

Elites, ideologies and crisis in Slovenia

*Matevž Tomšič, Lea Prijon*¹²

Abstract

The aim of the paper is to analyse the crisis discourse in Slovenia and the role of political, business and academic elites in it. We claim that their ideological profile that is often related to their 'vested interests' strongly determines common perception of crisis in Slovenian society. The crisis in Slovenia that derives from deficiencies of its developmental model, labelled as 'gradualism', is strongly related to configuration of political and other elites, i.e. high level of elite reproduction and corresponding ideological hegemony, exercised by one of elite factions.

Key words: elites reproduction, ideologies, crisis, gradualism.

¹² School of advanced social studies in Nova Gorica, Slovenia. Mail: matevz.tomsic(at)fuds.si; lea.prijon(at)fuds.si

Introduction

It is a truism to say that the crisis that appeared five years ago is truly a global social phenomenon. It affected – in one or another way – societies all over the World and – although started in financial realm – touched all key fields of social life. Crisis is not only about facts and numbers (related to GDP decline, loss of jobs, budget deficits). It is also about interpretations. Attitudes toward the crisis, explanations of its extent, causes and remedies are influenced by different factors. They are not determined solely by economic and social parameters, i.e. actual affectedness of particular society by the crisis and its ability to overcome its. They are strongly related to ideological profile of political protagonists, business leaders, intellectuals and other opinion-makers.

The global crisis has befallen the new EU member countries in a very diverging situation. It does not apply only to differences between them in terms of resilience of their economies to the crisis but also in terms of prevailing interpretations of it. At the beginning of the process of comprehensive societal transformation of their societies, different strategic choices were made by the hands of political and other social actors in terms of selection of

particular institutional framework, resulting in different ‘types of capitalism’ that was established in these countries, with its liberal versions on one side and to coordinated version on the other (Adam et al., 2009; Buchen, 2007; Bohle and Greskovits, 2007). They were significantly determined by the cultural character (values, ideas, sentiments) of the main actors who were responsible for taking decisions on the nature of reforms in the sense of socio-economic regulation. In this regards, interpretations of political, economic, social etc. developments are a result of specific constellations of different cultural elements.

Slovenia has being affected by the crisis in a severe way. Due to its financial problems (high indebtedness, ‘immobilised’ banking sector and increasing budget deficit), this small EU country that used to be considered as post-communist ‘success story’ came under the spotlight of institutions of the European Union. The crisis uncovered structural weaknesses of Slovenian model of socio-economic regulation that led to development of its version of ‘crony-capitalism’ characterised by entanglement of political and business elite. It also induced debates and controversies on future developmental model.

The aim of the paper is to analyse the crisis discourse in Slovenia and the role of political, business and academic elites in it. We claim that their ideological profile that is often related to their 'vested interests' strongly determines common perception of crisis in Slovenian society. The crisis in Slovenia that derives from deficiencies of its developmental model, labelled as 'gradualism', is strongly related to configuration of political and other elites, i.e. high level of elite reproduction and corresponding ideological hegemony, exercised by one of elite factions.

In the following section of our paper, we present gradualism as the type of socio-economic setting that was established in post-communist Slovenia at the beginning of transition period. After that, we discuss reproduction of elites and ideological hegemony as the basis of gradualist approach. Later we explain economic and social crisis in Slovenia as caused by shortcomings of its developmental model. And in the closing section, we analyse perceptions of crisis, its roots and way of how to overcome it as well as visions of future development of society as manifested in discourses of different 'strategic actors'.

Gradualist approach to societal tranformation

When Slovenia begun the process of transition, implicating a transition from an authoritarian regime into a democratic political system and from centrally planned economy into market oriented economy, it adopted the so-called gradualist model of transition (see Pezdir, 2008; Tomšič and Prijon, 2012; Prijon, 2012a). The gradualist approach endeavours for slow and piecemeal change and on-going state's intervention in the economy (see Hall and Elliott, 1999). Slovenian model can be "*considered as a leading example of a gradualist approach to transition*", although at the beginning of the transition period, some foreign advisers (like IMF) had suggested the approach of the shock therapy (Lovrač and Majcen, 2006: 2). It was characterised by slow and gradual process of institutional transformation particularly in the field of economy but also in some other social areas (see Brezovšek, 1998; Ferfila and Le Loup, 1999; Adam and Makarovič, 2001). Post-communist transition implicated the adoption and implementation of new institutional setting which, in the field of economy, caused conflicts between the defenders of the shock therapy and gradualism,

mostly regarding the privatization¹³ as a key process of the economic transition (together with restructuring process). There were two possible ways of privatisation: 1) gradual decentralized and amortized or 2) quick centralized and distributive (Mencinger, 2000: 31 - 32). The adopted gradual privatisation implied a small number of foreign investments, which were somehow accelerated after 2000 with the abolition of major and crucial administrative barriers for its inflows (Pezdir, 2008). Despite this, Slovenia is nowadays still characterised by the lowest share of foreign

¹³ The privatization process has officially begun with the adoption of the *Law on Ownership Transformation* (1992), with the aim of reducing the national debt and the role of the government in the economy, as well as increasing the economy's competitiveness and the introduction of market principles in the public sector and the possibility of small investors in the ownership process (Giorgino and Tasca, 1999). The *Law on Ownership Transformation of Companies* was primarily focuses on regulating the ownership's transformation of enterprises with public capital into private companies (with determined owners). In terms of corporate governance also the Act on enterprises (1993) is crucial, which was implemented with the aim of a property rights as the foundation for the management of legal entities (Bohinc, 2000). In the field of small private companies, which were in bad conditions at the beginning of the '90 (e.g. operating with the loss), a restructuring in terms of the ownership, size, financial, organizational, technological and human resources occurred (Lazarević and Lorenčič, 2008). The adoption of the *Act on development of small business* (1991) and the *Crafts law* (1994) enabled a mass emergence of new businesses, on the other hand, the old ones had begun to crush.

investments, compared with other new member states of the European Union (see Drozg, 2007; Tomšič and Prijon, 2012; Prijon 2012a) what is typical characteristic of gradualist model of transition (see Mencinger, 2004; Šušteršič, 2004).

Gradualism enabled and maintained monopolies and the restriction of foreign competition, and also allowed a long-term maintenance of the state's role in the economy (reflected in the regulation of prices, attempts to promote exports through constant minimal depreciation etc.) (Tomšič, 2002). At the same time, there was no interest for foreign capital which was administratively constrained until 2000. But also afterward, foreign direct investments were limited due to policies, based the 'ideology of national interest' (see Pezdir, 2008; Rojec and Šušteršič, 2010). Its advocates championed domestic ownership of companies (at least those in strategically important branches), claiming that it bring more beneficial societal outcomes since local owners are more attached to the community and are thus more socially responsible than foreigners who care only for profits (Adam and Tomšič, 2012: 63). The process of privatisation was delayed and it did not establish an effective ownership structure by itself (Šušteršič et al., 2008), since the state remained the owner of some crucial companies, which

had enabled the political market to directly influence and dominate the economic one (Turk et al., 2010). There are many reasons for the lack of privatization's effectiveness; the most important certainly regards weak mechanisms for the consolidation of ownership, the lack of necessary resources, expertise and long-term interests of large shareholders, which could be the 'strategic shareholders' for corporate restructuring. Among the most important reasons was also the almost evenly distributed ownership in most companies, between groups with opposing interests (internal and external owners). Such 'stalemate' significantly complicated the decision-making process, relevant for necessary restructuring of economic sphere (Šušteršič et al., 2008). During the transition process, some sectors were marked by the avoidance of exposure to foreign competition, since the latter was almost non-existing, the banking sector was (and still is today) owned by the state and it has not experienced the necessary differentiation... There was a slow restructuring of the enterprise sector where state's owned enterprises had become the key players on many markets (see Pezdir, 2008; Lovrač and Majcen, 2006). The labour market was rigid as well; the pension system and health financing reform were lagging behind in restructuring.

Selection of gradualist type of socio-economic transformation was related to the general social and economic conditions in Slovenia at the beginning of transition period. Here the communist regime was – at least at its end – ‘softer’ than in majority of other East-Central European country. Country’s relative openness towards the West and its more market-oriented economy together with some degree of political and especially cultural autonomy (which was not the case in the Baltic countries) during the times of socialist Yugoslavia made the change in the socio-economic formation less traumatic. This led to the prevalence of a notion of the relative compatibility of the Slovenian institutional setting with the West which rejected a deep and sudden break with the past, arguing for a ‘soft transition’, in other words, piecemeal and gradual institutional changes in order to preserve social stability (Adam et al, 2008). But it was configuration of elites and their cultural profile that determined the selection of this developmental model (as discussed in the following section).

Elite reproduction and politico-ideological hegemony

Political sphere in post-communist Slovenia is characterised by a bipolar division into two political blocs with neither being fully

internally homogenous (Adam and Tomšič 2002; Tomšič 2008; Jou 2011). The first is the so-called 'leftist' and the second the so-called 'rightist' bloc. They are most clearly divided by their institutional origins. The two parties that for the most of transition period played the main role in first camp – the Liberal Democracy of Slovenia (LDS) and the Social Democrats (SD) (until 2005 called the United List of Social Democrats) have their organisational roots in the old (communist) regime – the latter is the successor to the former ruling Communist Party.¹⁴ The other bloc consists of three main parties – the Slovenian Democratic Party (SDS) which is the dominant party here, the Slovenian People's Party (SLS) and New Slovenia (NSi) – which were established during the democratisation process (all three are members of European People's Party). The distinction between the 'old' and 'new' parties as they are often labelled in public discourse largely covers the left-right cleavage ('left' as the 'old' and 'right' as the 'new' parties).¹⁵

¹⁴ It should be mentioned that the LDS acquired some special features. In 1994, a small but very significant group of members of two parties from the new political elite (members of the Demos coalition that governed from 1990 to 1992) joined the Liberal Democracy of Slovenia.

¹⁵ The labelling of both political blocs as 'the left' (first camp) and 'the right' (second camp) long used in public discourse differed from their meanings in the context of Western democracies (to some extent blurring the picture of the Slovenian political space) since members of

This bipolar structure remained for the whole period, although there are some political groups which can hardly be clearly classified in one camp or another.¹⁶ This means that right-left division of political space became considerably stabilised (Bebler 2002). However, some changes regarding relationships took place within both political camps. In the 'leftist' camp, LDS played the leading role throughout most of post-communist period, followed by SD and after last elections by Positive Slovenia (PS), although future of the later is far from certain since it is recently established party with weak local organisation and without strong ideological 'core' (so it not sure whether it will be able to maintain its position as opposition party). In the 'right' camp, the leading role was first played by Slovenian Christian Democrats (NSi's predecessor), then

the business elite are proponents of 'the left', mostly the LDS, while many of those who considered themselves de-privileged (often described in terms of injustices suffered during the communist regime) have supported 'the right'.

¹⁶ There are parliamentary parties that belong to this category. First one is Citizen's List, centrist oriented party with (neo)liberal paradigm; the second one is Democratic Pensioner's Party which is in fact interest group of retired population. It is usually declared as left-leaning but is very pragmatic in its political behaviour since it is willing to ally with centre-rightist parties (it participated in two right-leaning governments).

by SLS and now for more than a decade by SDS. While in the 'left' camp, situation was rather stable through most of transition period and become more volatile in the last years, in the 'right' camp's situation became stabilised from the beginning of the century, with SDS maintaining its dominant position (Adam and Tomšič, 2012: 60).

For most of the transition period, the Slovenian political sphere was dominated by a 'left-liberal' bloc where the LDS played a central part (Tomšič, 2008; Adam and Tomšič, 2012). From the first parliamentary elections in 1990 onwards, there were eight 'political turns', in other words, changes of the political options in power (and seven different heads of government, including the current one). However, in this period governments not dominated by 'leftist' parties (rightist controlled governments were in place for just seven and a half years). Although all LDS-led governments were composed of parties from different camps, this party dominated them and the 'spring parties' only played a marginal role in these coalitions.

The political domination of the 'left-liberal' bloc was strongly related to the configuration of the general elite in post-communist Slovenia, i.e. predominance of the principle of elite reproduction, meaning the strong persistence of people with roots in former regime on top positions in different spheres of society (Tomšič, 2008; Tomšič and Prijon, 2012).¹⁷ As consequence, the vast majority of the elite gravitated (regarding its voting preferences) towards the political part of the retention elite, represented by the LDS and SD. This faction of the political elite enjoyed much better connections with various strategic groups within society, above all the management, business and academic sphere, the social sciences circles and the media. Its advantage thus laid in its intellectual and cadre potential as well as financial resources,

¹⁷ This level of this kind of elite reproduction is much higher than in other comparable Central European countries (Czech Republic, Hungary and Poland) where the change in the regime resulted in fundamental changes to the elite positions and thus the circulation of elites was higher. Research conducted in 1995 on Slovenian functional elites in politics, culture and the business sector provided some data on the relations between the old (people who occupied high positions before 1988 and were able to preserve them) and the new elites (those assuming elite positions after 1988). In fact, this showed a fairly high level of reproduction in all elite sectors. The rate of reproduction amounts on average to 77%, with the highest individual level being seen in the business sector (84%) and the lowest in politics (66%), while in culture it reaches 78% (Kramberger 1998, 1999; Iglič and Rus 2000).

which led to its disproportionate influence and informal power within society (Adam, 1999; Tomšič, 2008). This informal power contributed to the dominance of 'the left' more than their legitimate power, i.e. support among the population, since both blocs were more or less in balance (with exception of the parliamentary elections in 2000 when the LDS and left bloc won with a large majority).

The composition of Slovenian elites and dynamics of the political space became the subject of dispute among scholars. Some see this as unproblematic, stressing the benign effect of elite reproduction, especially political and social stability, claiming that Slovenia experienced less social turbulence than any other transition country (Iglič and Rus, 2000; Kramberger and Vehovar, 2000), or attributing that to the positive role of the old communist elite in the democratisation process (Miheljak and Toš, 2005). However, there are also more critical interpretations (Adam and Tomšič, 2002; Tomšič, 2008). According to them, a distinct domination of the political elite that is tied to the former regime and is therefore striving for the conservation of certain relations and privileges severely hinder the democratic and market transformation of the social system.

Configuration of elites and dynamics of change in elite positions strongly affect prevailing cultural orientations, i.e. values and ideas in political space and society in general (Adam and Tomšič, 2012). Namely, elites are the most important 'cultural entrepreneurs', i.e. producers and transmitters of cultural scenario that affect political and social dynamics (Kubik, 2003). Although some observers stress strong consensual elements in Slovenian politics that was characteristic for post-communist Slovenia (Guardianchich, 2011; Bennich-Björkman and Likić-Brborić, 2012) where political divisions between leftist and rightist camp are often of mere tactical nature (Genov, 2013), ideological conflicts and animosities are still important part of political reality. It is a fact that some major national goals like accession to the European Union and introduction of Euro were commonly endorsed by political actors across political spectrum. However, strong ideological divisions didn't wither away. When international (European) goals became fulfilled, politico-ideological polarisation became more evident (Adam and Tomšič, 2012: 65).

For most of the post-communist period, Slovenian political and social life was characterised by a kind of cultural hegemony that was undertaken by a 'leftist' camp (Adam et al., 2009; Adam and

Tomšič, 2012). The hegemony was perceived by Antonio Gramsci, the author of this concept, as ideological domination, as "the ways in which a governing power wins consent to its rule from those it subjugates" (Eagleton, 1991: 112) where "language and practices can have a lasting influence on how individuals experience specific events" (Tsatsanis, 2009: 219). It is attained through the multiple ways in which the institutions of civil society operate to shape the cognitive and affective structures whereby individuals perceive and evaluate social reality (Femia, 1981: 24).

The hegemony of the 'left' meant that values, ideas and solutions proclaimed by its protagonists received much more media attention and support from opinion-makers and thus much more public 'weight' than the ones defended by its opponents from the 'right', sometimes being presented as something 'normal' or even 'common knowledge'. This is strongly related to the situation in Slovenian media sphere which is characterised by strong unbalance (this holds especially for printed media) since majority of them more or less openly favour 'the left' (see Tomšič, 2007; Makarovič et al., 2008). The media importantly shape citizen's perceptions of political and social events and way they assess political and other social actors. Lack of media pluralism can thus result in skewed and

biased perceptions of the public.

This hegemony was taking place in conditions of above-mentioned bipolar structure of the political space, even though the electoral support for both camps was often quite in balance. It was mainly through informal elite networks, with strong interconnections between political, business and cultural elite, with 'left' camp enjoying support from key 'strategic elites', what was decisively related with above-mentioned high level of elite reproduction (Adam et al, 2008).

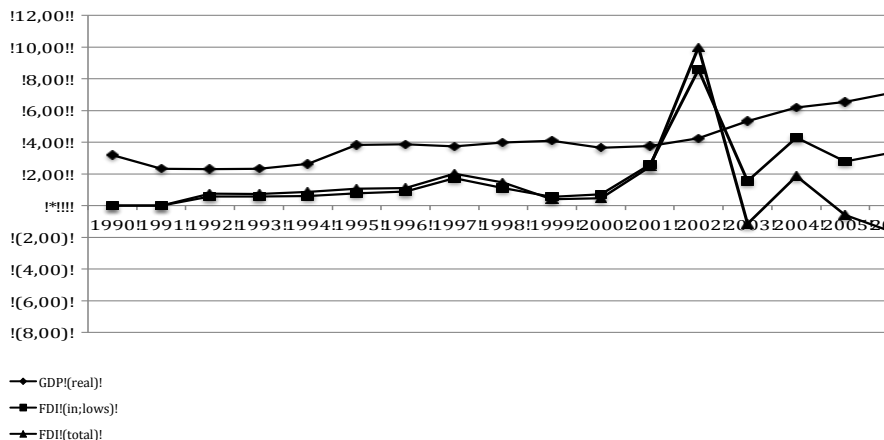
A clear expression of this 'fusion' was the ideology of the 'national interest'. It was clearly instrumentalised by the hand of 'old' elite for preserving its positions through elimination of potential competitors from abroad. It was maintained by political elite mainly through institutional mechanisms, unfavourable for foreign investments (Adam and Tomšič, 2012: 64). Regarding defence of national interest, it can be said that the parties belonging to rightist camp consistent alternative solutions and they often endorsed it as well (ibid. 2012: 65-66). Especially SLS is the one that advocates from time to time (depends who is in leading position in the party) national interest and it is against foreign

direct investments. Implicitly they supported the emergence of national capitalism. This is true also for other parties from this bloc which were in some periods (especially when they came to power from 2004 to 2008) inclined to negotiate with powerful representatives of business interest.

Roots of the crisis

In the case of Slovenia, we can observe a paradox in terms of its significantly better starting position, compared to other transition countries, and the actual successfulness of transition, especially on economic field, since today's Slovenian economic situation is very poor (Pezdir, 2008). In the chart below, we give an example of the trend of GDP, GDP p.c. and FDIs share from 1990 (when the transition started) until 2011.

CHART 1: Trend of movement for real GDP, FDI (inflow) and FDI (total) between 1990 and 2011



Source: Prijon, 2012b: 174 – 175 (normalized values)

As it can be noted from the chart above, Slovenian economic development started slowly (especially after the 1995) as concerns the share of GDP and FDIs total and inflow. The latter amounted of small shares, especially between 1990 and 2000. From 2001 onwards the share of foreign direct investments raised to 503.400.000¹⁸\$ and reached 1.659.500.000\$ in 2002. In 2008 there was a great jump in FDIs, when they amounted of 1.936.803.175 \$ (in total share) as the highest share between the observed period (1990-2011). As it concerns the trend of real GDP it can be observed that it was constantly growing, reaching the peak in 2008 (with 54.606.018.255 \$) (see Prijon, 2012b). In all, we

¹⁸ From 135.800.000 \$ in 2000.

can claim that Slovenia has been progressing rather well in economic terms since independence, even exceeding the average development of the EU until 2008. But after the great recession in 2008 Slovenia is not able to catch up the European average and lags behind in progress (Dnevnik.si, 2012).

Some authors believe that such a situation is a consequence of the gradualist approach which hindered successful systemic transformation and led to a slow progress (or even to an economic decline). On the other hand, some others claim that gradualism (with the exception of a partial privatization) had proven to be successful in terms of preparing macroeconomic frameworks for a transition in market-oriented economy in the beginning of the '1990s. Nevertheless, Pezdir claims that Slovenia would achieve developmental level of Western societies if processes of macroeconomic stabilization, privatisation and restructuring would be successful in the first place (Pezdir, 2008). In fact, until today, privatisation remained unfinished, marked by non-transparent privatization of assets, which is nowadays reflected in the paradox of the so-called '*wild privatization*' (Lorenčič, 2010). In fact, after the past two decades, a significant part of the Slovenian economy has not been privatized yet. It has been administrated by the

government or quasi-state funds under government's control (see Bohinc, 2000; Žerdin, 2005; Drozg, 2007). Non-transparent privatisation, reflected in monopolies, high tax rates, non-stimulating business environment, etc., is a key legacy of the Slovenian model of economic transformation, which acts counterproductive in terms of adaptation to the principles of market economy (see Pezdir, 2008). In 2006, the first Janša's government adopted the program of the withdrawal of KAD and SOD¹⁹ from the ownership of state's enterprises, which is gradually being implemented but the state is still the major player (through KAD and SOD) in ownership cases. The process of privatisation is still marked by the lack of transparency (Šušteršič et al., 2008).

The global economic crisis exposed deficiencies of Slovenian model of transition. The gradualist policies were actively sustaining monopolies or oligopolies of state-controlled companies in some key sectors of economy (banking sector, insurance sector, telecommunications, infrastructure), resulting in a lack of incentive

¹⁹ KAD – Kapitalska družba d.d. (a joint stock company, founder and shareholder Republic of Slovenia)

SOD – Slovenska odškodninska družba (a financial organization for settling obligations to beneficiaries according to the Denationalization Act and other regulations concerning denationalization of assets).

for their restructuring in terms of higher competitive performance. Current economic stagnation is in considerable extent a result of dysfunctional banking sector which is not able to provide support for business activities and of high tax burden on the Slovenian economy and individuals (Turk et al., 2010). Due to interventionist and protectionist economic policies, Slovenia can be placed in the group of countries with high level of state regulation and low level of business freedom (see Pezdir, 2008; Prijon and Tomšič, 2012).

The described situation has led to the survival of the old business elite who retained links in the political sphere they already had before the fall of the previous regime (Pezdir, 2008). This is the effect of economic policies which were adopted in the beginning of transition when the state retained power to directly interfere in the economy, whenever there was a threat for greater social costs (e.g. unemployment), or to halt the reforms which could lead to liberalisation of economy (Turk et al., 2010). At the same time, the absence of effective state's institutions and the rule of law caused the rise of monopolies and the emergence of horizontal and vertical networks which functioned as cartels (ibid.). This related to above-mentioned elite reproduction that was particularly high in the business sphere. Even after the system's change, the same

people were placed to same top position in the economy that have already occupied in the previous system. And it was precisely the management that had maintained a key role in managing the business, what lead to a setting, named by some analysts as 'managerial capitalism' (Szelenyi, 1996; Eyal et al., 2000).²⁰ However, some of the leading managers planned to assume ownership of their companies through managerial buyouts which were carried out either directly, with the establishment of the acquiring company, or indirectly, through the ownership chain of interconnected individuals (Hauser, 2008). However, the crisis clasped some of these plans. Some of the most notorious tycoons were not able to repay their loans what resulted in their bankruptcy (in some case, they also 'sank' their companies). And a number of they is being prosecuted for their financial machinations.

²⁰ This is a specific situation, where the managerial class, in the absence of or in weak ownership structure, controlled the economy thereby presenting a major, leading group in a society. In this context, the so-called business or managerial elite has a specific role, since we speak about retention elite that draw its power and influence from the positions which they occupied in the previous (socialist) regime (Adam, 1999; Tomšič, 2008).

In the beginning of the transition process, gradualist approach had certain evident advantages since it tamed social disturbances and reduced the social cost of restructuration of business sectors. However, it eventually started to produce negative effects, especially decrease of competitive potential of Slovenian economy (as shown by results from different survey like *World Competitiveness Yearbook*) (Tomšič, 2006). The global crisis exposed all deficiencies of the Slovenian economy and society in general that is rather heavily burdened with clientist networks, politicisation and monopolies that are present not only in the business sphere but even more evidently in other spheres of society like education and health-care (Tomšič, and Prijon, 2012).

Ideological orientations and perceptions of crisis

Individual perceptions of social processes and their agents are always influenced by cultural context. Individuals interpret reality through pre-existing mental categories. These categories are related to ideologies which can be basically defined as more or less coherent sets of ideas that provide the basis for political action, "whether this is intended to preserve, modify or overthrow the existing system of power" (Heywood, 2007: 11). Phenomena like

global crisis that affect life of people all over the world are apprehended and interpreted from different ideological perspectives. It is thus not possible to discern perception of crisis in particular society without knowing its 'cultural configuration', i.e. its prevailing values, ideas and attitudes as well as relationships between different ideological orientations and their agents.

In Slovenian political life and public discourse, certain ideological categories have meaning that in some important aspects differs from the one in the established Western democracies. This particularly applies to the terms 'left' and 'right' that are still the most common denominators of the political placement. The main point of division between them it is the attitude toward the issues of symbolic nature, particularly toward the communist past where the 'rightists' are highly critical to former regime and its successors as well, while 'leftists' are more or less benevolent to its nature and consequence thus rejecting any declarative condemnation of communist regime (Makarovič and Tomšič, 2009). After the 2004 parliamentary elections, it looked that political polarisation and strength of conflicts of symbolic nature would ease, with the issue of a socio-economic regulation gaining in importance, since the campaign before these elections was evidently less burdened

with 'old' ideological issues. Lying at the forefront were socio-economic issues like the liberalisation of the economy, tax reform and welfare state reform. When the right-leaning government launched comprehensive socio-economic reforms, they were encountering considerable reluctance on the part of the centre-leftist opposition which warned against an increase in social inequality and the impoverishment of a considerable share of the population – meaning it is demonstrating its 'leftist nature' in terms of its social orientation and scepticism of 'neoliberal' capitalism. However, in the last years, animosities and conflicts between the political camps soon regained considerable strength (Adam and Tomšič, 2012: 61).²¹

The crisis in Slovenia has not only economic and social dimension but also political one. Slovenian political space experienced evident destabilisation in last couple of years, especially since per-elections in 2011 that followed the vote of no confidence for then

²¹ The most evident example of such ideological activities was the decision of municipal authorities in the Slovenian capital Ljubljana to name a future street after the former Yugoslav communist leader Josip Broz Tito that met with strong resistance from the centre-right opposition and a considerable section of the public, accusing the mayor and his followers of trying to rehabilitate the communist regime.

centre-leftist government. At those elections, relative majority was surprisingly won by newly established party Positive Slovenia (PS), led by mayor of Ljubljana Zoran Janković. However, he did not manage to form the coalition that would have the majority in the Parliament. At the beginning of 2012, centre-rightist government coalition was formed, led by leader of the SDS Janez Janša. But this government didn't last long since three of five coalition parties left it in the beginning of 2013.²² After that, centre-leftist coalition established new government, led by Alenka Bratušek from PS. They declared that after one year, they will go in the Parliament for a vote in confidence. Due to significant differences between coalition partners with certain important policy issues, durability of current government is put under question.

The political situation is perceived as one of the major obstacles of effective coping with the crisis. This reflects also from the perspective of foreign observers. For example, the last *Country Risk* report for Slovenia, prepared of Economist Intelligence unit, announced the existence of increased risk, following the collapse

²² The cause for withdrawal of was the report of national Commission for Corruption Prevention that accused Janša that he didn't explain the source of his revenues from last couple of years.

of the Janša government that Slovenia may need a bail-out to rescue its debt-ridden banks (EIU ViewsWire, March 2013).

Political instability is strongly related with deep ideological polarisation that is part Slovenian tradition (Tomšič, 2008). This polarisation reflects in inability not only to reach consensus on basic policy orientations but also in problems with regard to creation of a common 'interpretative scheme'. In such circumstances, it is difficult to launch dialog on key social issues, based on mutual understanding and shared definition of the situation, at least on the most general level.

The polarisation is characteristic for interpretations for crisis in Slovenia. It is rooted in divergent attitudes toward normative and institutional framework in terms of i.e. which model of socio-economic regulation is the most appropriate for the country. Although gradualist model that was introduced at the beginning of transition period initially enjoyed strong support from political, business and other elites, it eventually started being faced with increasing opposition. One of the most evident examples of this was a 'clash' in the community of academic economists. In the beginning of this millennium, a dispute appeared between two

groups of economists, i.e. 'old' and 'young' economists, on some key issues like the destiny of the national economy in a globalised world economy, the role of state in economic regulation and (un)desirability of foreign ownership of companies. While 'older' economists advocated gradualism and warned against foreign capital, 'younger', more neo-liberal-oriented economists, raised their critical voice against statist character of Slovenian economy, arguing for internationalisation of the economy and emphasising the significance of FDI (Adam and Jarec, 2007).

Dispute gained political dimension when the first Janša's government (2004-8) adopted some key ideas of the second group. Some of its member members of this group of economists received important public positions (one even became Minister for Development), although most of them they soon parted ways with the Prime Minister. On the other hand, the 'old' economists who predominantly opted for the centre-left mostly opposed government's reforms, oriented toward deregulation of Slovenian economy and society. This division continued after the beginning of crisis, especially when the second Janša's government (2012-13) announced the package of anti-crisis measures with cuts in public spending and reduction of the public sector, privatisation of state-

owned companies and reform of the banking sector. Again, 'young' economists generally supported these measures, particularly those focused on financial situation;²³ while the 'old' economists criticised them, claiming that they will not bring resolution of the crisis but rather deepen it.

The crisis found Slovenia unprepared not only in institutional but also in intellectual terms, i.e. in terms of belated awareness of its extent and consequences. When the crisis appeared in 2008, a number of politicians, economists and other opinion-makers claimed that it will more or less 'bypass' the country. They stated that closed character of Slovenian economy (lack of its internationalization) would be an advantage in such situation since it wouldn't get so 'contaminated' by negative developments on the global level. However, this soon became falsified by severe decrease of performance of national economy.

²³ The key measure was the establishment of Slovenia's 'Bad Bank', asset management company in charge for rehabilitation of bad loans of the commercial banks (which transferred this loans to it). 'Young' economists welcomed it, claiming that it will 'cleanse' the banks which will become able to credit the business sector; while the 'old' economists opted for investments of public-money into the banks.

With regard to the causes of the economic crisis that affected the country, two opposite interpretations dominate the scene. According to the first, crisis in Slovenia is predominant extent externally induced, i.e. caused by malfunctions of global capitalist system which are a result of excessive deregulation, particularly in the financial sector, and irresponsibility of business and political elites. Situation in the country is thus an echo of global developments. On the hand, the second interpretation states that the crisis is induced by internal factors, i.e. caused by shortcomings of developmental model that was introduced in the beginning of the transition period. Situation is thus a result of statism, closure and protection of monopolies of local political-business networks, resulting of weak competitiveness of Slovenian economy and society on general.

Antagonistic interpretations of the crisis are connected to above-mentioned ideological divisions. While advocates of gradualist approach are prone to stress external causes and plea for continuation of the existing type of socio-economic regulation, advocates of neoliberal approach²⁴ state individual causes,

²⁴ It has to be stated that in Slovenian public discourse, the term 'neoliberalism' is usually used by opponents for systemic reforms that

claiming that essential and comprehensive reforms are necessary for overcoming the crisis. Later thus supported above-mentioned reform measures as proposed by the second Janša's government, while the former fiercely opposed them, claiming that austerity measures will 'destroy' the welfare-state and undermine the standard of living of Slovenian people. This opposition was composed of a wide range of influential individuals and groups, from leftist opposition, trade-unions (particularly those representing public employees), media, academia, civil society associations etc. Their revolt resulted in mass public protests that started in December 2012 and lasted couple of months, ending in the fall of the government.

The irony is that the new centre-leftist government whose main coalition parties, when in opposition, strongly agitated against reform measures adopted the same anti-crisis policies that were launched by her predecessor. This happened due to the pressure of international political and financial circles and following the significant downgrade of Slovenia's government bond rankings.

would be directed toward deregulation. Those who advocate reform do not perceive themselves and 'neoliberals' and their ideas are, in general, not so 'radical' as the ones, promoted by neoliberals from Anglo-Saxon world.

Such 'outside' intervention provoked anti-capitalist and anti-EU sentiments among both general public and elite circles, presenting Slovenia as 'victim' of international financial circles and European policy-makers.²⁵ However, the change of policy-course of the current government demonstrates that Slovenian political elite, regardless its ideological orientation, cannot ignore international institutional framework into which the country is integrated.

Conclusion

The crisis in Slovenia corresponds with decreasing of trust in political institutions (Makarovič and Tomšič, 2010). It is not the only – and perhaps not the crucial – factor of deepening mistrust. There are many 'internal' political elements, i.e. those related with behaviour of political elites – ideologisation, incompetence,

²⁵ At the beginning, adherents of the institutional *status quo* first tried to downplay the importance of international assessments. For example, the leading advocate of gradualist approach Jože Mencinger stated that country ratings, provided by credit rating agencies, 'should simply be ignored' (Finance, 16.1.2012). Later, when the European Commission announced reform 'guidelines' for Slovenia, evidently directed toward liberalisation and deregulation, he claimed that EC's idea of competition is destroying the EU where 'Slovenia is turning into irrelevant province, whose than it was in former Yugoslavia' (MMC, 30.5.2013), so 'the government 'should stand against Brussels' (Mencinger, 2013).

clientism, corruption – that contribute to such negative sentiments. There is a lack of confidence that Slovenian political elite is capable to bring the county out of crisis by itself, without external assistance.²⁶ Although dissatisfaction with the existing political – and other – institutions and actors is not problematic by itself (it be understood as a demand for further democratization of society), high level of distrust, in combination with apathy, could nevertheless harm the performance of (already relatively weak) institutions.

The crisis discourse is strongly connected to general value patterns in society. They cannot be understood in isolation from general traits that shape its cultural dynamics. Prevalence of particular interpretations is related to ideological structuration of public space and relationships between different elite factions.

There are two features that characterise cultural dynamics in post-communist Slovenia. First one is strong ideological polarisation, while second one is ideological domination of one particular

²⁶ According to Slovenian Pulse public opinion survey from June 2013, 62,5% respondents do not believe that Slovenia is able to solve the crisis without international assistance (Slovenian Pulse, June 2013).

political camp. Gradualist approach, coupled with ideology of national interest, is the result of this hegemony. And this refers also to the crisis discourse. Although there are diverging interpretations of crisis, the public discourse is dominated by the one that tries to deny or at least minimise responsibility of the gradualist-based policies.

Despite this, implementation of certain structural reforms is necessary in order to overcome the crisis. This refers to the reform measures that would lead to dismantling of monopolies in different fields that are the major obstacle for modernisation of Slovenian economy and society. Regardless how strong ideological support they enjoy. Ideology cannot beat reality – at least not in the long run.

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