
Marko HOČEVAR*

GRADUALIST KEYNESIANISM OR DESIRED LIBERALISATION? ANALYSIS OF STRATEGIC DOCUMENTS OF THE STATE, AND THE CONTRADICTIONS OF NEO-CORPORATISM IN SLOVENIA (1991–2008)**¹

Abstract. The article contributes to discussions on the nature, extent and depth of neo-corporatist political arrangements in Slovenia before the 2008 crisis by analysing the interests held by the respective dominant social bloc(s) as they emerged in the early 1990s and are most clearly expressed in strategic documents of the state. Our analysis shows that beneath the neo-corporatist structure and certain neo-Keynesian policies as the outcome of the social partnership, a strong technocratic, political and capitalist orientation to introduce greater liberalisation in the areas of employment and social policy was already present long before 2004, a year usually seen as when the neo-corporatist consensus started to crumble after a new right-wing government came to power and Slovenia joined the EU and NATO.

Keywords: Slovenia, neocorporatism, state strategies, capitalism, social bloc.

INTRODUCTION

The typical explanation of Slovenia's politico-economic development path before 2008 and the economic and financial crisis refers to several interconnected elements. Slovenia was able to both avoid a protracted war after it seceded from Yugoslavia and restore economic stability and growth by the mid-1990s,

* Marko Hočevar, PhD, Assistant Professor, Faculty of Social Sciences, University of Ljubljana, Slovenia, e-mail: marko.hocevar@fdv.uni-lj.si.

** Research article.

DOI: 10.51936/tip.62.4.835

¹ The author acknowledges the financial support from the Slovenian Research and Innovation Agency research project grant no. J5-60088 (The interplay between the EU and its member states in the policy-making processes in the field of employment policy).

parallel to addressing social problems with important pro-social measures as adopted and implemented by successive governments. Established in 1994, the Economic and Social Council (ESC) not merely gave the trade unions a seat at the policymaking table, but they were able to push through vital legislation on social and labour protection. Despite the process of joining the EU causing some disbalances and pushing the country to adopt more liberalisation measures, the overall picture of Slovenia and its political, economic and social development was not altered. Most studies assume that the development path being followed by Slovenia was in troubled waters only in 2004 when it became a member of the EU and the Single Market's associated structural competitive pressures coincided with the first term in office of the neoliberal right-wing government, which advocated radical neoliberal policies, while the global financial crisis brought an end to that path (Fink-Hafner 2024; Hočvar 2020; Bembič 2018; Stanojević and Krašovec 2011, 2022; Stanojević 2014).

This led researchers to theoretically position analyses of Slovenia's transition within three frameworks: in the Varieties of Capitalism (VoC) framework, Slovenia was discussed as an example of a coordinated market economy (CME) (Feldman 2006, 2007; Crowley and Stanojević, 2011; Stanojević et al., 2016); those adopting a neo-Polanyian and institutional approach regarded Slovenia as a clear example of neo-corporatism (Bohle and Greskovits 2007; Bohle and Greskovits 2011; Stanojević 2012; Guardiancich 2012, 2016); and related to both the power resources approach firmly stressed the importance of trade unions as the crucial element for either a CME or neo-corporatism in Slovenia (Lukšič 1997; Lukšič 1998; Stanojević and Krašovec 2011; Crowley and Stanojević 2011; Stanojević 2012; Bembič 2018, 2023).

Emphasis in this article is on analysing hitherto overlooked strategic documents of the state that established the decisive ideational framework for national policymaking, and expressed the interests of the dominant social bloc during the transition period and before the crisis began in 2008. Analysis of the previously neglected element of the political and economic processes is accompanied by reflections on the interests held by the dominant social bloc as revealed in the strategic documents of the state, which provided the basis for further consultations between the social partners.

The article addresses two questions: 1) Which policies and policy frameworks were proposed in strategic documents of the state concerning the fields of employment, labour market and social policy? 2) How were these policy proposals related to the interests of the dominant social bloc in Slovenia during different periods prior to 2008? In the search for answers to these questions, the article contributes to the research on the Slovenia's particular transition by stressing a completely overlooked aspect – the strategic documents produced by the state between 1991 and 2008, and the interests of respective dominant social blocs reflected in them. The second important contribution is theoretical – the article highlights the importance of social blocs that created the ideational framework

and political agenda before they entered the policymaking arena with the trade unions.

The article has the following structure. After the introduction, we briefly review the main theoretical assumptions of the article and explain the concepts of the capitalist state, social bloc, and hegemonic project. We then focus on the central political, economic and social actors in Slovenia's transition along with an outline of the composition of various social blocs and their associated interests and goals. The fourth section briefly describes the main employment, labour market and social policies and their reforms between 1991 and 2008. The fifth section contains the methodological explanations of our analysis. The sixth section provides analysis of the main employment, labour market, and social policy recommendations in four key state strategic documents issued between 1991 and 2008. In the discussion, we consider the relationship between the dominant social bloc and specific policies in the setting of various conflicting and overlapping interests, as well as the implementation of employment and labour market policies. In the conclusion, we summarise our arguments and point to the significance of the research for understanding economic and social policy reforms in Slovenia after the global financial crisis.

THEORETICAL FRAMEWORK – THE CAPITALIST STATE AND THE SOCIAL BLOC PERSPECTIVE

Relatively functionalist reductionism seems to prevail within the political economy of comparative capitalism studies, and especially the VoC school, where in a pluralist/neo-pluralist sense it is assumed that trade unions and capitalists enter the arena for social dialogue as almost equal actors and the state is primarily the negotiator between them, and later the enforcer of the policies adopted. The role of the state is to focus on the economy functioning optimally with respect to supply and demand, and to align the interests, goals and institutions with the comparative advantages of a given economy (for the original argument, see: Hall and Soskice 2001; for a critique, see: Streeck 2010a, 2010b, 2010c; Baccaro and Howell 2011).

Nevertheless, the state and state actors in capitalist societies are not devoted to some predetermined functionalism and harmony, but always hold a relatively autonomous position vis-à-vis the various classes, while always being reliant on class power relations. As Poulantzas (2001, 129) noted, the state is “*the specific material condensation* of a relationship of forces among classes and class fractions”. Since the existence of the capitalist state depends on the reproduction of capitalist relations and the value form, there is an inherent strategic selectivity of state institutions (Jessop 1982, 2002; Offe 1974) according to which policy options are put on the agenda by state actors, while being especially influenced by certain political and class alliances and coalitions (Gramsci 1977; Jessop 2002; Baccaro and Pontusson 2016; May et al. 2024).

For a politico-economic development project to be stable (Jessop 2002), it is

necessary for a specific social bloc to be formed that, due to the strategic selectivity of the capitalist state and limited policy options available with the capitalist mode of production, typically consists of different elements of the political bureaucracy and different factions of the capitalist class (Swenson 1991; Culpepper 2010; Culpepper 2015; Baccaro and Pontusson 2016; Amable 2017; Bohle and Regan 2021). The dominant social bloc pursues what is in the interest of reproducing capitalism and the narrower class interests of the capitalist class (factions). If and when this social bloc also forms some sort of cross-class alliances in order to stabilise its politico-economic project, the project becomes truly hegemonic and one can then speak of a hegemonic bloc (May et al. 2024).

Actors who make up the dominant social bloc hold the capacity to influence the agenda-setting and narrow/widen the policy options for resolving given policy issues in order to reproduce suitable material conditions for capitalist production. While these can sometimes be broadened or altered, the extent to which this happens depends especially on the strength, resources and mobilising capacity of the working class and trade unions. One should thus note that not only are the precise policies the outcome of the different class forces in the capital-labour-state triangle as part of the different social dialogue arrangements in various contexts, but so too are the policy options and policy alternatives presented by the government in accordance with actors establishing the dominant social bloc who seek varying levels of support from subordinate classes and groups in order to stabilise their power and assert their interests. Moreover, relative autonomy of the state and state actors always exists vis-à-vis different classes and class fractions, in particular to block policy options that are too radical which come from either the side of capitalists or labour, or to prevent the interests of capitalists becoming too excessive, which could destabilise the reproduction of capitalist relations, or to block policy proposals that are too radical and anti-capitalist.

CAPITALIST RESTORATION AND CLASS RELATIONS IN SLOVENIA

The main players (political, economic) in Slovenia's transition held overlapping and diverging political and economic interests, and established odd alliances. First, on the political level, although Demos – a right-wing and liberal pre-election coalition of parties – won the first elections in 1990, it soon disintegrated as a result of different visions for the privatisation process. This created an opportunity for the Liberal Democracy of Slovenia (LDS) – a party formed from the ashes of the former Youth organisation of the League of Communists of Slovenia – to take power, while one of the last presidents of the presidency of Yugoslavia, Janez Drnovšek – who also became the president of the LDS, became the prime minister for over a decade. LDS remained the strongest governmental party up until 2004. On the other hand, Milan Kučan, the president of the Socialist Republic of Slovenia and former head of the Central Committee of the League of Communists of Slovenia, was the president of Slovenia up until

2002 when Drnovšek took over that office. From 1992 until 2004, LDS formed broad coalitions with conservative parties and also with the social democrats. An important break in political continuity in Slovenia came in 2004 when the Slovenian Democratic Party (SDS) won the elections and a right-wing government was formed. Even though it initially had a quite radical neoliberal programme, in the end it only managed to implement a fraction of the intended policies² (Hočev 2024, 2025; Fink-Hafner 2024).

Second, while employers became organised in their representative organisations, strong continuity with the old regime can also be seen. Namely, most CEOs had either already been CEOs during socialism or held some other political/economic position. Their interest was chiefly to obtain enough funds to secure ownership of the formerly socially owned enterprises and to block any massive entrance of foreign direct investment (FDI), since foreign companies would outcompete them in the privatisation processes. This meant they were prepared to enter into alliances with the strong trade unions, while there was always a close association with the governing political groups that controlled the privatisation processes through legislation and the state funds. The employers' associations became more proactive and aggressive in fostering the interests of managers/owners after 2004 when membership in the Chamber of Commerce and Industry was no longer compulsory, which also meant it had to promote the direct interests of its members in order not to lose them (Stanojević 2012; Hočev 2024).

Third, the presence of strong trade unions had a very important impact on the policies adopted by different governing coalitions. The strength held by the trade unions. The strength held by the trade unions was quite unique among post-socialist countries. The trade union density rate was around 70% in the early 1990s and the trade unions managed to block a proposed wage freeze in 1992. They organised several general strikes and thereby blocked/limited some of the more radical liberalisation policies. However, their strength started to decline at the turn of the millennia following the drop in the density rate, albeit they still managed to have a very important role in the policymaking while maintaining a strong veto position in the political system (Hočev 2020; Podvršič 2023).

The social bloc that played the dominant role in the processes related to the country's transition before 2004 was based on collaboration between crucial political/bureaucratic actors mainly recruited from among former Party officials, 'red directors' and management (not yet proper capitalists) and the already constituted small portions of owners of companies and their managers. After 2004, even though important changes were made in the persons and actors involved

² The most important innovation was the proposal for a flat 20% tax rate, which would have seriously harmed the existing welfare state network. The proposal was successfully blocked by the unions, although some other tax reductions were implemented, while more flexible employment legislation was adopted (Hočev 2025).

in the dominant social bloc, the social bloc was not disintegrated and instead was reformed and reshaped. Many former allies of the liberal political spectrum either joined the new Janša government or were still able to pursue their interests by way of silent cohabitation, while others were politically replaced. Yet, as a result of pressures of the Single Market and the economy's continuing strong export orientation, the main interests remained the same. Thus, on the side of politics there were important changes, and on the other side the economic actors involved in the social bloc changed only partly due to the willingness of some managers to cooperate with the new government in order to accomplish their primary goal – to become the owners of companies³ (Bembič 2017; Podvršič 2023; Hočevar 2025).

The social bloc was largely based on three elements: 1) political support for domestic companies (especially export-oriented ones) through various regulations and on the limiting wage rises so as to make exporters more price-competitive, as well as those oriented to the internal market in order for them to be able to survive the international market competition at all; 2) the prevention of the mass expansion of foreign capital in Slovenia with policies preventing or very selectively allowing foreign capital to penetrate and privatise companies and banks, while seeking ways to form a strong domestic capitalist class recruited from the management of companies and the state economic bureaucracy; and 3) reducing the rate of inflation and meeting the requirements for accession to the EU and EMU.

SLOVENIA'S TRANSITION AND EMPLOYMENT AND SOCIAL POLICY BEFORE 2008: A BRIEF OVERVIEW

If we turn now to the precise policies, numerous social pacts were formed with the core goal of limiting inflation by ensuring that wage rises lagged behind increases in productivity. This policy remained in place until 2007; the trade unions accepted that wages would lag behind in exchange for implementing certain other social policies.

The neoliberal and social investment model of active labour market policies introduced gradually after 1998 included the future making of social benefits conditional on participating in active labour market policies (ALMPs). Instead of a single mandatory pension pillar, a three-pillar system was introduced. The reform of the late 1990s also slowly increased the retirement age, extended the period for calculating the pension, and reduced the assessment rate for pensions. The initial proposal of the LDS-led government had been much stricter,

³ The EU framework and EU accession played very important roles in the transition period since with its conditions and accession negotiations the EU had an important role in creating broader policy frameworks, sometimes even exact policies, in the member states and also potential member states. Throughout the negotiation processes with Slovenia, the EU stressed that the policies of the governments were not sufficiently market conforming and that more liberalisation and privatisation should be implemented (Hočevar 2023).

and while the unions managed to block that reform with strikes and protests, in the end they accepted a reform to liberalise the pension system (Podvršič 2023; Hočvar 2025).

Significant developments also occurred in the field of healthcare as commercial insurance companies grew in strength and governments began the process of privatising healthcare services. The institute of supplementary health insurance was introduced in 1993 and until 1999 collected by the Public Health Insurance Institute of Slovenia. In 1999, the collection of supplementary health insurance was transferred to the semi-private and private insurance companies established by then. The Janša government expanded the two-tier system with concessions, yet this turned out to be the basis for the subsequent privatisation of healthcare services (Hočvar 2025).

Employment policies initially showed a strong pro-social character. In 1993, the Worker Participation in Management Act was passed. In 1997, the Act on the Guarantee Fund of the Republic of Slovenia was adopted; in 1998, the Act to Amend and Supplement the Act on Job Placement and Unemployment Insurance was passed, while in 1999 the Health and Safety at Work Act was adopted (Bembič 2018). Crucially, in 1995 the statutory minimum wage was adopted, which was a major victory for the trade unions. The ESC proved to be one of the places to negotiate the implementation of the minimum wage. Nonetheless, the main policy measure adopted on the ESC level in this time was the acceptance that wage rises would lag behind productivity growth (Hočvar 2025). The Employment Relationships Act adopted in 2002 was referred to as a mini constitution for workers because of the relatively strong worker protection it afforded (Stanojević 2018), even though it entailed elements of activation while also introducing the possibility of part-time work, whereas the reform in 2007 saw the Janša-led government pass through a new Act on Employment Relations whose central goal was to promote flexibility (Hočvar 2025).

Slovenia's transition certainly reflected quite a pro-social character, featuring the strong involvement of the trade unions. Analysis of policies adopted after the mid-1990s suggests this coordination and neo-corporatism were in fact also used to legitimise policies with very little to do with neo-Keynesianism and clearly fostered open liberalisation. These reforms' extent and scope depended predominately on the trade unions' strength to block these reforms and the ideological orientation of the governing coalition then in office. The framework sketched out above shows the social and employment and labour market policies were somewhat contradictory, often facilitating the interests of the state and the management social group/capitalist classes, yet at times also accompanied by strong social elements and pro-worker legislation. While this may be explained by the strength wielded by the trade unions and their ability to resist, block harsh neo-liberal policies, and negotiate pro-social and pro-labour legislation, it still does not shed any light on the interests and ideational framework of the dominant social blocs in Slovenia in this period of time.

METHODOLOGICAL NOTE – ANALYSING STRATEGIC DOCUMENTS OF THE STATE

Textual analysis provides various options for analysis, depending on the different epistemological and methodological assumptions. We follow the socio-historical approach developed by Ellen Meiksins Wood (2008) and Neil Wood (1978). The hermeneutical approach emerged from the Cambridge School with its strong focus on the context, although one that chiefly encompasses various textual materials, discourses, and institutional politics. The socio-historical approach broadens this context to include property and class relations (Meksins Wood, 2008). As van Apeldoorn explained with respect to another context, values and different discourses “do not float about in an endless universe of meaning, but are produced by human agency in the context of social power relations, and as such are also linked to the strategic action of social actor” (van Apeldoorn 1998, 15). Beside this epistemological position, in this article we conduct content analysis to analyse the main ideas, presumptions and goals found in the strategic documents of the Slovenian state.

Four general national development strategies adopted between 1995 and 2005 are examined. These strategies were adopted by different governments. In these strategies, the core stress was on the pace and depth of capitalist reforms, and the efforts made to join the EU and the Single Market.

Table 1: LIST OF NATIONAL DEVELOPMENTAL STRATEGIES OF SLOVENIA, 1995–2005

Year	Title
1995	Strategy of Economic Development: Approaching Europe – Growth, Competitiveness and Integration (Strategija gospodarskega razvoja: Približevanje Evropi – rast, konkurenčnost in integriranje)
1998	Strategy of the Republic of Slovenia for Integration into the European Union: Economic and Social Part (Strategija Republike Slovenije za vključitev v Evropsko unijo: ekonomski in socialni del)
2001	Strategy of Economic Development of Slovenia 2001–2006 – Slovenia in the New Decade: Sustainability, Competitiveness, EU Membership (Strategija gospodarskega razvoja Slovenije 2001–2006 – Slovenija v novem desetletju: trajnost, konkurenčnost, članstvo v EU)
2005	Strategy of Development of Slovenia (Strategija razvoja Slovenije)

Source: author's own compilation.

Focus is given to the following policy fields:

1. Social policy: strengthening or limiting the importance of public security systems; introducing for-profit organisations in the social security system.
2. Employment and labour market policy: greater flexibility of employment or stronger protection; the importance of active labour market policies

(ALMPS); strengthening or softening the conditions to be entitled to unemployment benefits etc.

Below we concentrate on the four strategies through a detailed investigation of the crucial policy frameworks, policy proposals in the two fields, together with the central ideas and underlying themes. Content analysis is applied while studying the text in the strategic documents, with close attention paid to the main concepts and supporting notions, yet also also the non-semiotic framework, which influences the textual meanings, is considered. The socio-historical approach is used in the discussion section to explain the specific material (and non-material) context of these strategic documents, the different competing interests then in play, as well as the particular property relations that saw rapid changes in the 1990s and early 2000s in Slovenia.

EMPIRICAL ANALYSIS OF STRATEGIC DOCUMENTS

All four strategic documents under analysis were adopted while various coalition governments held office. The analysis is accompanied by a general introduction intended to capture the broader framework of each strategy, while looking in detail at those aspects of the strategies that deal with social, employment and labour market policies.

Strategy of Economic Development: Approaching Europe – Growth, Competitiveness and Integration

The first overall strategic document of Slovenia was adopted in 1995, just as the country was beginning its EU accession process, with Slovenia making a formal request to become a candidate for EU membership in 1996. The authors of the Strategy explicitly called for the necessary alignment of all policy measures with the market logic, writing: “The measures of the state and economic policy makers must be market-conform, as the following rule applies: the market is here, the only choice the state has is to ‘cooperate’ with the market or to lose to it” (Potočnik et al. 1995, 26).

Regarding the anticipated changes in the social security system, the Strategy’s authors advocated “incremental transformations” (Potočnik et al. 1995, 103). However, the goal of these reforms was in fact quite (neo)liberal – lowering the costs of the social security system, introducing new, private and for-profit organisations in the scheme, and making individuals more responsible for their own welfare.

Under the strategy, the new social security system was to be based on three pillars. The first pillar was to be obligatory and managed by the state. In reality, the legacy of socialist self-management meant that in Slovenia “almost all social security is based on mandatory and state-regulated social insurance” (*ibid.*). Still, this was to be radically altered by making this pillar less important. The second pillar was business insurance and specific forms of social security, which the

Strategy's authors argued could also be compulsory, although managed privately. These types of social insurance had by that point in time played a valuable "social function, which will be greatly reduced in the future" (ibid.), while companies were to decide for themselves to what extent and even whether they would commit themselves to the social security of their employees. The third pillar was the individual pillar, or "individual provision and various forms of voluntary private insurance" (ibid.). The authors of the Strategy viewed this pillar as crucial, which "will be greatly strengthened in Slovenia in the future" by transforming "private savings" into "greater individual care for individual social security – one will take more responsibility for it" (ibid.). The Strategy also envisaged that public institutions in the social security system should be complemented by non-profit, voluntary, and also profit-oriented organisations (Potočnik et al. 1995, 104).

The main goal in the field of employment and labour market policies was "increasing labour mobility" based on two underpinning elements: 1) upskilling of the workforce; and 2) reducing employment security (Potočnik et al. 1995, 31). Within this framework, the Strategy's authors proposed quite radical pro-market measures. They proposed introducing more radical ALMPs with the goal to contribute to "vocational training and retraining and greater sectoral and regional mobility of the workforce" (Potočnik et al. 1995, 76). They additionally openly called for greater employment flexibility and to deregulate the labour market by proposing: a lowering of payroll tax, shortening of notice periods for redundancies, decreasing redundancy payments and cash benefits for the unemployed, and stricter control over who is eligible for unemployment status (ibid.).

The strategy also refers to the listed possible flexible types of employment as needing to be implemented so as to achieve the goal of ensuring the workforce's greater flexibility and mobility. Part-time work, contract work, working from home, and fixed-term contracts were identified as employment types to be encouraged. Further, the entrepreneurial logic of self-employment was seen as a way of limiting "informal work" (Potočnik et al. 1995, 77). The Strategy also proposed that important changes be made to the social security system for unemployed, linked to the ALMPs through greater conditionality of benefits, while also highlighting the need to change the pension system by reducing the financial burden on the state budget (Potočnik et al. 1995, 105–106).

Strategy of the Republic of Slovenia for Integration into the European Union: Economic and Social Part

The second strategic document was adopted in 1998, the year when Slovenia also officially became an EU candidate state. The whole strategic document was devoted to the EU accession process, as already clear from the document's name: Strategy of the Republic of Slovenia for Integration into the European Union. Like with the 1995 Strategy, the 1998 Strategy principally concentrated on promoting for more competition and more market relations and dependence: "Competition policy is one of the essential elements for the creation of an internal market and

its efficient functioning /.../ Competition policy ensures the most efficient allocation of resources and implies the elimination of any government intervention in price setting" (IMAD 1998, 61).

When it came to social policy, the basic analysis remained the same as for the 1995 Strategy. The authors argued that compared to other European social security systems the Slovenian security system remained largely based on "compulsory state insurance", which "covers almost the entire social security". They openly admitted that the "level of social protection is quite high and the current social security system is quite expensive. As a result, public finances are under pressure, which directly threatens the sustainability of the state budget" (IMAD 1998, 137). They were critical of the fact that business and individual responsibilities for social security were minimal, while pointing out that in this field "the role of the state will decrease and the role of individuals will increase" (IMAD 1998, 135). The basic goal was to shift "from a system in which the government provides all elements of social solidarity to a system where these functions are largely taken over by the market, and in part by various types of voluntary organisations" (IMAD 1998, 138). The Strategy was clear when stating that all individuals "should ensure social security for themselves and their family; the state is responsible for establishing equal opportunities" (IMAD 1998, 138).

As concerns employment and labour market policies, the 1998 Strategy was fully committed to implementing greater labour market and employment flexibility. The authors wrote that the levels of new employment contracts and their termination were well below the average levels seen in market economies in the 1970s and 1980s. The reason for this was said to be the high protection afforded to employees: "The rather low external flexibility or external numerical flexibility (adjustment of the number of employees to production needs) could be explained by the considerable employment security that is still provided by legislation in Slovenia" (IMAD 1998, 149). The dismissal costs for employers were deemed too high, while the entire procedure for dismissal – especially the long notice and severance pay – was "among the highest and most complicated in Europe for most categories of workers" (IMAD 1998, 150).

As a critical element of upcoming reforms in the field of employment and labour market policies, the Strategy stressed two goals: "improvement of the quality of life and the activation of human capital potential in favour of increasing labour productivity and improving the level of competitiveness", while the path towards these goals was seen in the "balance between the level of employment security and labour market flexibility" (IMAD 1998, 151). It was deemed necessary to implement greater labour force mobility and dismantle "some of the institutional rigidities of the labour market and social security regulation that lead to less flexibility of the labour market" (IMAD 1998, 151). The Strategy's authors added that in "the medium term, labour market policy will seek to shift towards active measures" (IMAD 1998, 153). The ALMPs were to be primarily focused on the education of adults, vocational education and training, and

through greater control over the unemployed and greater incentives for employing the unemployed, while shortening the maximum period for being eligible for unemployment benefits (IMAD 1998, 153).

Strategy of Economic Development of Slovenia 2001–2006 – Slovenia in the New Decade: Sustainability, Competitiveness, EU Membership

This Strategy first refers to the claimed individualisation and the need to adapt and transform the social security system according to individual preferences and requirements: “Individualisation will therefore be one of the key directions of future development” (Mrak et al. 2001, 114), while “the responsibility of users and their willingness or involvement in solving their own social problems will also have to be given greater importance” (ibid.). The state’s role was to change “from the function of ensuring the provision of public services to the function of regulating – determining the scope and conditions for the provision of public services and the necessary minimum standard – and supervising the provision of these services” (Mrak et al. 2001, 115). The new Strategy even more explicitly encouraged the privatisation of the social security system (ibid.). Once again, the document made it clear that cash benefits would be linked to ALMPs, “which will help a larger part of the population than before to be able to start providing social security for themselves” (ibid.).

They envisioned four pillars of future employment and labour market policies: 1) programmes for increasing the employability of the population – in particular, different programmes of lifelong learning, vocational education; upskilling and reskilling; 2) programmes for fostering entrepreneurship – increasing the number of small and medium-sized companies by cutting labour taxation; 3) the adaptability of companies and workers was to be achieved via mutual agreements mostly regarding more flexible working arrangements; and 4) equal opportunities for both genders in the labour market and employment, lowering gender pay gaps, and achieving work–family life balance (Mrak et al. 2001, 54).

The Strategy states that the “new approach to employment policy complements traditional active employment programmes with measures to increase the flexibility (flexibilisation) of business and employment [...]” (Mrak et al. 2001, 53). The Strategy’s authors argued that more funds would have to be made available for ALMPs. The strategy also foresaw the individualised tailoring of ALMPs, training and reskilling, with the active participation of individuals (ibid.). Here, the Strategy fostered specific education and training programmes “to be tailored to the needs of the individual and targeted as much as possible”, whereas the vital element was encouraging the “fastest possible return to work for unemployed people and to promote lifelong learning” (ibid.).

The Strategy of Development of Slovenia

The Strategy of Development of Slovenia was adopted in 2005 and is the shortest because it was partly written as an action plan, including clear policy

frameworks, goals and policy measures. Nevertheless, the Strategy of 2005 had a more radical tone compared to the previous developmental path. Namely, it includes the clear statement: “In order for Slovenia to achieve these ambitious goals, it must prepare and implement fundamental structural reforms and change its current development pattern” (Government of the Republic of Slovenia 2005, 7). The ideal new development model for the country was seen in the “features of European models of liberal economy and partner state”, while a new “shift towards ensuring greater competitiveness and sustainable development of Slovenia” was declared necessary. The goal of the new Slovenian developmental model was a “social market economy, which will connect a more liberal and market economy with a more economically efficient and flexible, but social partner state” (Government of the Republic of Slovenia 2005, 7–8).

Among the broad framework of policies, the Strategy pushed for further liberalisation. “The solution therefore lies in the reform of social systems towards clearly defined and limited universal public social security programmes, the implementation of various forms of public-private partnership, a greater degree of business rationalisation of social systems and greater responsibility of individuals” (2005, 16). The Strategy explicitly proposed the following policy frameworks and policies: enforcing greater individual responsibility for one’s own situation; adapting the welfare state to a long-living society; activation elements in social systems; preventing the accumulation of social benefits; changing the healthcare system for the sake of quality and fiscal sustainability; and promoting public-private partnerships in social programmes (Government of the Republic of Slovenia 2005, 37–38).

In relation to the labour market, the Strategy explicitly argued for broader “flexibility of the labour market” (Government of the Republic of Slovenia 2005, 8). More concretely, its authors proposed “increasing the flexibility of employment relationships and employment (annual work accounting, part-time work, job sharing, flexible working hours, home and teleworking and other atypical forms of work)”; introducing more ALMPs, which ought to “ensure activation, employment and social inclusion” while also emphasising the need to introduce “all other forms of education and training and recognition of acquired knowledge and competencies in employment” (Government of the Republic of Slovenia 2005, 37). Crucially, the Strategy envisioned the liberalisation and decentralisation of industrial relations institutions by invoking other “partners” and stakeholders instead of the corporatist arrangements of the social partners (Government of the Republic of Slovenia 2005, 21).

CONTINUITY OR A BREAK IN THE SOCIAL AND EMPLOYMENT POLICY FRAMEWORKS?

All four strategies basically proposed the liberalisation and flexibilisation of labour market and employment; encouraging more ALMPs, reducing employment protection, and making the receipt of benefits subject to conditions. The

policy framework of social policies expressed in the strategic documents, and reflecting the main interests of the respective social bloc(s), was largely based on the individualisation of responsibilities, gradual privatisation of social security systems by allowing for-profit institutions to enter the system, introducing different private social security schemes, activation principles etc. The labour market and employment policy proposals and frameworks were dominated by narratives of flexibility and activation.

However, notwithstanding these clear continuities and commonalities, there are still two key differences among these strategic documents.

First, after being established in 1994 to reduce the pressure of inflation by ensuring wages lagged behind productivity growth, the neo-corporatist system was seen as instrumental for implementation of these policies. Such a view is quite evident in three strategic documents – 1995, 1998, 2001. Yet, this is an important element because even though all of these policies were discussed and envisioned through the neo-corporatist system, they had very little to do with the classical neo-corporatist content of social and labour market policies. The 2005 Strategic document in any case foresaw an important transformation of the neo-corporatist system – instead of the ESC and the classical neocorporatist institutional design, the 2005 Strategy wanted to replace this with a broader “partnership” approach, that in fact entailed the dismantling of the corporatist institutional system, a stronger attack on labour rights, curtailing the welfare state, and introducing more flexibility.

Second, one can observe a shift concerning the gradualist transitional model adopted in Slovenia. Although the first three strategic documents focus on gradualism as a necessary transitional model – it was never considered to be the final goal of the country’s transition. It was seen as a necessary precondition in order for Slovenia not to suffer large economic and social breakdowns. Further, as shown, this did not mean that the marketisation and liberalisation processes were not viewed as necessary. On the contrary, they were put at the forefront of social and employment policy, noting that also since 1995 a pressing imperative has actually been to abandon gradualism in favour of market liberalisation policies. Solely in the strategic document of 2005 is there a clear and open rejection of gradualism and attack on gradualist policies, while gradualism is identified as the central obstacle to implementing neoliberal economic, social and employment policies, whereas previously it was the first step towards full market liberalisation.

Our analysis shows that a true epistemic/ideological break was never demonstrated in the strategic documents providing social and employment policy frameworks and policy proposals since all of these documents had the same assumptions and goals. The changes in the political arena and the dominant social bloc after 2004 did not influence the ideational framework of employment, labour market and social policy. While considering the material conditions and the interests of the respective social blocs, three elements stand out for having

substantially influenced the policy proposals made and the policies adopted (as explained in the third part of this article).

First, the economic technocratic ruling group and emerging capitalist class were pushing for greater liberalisation and privatisation, but were prepared to accept compromises as they needed the trade unions' support to block any massive privatisation to foreign capital. This does not mean that ideologically they were not pushing for policies in their interest, but that the trade unions were strong enough to partly curtail or block some of the biggest liberalisation reforms in these policy fields (Lukšič 1998; Stanojević and Krašovec 2011). However, as soon as the ruling group and capitalist class found a way to accomplish that – via debt in the context of the Slovenian economy's financialisation, they no longer needed the trade unions' support for their economic interests, and even more radical neoliberal policies could be proposed – like those contained in the 2005 Strategy, although implemented only in part because the unions remained strong (Hočevič 2025).

Second, as an outcome of the country's export-oriented growth model, labour market flexibility, tax reforms, and limitations on the welfare state were in the interests of the entire economy, in particular the managers/capitalists who aimed to ensure their businesses remained profitable and in some cases for their companies to survive after Slovenia's entry to the European Single Market. At the same time, making entitlement to social benefits subject to conditions and introducing ALMPs were deemed necessary for restoring and maintaining the competitiveness of the economy, especially of the export sector (Podvršič 2023).

Third, very important continuity is observable among the persons in charge of preparing the crucial strategic documents. It is apparent that a vital role in preparing two of the documents was played by Dr Janez Šušteršič, who has been closely associated with neoliberal policies and also later became minister in the right-leaning government in the crisis years 2012–2013, was named the Director of IMAD in 2001 during the LDS term in office. Some other individuals were also actively involved in preparing at least two of these strategic documents (such as Matija Rojec, Franjo Štiblar, Marjan Senjur, Mojmir Mrak). While some were perceived not to be very pro-neoliberal economists, the strategic documents finally issued place these perceptions in a slightly different light because, as explained, all of them held very similar postulates and goals, but also different approaches to how to achieve them (Hočevič 2025).

Some sort of overlapping is also evident between the strategic documents and the EC's annual assessment of Slovenia's progress on its path towards the EU (see Hočevič 2023), where the liberalisation reforms featured strongly. One might also claim that the strategic documents were a technocratic way to satisfy Brussels and the EU's technocrats. Yet, as shown in our analysis, there were also some attempts to implement policies that only came to a halt when the trade unions reacted against them, and the response of the government and the strongest economic groups was to accept this in order not to lose the trade union's approval needed for the primitive accumulation of capital.

CONCLUSION

In the article, we focused on analysing the strategic documents of the Slovenian state in the period of the transition to a capitalist economy and during the EU accession period before the start of the global financial crisis and EU sovereign debt crisis. We analysed four relevant documents in detail and, pursuing the approach developed by Wood and Meiksins Wood, contextualised the strategic documents, focusing on the interests of the respective dominant social bloc made up of factions of the capitalist class and the political bureaucracy.

The analysis reveals the respective social bloc primarily promoted the Slovenian economy's international competitiveness by way of price competition and increased exploitation. Moreover, strong ideational and ideological continuity was evident as regards the crucial social and labour market policies in this time, and no ideological break was shown to have occurred in 2005, contrary to what is often claimed in the literature. The previous strategic documents had an equal focus on social policy, employment policy and labour market liberalisation. This is not to say the different governments adopted similar policies – on the contrary. The policies adopted varied – depending on (overlapping) class interests and class power relations – but shared a clear ideological goal: to introduce greater liberalisation, market relations and privatisation in the field of social policy and labour market and employment policies. There were attempts to implement more radical neoliberal policies during the terms in office of LDS and the first government led by Janez Janša. The success of these policies relied on the strength and mobilising capacity of the trade unions, which managed to prevent the most radical reforms being implemented before 2008.

Our analysis also suggests the liberalisation/neoliberal model of social and employment relations was not imported to any large degree, but was equally considerably homegrown, which may have additionally underpinned different analyses of how to resolve Slovenia's sovereign debt crisis and to a rethinking of the narrative and importance of external pressures for the neoliberalisation of the Slovenian economy. Price competitiveness was the essential policy goal of the respective social blocs up until 2008, except they did not have enough domestic nor external support. The crisis in 2008 provided the structural framework for radical changes.

Future research should consider the post-2008 crisis and Slovenia's current development model, as well as the precise interests held by the dominant social bloc(s). The capitalist side of the dominant social bloc, or what is left of it – the export-oriented manufacturing sector – continues to promote price competitiveness by trying to orientate its supply chains towards the Far East (especially China) (see: Veselinovič 2025). The political bureaucracy seems reluctant to support either of these two goals, adopting balanced social and employment policies (notably due to the rising importance of The Left in the last decade, albeit this is subject to change with alterations in the governing coalitions, while the trade unions have lost their structural power as strong veto players) and as a result

of the firm pro-Western political orientation of the political class in general. In addition, further research should take the role of the EU into account. On one hand, the EU supported austerity and anti-social policies and policies to boost employment and labour market flexibility during and after the 2008 crisis while, on the other, it has taken an important step towards more pro-social and pro-labour policies since 2016–2017.

BIBLIOGRAPHY

Amable, Bruno. 2017. *Structural Crisis and Institutional Change in Modern Capitalism: French Capitalism in Transition*. Oxford: Oxford University Press.

Baccaro, Lucio and Chris Howell. 2011. "A Common Neoliberal Trajectory: The Transformation of Industrial Relations in Advanced Capitalism." *Politics & Society* 39 (4): 521–63.

Baccaro, Lucio and Jonas Pontusson. 2016. "Rethinking Comparative Political Economy. The Growth Model Perspective." *Politics & Society* 44 (2): 175–207.

Bembič, Branko. 2017. *Procesi v kapitalističnem gospodarstvu in razredna kultura delavcev*. Doctoral dissertation. Ljubljana: Faculty of Arts.

Bembič, Branko. 2018. "Slovenia: Is the Weakening of Industrial Relations Taking Its Toll on Social Convergence?" *Industrial Relations in Europe: Fostering Equality at Work and Cross-country Convergence?*, Daniel Vaughan-Whitehead (eds.), 315–43. Geneva: International Labour Office.

Bembič, Branko. 2023. "Slovenia: From Corporatism to Localised Conflict". In: *Are Multinational Companies Good for Trade Unions? Evidence from Six Central and Eastern European Countries*, Martin Myant (ed.), 25–49. Brussels: European Trade Union Institute (ETUI).

Bohle, Dorothee and Aidan Regan. 2021. "The Comparative Political Economy of Growth Models: Exploring the Continuity of FDI-Led Growth in Ireland and Hungary." *Politics & Society* 49 (1): 75–106.

Bohle, Dorothee and Béla Greskovits. 2007. "Neoliberalism, Embedded Neoliberalism and Neocorporatism: Towards Transnational Capitalism in Central-Eastern Europe." *West European Politics* 30 (3): 443–66.

Bohle, Dorothee and Béla Greskovits. 2012. *Capitalist Diversity on Europe's Periphery*. Ithaca: Cornell University Press.

Crowley, Stephen and Miroslav Stanojević. 2011. "Varieties of Capitalism, Power Resources, and Historical Legacies: Explaining the Slovenian Exception." *Politics and Society* 39 (2): 268–95.

Crowley, D. Pepper 2010. *Quiet Politics and Business Power: Corporate Control in Europe and Japan*. Cambridge: Cambridge University Press.

Culpepper, D. Pepper. 2015. "Structural Power and Political Science in the Post-crisis Era." *Business & Politics* 17 (3): 391–409.

Feldman, Magnus. 2006. "Emerging Varieties of Capitalism in Transition Countries Industrial Relations and Wage Bargaining in Estonia and Slovenia." *Comparative Political Studies* 39 (7): 829–54.

Feldman, Magnus. 2007. "The Origins of Varieties of Capitalism: Lessons from Post-Socialist Transition in Estonian and Slovenia." *Beyond Varieties of Capitalism. Conflict, Contradictions, and Complementarities in the European Economy*, Bob Hancké, Martin Rhodes and Mark Thatcher (eds.), 328–51. Oxford: Oxford University Press.

Fink-Hafner, Danica. 2024. *Party System Changes and Challenges to Democracy: Slovenia in a Comparative Perspective*. Cham: Springer.

Government of the Republic of Slovenia. 2005. *Strategija razvoja Slovenija*. Ljubljana: Institute of Macroeconomic Analysis and Development of Republic of Slovenia.

Gramsci, Antonio. 1977. *Quaderni del Carcere*. Torino: Einaudi.

Guardiancich, Igor. 2012. "Slovenia: The End of a Success Story? When a Partial Reform Equilibrium Turns Bad." *Europe-Asia Studies* 68 (2): 205–31.

Guardiancich, Igor. 2016. "The Uncertain Future of Slovenian Exceptionalism." *East European Politics and Societies* 26 (2): 378–97.

Hall, Peter A. and David Soskice. 2001. "An Introduction to Varieties of Capitalism." *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, Peter A. Hall and David Soskice (eds.), 1–68. Oxford: Oxford University Press.

Hočevar, Marko. 2020. Kapitalistična država in kriza liberalne demokracije. Doctoral dissertation. Ljubljana: Faculty of Social Sciences.

Hočevar, Marko. 2021. "The Crisis of 2008 and the Rise of the Slovenian Consolidation State." *Teorija in praksa* 58 (2): 305–21.

Hočevar, Marko. 2023. "The EU's Promotion of Neoliberal Capitalism during EU Enlargement: The Dependent Integration of Post-socialist Countries." *The Neoliberal World Order in Crisis, and Beyond: An East European Perspective*, Marko Hočevar, Marko Lovc and Tibor Rutar (eds.), 89–122. Ljubljana: Faculty of Social Sciences.

Hočevar, Marko. 2024. *Growth Models, Industrial Relations Institutions and Labour Market Policies in Ireland, Portugal and Slovenia: Explaining Capitalist Convergence and Divergence*. Ljubljana: Faculty of Social Sciences.

Hočevar, Marko. 2025. *Od nacionalnega do kompradorskega kapitalizma: politično-ekonomski projekti v Sloveniji (1991–2018)*. Ljubljana: založba */cf (upcoming).

Institute of Macroeconomic Analysis and Development of Republic of Slovenia [IMAD]. 1998. *Strategija Republike Slovenije za vključitev v Evropsko Unijo. Ekonomski in socialni del*. Mojmir Mrak, Janez Potočnik and Matija Rojec (coordinators). Ljubljana.

Jessop, Bob. 1982. *The Capitalist State: Marxist Theories and Methods*. Oxford: Martin Robertson.

Jessop, Bob. 2002. *The Future of the Capitalist State*. Polity Press.

Lukšič, Igor. 1997. "Changing Patterns of Social Partnership." *Making a New Nation: The Formation of Slovenia*, Danica Fink-Hafner and John R. Robbins (eds.), 106–13. London: Dartmouth Publishing.

Lukšič, Igor. 1998. "Sindikati in neokorporativizem v luči evropeizacije". In: *Evopeizacija slovenske politike: zbornik referatov*, Drago Zajc (ed.), 195–201. Ljubljana: Slovensko politološko društvo.

May, Christian, Andreas Nölke and Michael Schedelik. 2024. "Growth Models and Social Blocs. Taking Gramsci Seriously." *Competition & Change* 29 (3/4): 334–51. <https://doi.org/10.1177/10245294241231992>.

Meiksins Wood, Ellen. 2008. *Citizens to Lords: A Social History of Western Political Thought from Antiquity to the Late Middle Ages*. London and New York: Verso.

Mrak, Mojmir, Matija Rojec and Metka Stare. *Slovenija v novem desetletju: trajnost, konkurenčnost, članstvo v EU: strategija gospodarskega razvoja Slovenije 2001–2006*. Janez Šušteršič, Matija Rojec and Mojmir Mrak (eds.). Ljubljana: Institute of Macroeconomic Analysis and Development of Republic of Slovenia.

Offe, Claus. 1974. "Structural Problems of the Capitalist State. Class Rule and the Political System. On the Selectiveness of Political Institutions." *German Political Studies*, Vol. I, edited by Claus Von Beyme, 31–54. Beverly Hills: Sage Publications.

Podvršič, Ana. 2023. *Iz socializma v periferni kapitalizem*. Ljubljana: založba */cf.

Potočnik, Janez, Marjan Senjur, and Franjo Štiblar. 1995. *Strategija gospodarskega razvoja Slovenije (SGRS): Približevanje Evropi – rast, konkurenčnost in integriranje*. Ljubljana: Institute of Macroeconomic Analysis and Development of Republic of Slovenia.

Poulantzas, Nicos. 2001. *State, Power, Socialism*. London, New York: Verso.

Stanojević, Miroslav 2018. "Slovenia: Neo-corporatism under the Neo-liberal Turn." *Employee Relations* 40 (4): 709–24.

Stanojević, Miroslav and Alenka Krašovec. 2011. "Slovenia: Social Pacts and Political Exchange." *Social Pacts in Europe: Emergence, Evolution, and Institutionalization*, Sabina Avdagic, Martin Rhodes and Jelle Visser (eds.), 232–56. New York: Oxford University Press.

Stanojević, Miroslav and Alenka Krašovec. 2022. "The Crisis and the Changing Nature of Political Exchange in Slovenia." *The Role of Social Partners in Managing Europe's Great Recession: Crisis Corporatism or Corporatism in Crisis?*, Bernhard Ebbinghaus (ed.), 212–34. Abingdon; New York: Routledge.

Stanojević, Miroslav. 2012. "The Rise and Decline of Slovenian Corporatism: Local and European Factors." *Europe-Asia Studies* 64 (5): 857–77.

Stanojević, Miroslav. 2014. "Conditions for a Neoliberal Turn. The Cases of Hungary and Slovenia." *European Journal of Industrial Relations* 20 (2): 1–16.

Stanojević, Miroslav, Aleksandra Kanjuo-Mrčela and Maja Breznik. 2016. "Slovenia at the Crossroads: Increasing Dependence on Supranational Institutions and the Weakening of Social Dialogue." *European Journal of Industrial Relations* 22 (3): 281–94.

Streeck, Wolfgang. 2010a. "E pluribus unum? Varieties and commonalities of capitalism". MPIfG Discussion Paper, No. 10/12. Cologne: Max Planck Institute for the Study of Societies.

Streeck, Wolfgang. 2010b. "Taking Capitalism Seriously: Towards an Institutional Approach to Contemporary Political Economy". MPIfG Discussion Paper, No. 10/15. Cologne: Max Planck Institute for the Study of Societies.

Streeck, Wolfgang. 2010c. "Institutions in History: Bringing Capitalism Back." *The Oxford Handbook of Comparative Institutional Analysis*, Glen Morgan, John L. Campbell, Colin Crouch, Ove Kaj Pedersen and Richard Whitley (eds.), 659–85. Oxford: Oxford University Press.

Swenson, Peter. 1991. "Bringing Capital Back In, or Social Democracy Reconsidered: Employer Power, Cross-Class Alliances, and Centralization of Industrial Relations in Denmark and Sweden." *World Politics* 43 (4): 513–44.

Van Apeldoorn, Bastiaan. 1998. "Transnationalization and the Restructuring of Europe's Socioeconomic Order: Social Forces in the Construction of 'Embedded Neoliberalism'." *International Journal of Political Economy* 28 (1): 12–53.

Veselinović, Jaša. 2025. "Explaining Geoeconomic Positioning of the Semi-periphery: Slovenia, the Car Industry, and the Politics of China Engagement." *Teorija in praksa* 62 (4): 62 (4): 917–42.

Wood, Neil. 1978. "The Social History of Political Theory." *Political Theory* 6 (3): 345–67.

GRADUALISTIČNI KEYNESIJANIZEM ALI ŽELENA LIBERALIZACIJA? ANALIZA STRATEŠKIH DOKUMENTOV DRŽAVE IN PROTISLOVJA NEOKORPORATIVIZMA V SLOVENIJI (1991–2008)

Povzetek. Članek prispeva k razpravam o naravi, obsegu in globini neokorporativističnih političnih dogovorov v Sloveniji pred krizo leta 2008 prek analize interesov posameznih prevladujočih družbenih blokov, kot so se pojavili v začetku devetdesetih let prejšnjega stoletja; njihovi interesi so bili najbolj jasno izraženi v strateških dokumentih države. Analiza kaže, da je bila pod neokorporativistično strukturo in nekaterimi neokeynesijanskimi politikami, ki so bile rezultat socialnega partnerstva, že dolgo pred letom 2004, ko naj bi se neokorporativistični konzenz začel krhati po nastopu nove desne vlade in vstopu Slovenije v EU in NATO, navzoča močna tehnokratska, politična in kapitalska usmeritev k uvedbi večje liberalizacije na področju politik zaposlovanja in socialnih politik.

Ključni pojmi: Slovenija, neokorporativizem, državne strategije, kapitalizem, družbeni blok.