' growth period. Then we tried to identify the main changes at the level of actors and processes that are emerging in the recent period. We found that the highly coordinated Slovenian system from the 1990s has been definitely exposed to the strong socio-economic shocks in the 2000s. Under the pressure of these – as we suggested not entirely externally caused shocks, the system's coordinative capacity was weakening. In spite of that, all attempts focused on the replacement of the social dialogue structures by the 'emergency', unilaterally oriented policies were, as we shown, basically unsuccessful. In all cases unilaterally enforces reforms induced political conflicts and finally culminated in referendums showing that none of the planned structural reforms succeeded in getting public support. Therefore, the unilateral policy making (only) enhanced political instability and occurrence of the serious political crisis. Being under the pressure of the neo-liberal change the Slovenian system obviously transforms, but it seems that it resists to the full neo-liberal turn.

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