

## **BOOK REVIEW**

### **Slovenia: Social, Economic and Environmental Issues**

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This is an interesting and rich volume on nowadays Slovenia, a small, newly independent country with a Slavic ethnic majority of the somewhat more than two million inhabitants. Slovenia was a relative poor region of Austria-Hungary until 1918, but then became the richest part of newly established Yugoslavia until 1991. As an independent country, it is far the richest among the transforming countries in Eastern Europe. Its per capita GDP is much higher than any other former communist countries and reached 91 percent of the EU's average before the crisis. The small country was the only one in Central and Eastern Europe that did not follow the IMF and World Bank's transformation program (Washington Consensus). It did not rush privatizing its economy and not opened the door for foreign investments. Unlike the other transforming countries where 87 percent of the banking assets are in foreign hands, Slovenia kept its mostly state-owned banking system. The country is member of the European Union and the NATO and it was the first in Eastern Europe to join the euro-zone.

In four parts, covering several political-legal, socio-economic and environmental aspects of transformation from communism to market democracy, the volume contains sixteen studies from twenty-two authors. Most importantly, they analyze the outcome of the 2008 financial-economic crisis and its causes.

The crisis hit Slovenia very hard. Bad loans was equal with one-fifth of the GDP that declined by 9 percent and unemployment jumped to 8 percent. Gorazd Justinek, in his chapter, quoting the Swiss Institute for Management Development's calculations calls the attention to the fact that Slovenia dropped 20 places in the ranking and, in 2016, landed on the 56<sup>th</sup> place among roughly 60 analyzed countries. Only Hungary, Bulgaria and Croatia were below of that (p.123).

Alenka Kuhelj and Bojan Bugarič concluded in their chapter that the country "is experiencing its biggest economic and political crisis since its independence in 1991" (p.56).

Why and how did it happen? The volume, as its *leit motif*, gives a clear answer to this question. Slovenia's original success and relatively high economic level became the cause of the crisis. Matevž Tomšič, in his chapter, argues that the "gradualist model," the slow pace of change, slow privatization, exclusion of foreign investments and little institutional change after 1991 stands behind the problems (p.41). Kuhelj and Bugarič also blame the lack of radical break with the past. The mostly old elite considered that because the success of the country there is no need for reform. The uniquely gradual transformation that mostly kept a large state-owned sector and the world's most egalitarian income distribution from the past, however, gradually degenerated from its neo-corporatist democracy into 'state-capture.' "Various political and informal groups took over the state and gradually undermined the independence and credibility of almost all rule-of-law institutions in the country (pp.55-56). People do not trust in institutions. "Only the executive, the political parties and Parliament are less respected than judiciary... The civil service is overly politicized and independent media is absent (pp. 63-64).

The old elite kept its dominant positions more than in other former communist countries and supported national capitalism. They had the cultural hegemony and could eliminate potential

competitors. Competitiveness, consequently, started declining. The country's ranking in competitiveness dropped from 28<sup>th</sup> to 49<sup>th</sup> place between 2001 and 2015. Only Greece, Bulgaria and Croatia were behind it in the EU (Tomšič, p.40, 42).

Kuhelj and Bugarič argued that transformation is not only institutional change but “primarily requires deep changes of people's mentality of their habits of hearts.” They conclude that “East Central Europe's democratic consolidation is better viewed as having always been somewhat illusory. Its liberal institutions have been merged with existing illiberal narratives such as ethnic nationalism and social conservatism.” After the accession to the EU only a “Potemkin harmonization” of norms happened (pp.58-59). Former success became the source of decline.

Andreja Trdina presents the confused social thinking and the survival of several old behavioral patterns, the main cause of decline and crisis. Post-socialist transformation, she argues, is principally a cultural process that restructures practices and perceptions. Old socialist morality, the value of social justice and equality are in conflict with new market rationality. One can speak about an ‘egalitarian syndrome.’ People question current social hierarchy: “Today only money means something, in the past it was knowledge.” Knowledge hard work, education diligence are no longer translated into material benefit. Wealth is not based on work but speculation (pp. 202, 205, 206, 208). Contemporary public discourse and media framing is “dominated by a distinctive contradictory populism,” a unique combination of both traditional community egalitarianism... the heritage of their agrarian tradition, and contemporary neoliberal individualism” (p.215). Consequently, entrepreneurship is suspicious and family clans still largely dominate socio-political function in the community. Economic crisis caused a crisis of legitimacy.

Slovenia reflects the consequences of the social shock, accompanied the transformation and, after 2008, became combined with economic crisis. All these are quite common in peripheral countries of Europe and especially Central and Eastern European.

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