

The downward spiral continues



The failure of the current socioeconomic model in the country is obvious. The most burning social issues are rising unemployment, the reform of the pension system and new legislation on flexible part-time work, which replaces the previous system of student work while also offering unemployed and retired people incentives for “flexible” work. The bankruptcy of many companies and small businesses, widespread corruption, violations of workers’ rights and the exploitation of migrant workers, together with a controversial new coal power plant, have made the headlines. The country has also already faced significant penalties from the EU because of its deficient environmental policies.

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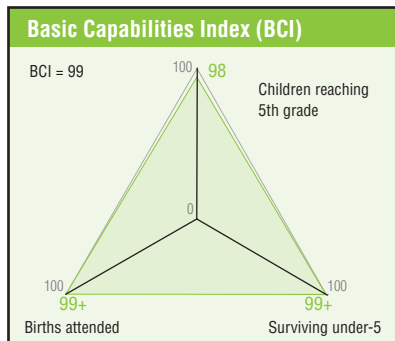
The lack of coherent economic, environmental and social policies is leading Slovenia in a downward spiral in which exploitation of the environment and people continues to take an increasingly high toll on the population’s wellbeing. Thus, the country will be building a new coal power plant while it is already paying sanctions of EUR 80 million (about USD 113 million) for failing to meet Kyoto standards. The economic crisis has revealed many underlying contradictions and uncertainties in Slovene society, with the public debate revolving around questions of employment, intergenerational solidarity, wealth distribution and the environment.

During the transition to a market-driven economy, Slovenia morphed from having almost no social differences to having a distinct elite group owning a significant portion of the national economy on the one hand, and a record number of poor and unemployed people on the other. The economic elite consolidated itself through shares acquired from controversial management buyouts. Some of these buyouts (and other fraudulent behaviour) are now in court; one case includes the first Slovene ombudsman, who later became the manager of a big petrol company and is currently being charged with money laundering.

The gaps translate also to the basic services the population can access. For instance, the division of healthcare into public and private systems has decreased quality in the public system and led to absurdly long waiting times. Often the same doctor who it takes a few months to see in a public clinic will attend to a patient immediately if the appointment is made in his or her private clinic.

Intergenerational solidarity

The pension system is built on the concept of intergenerational solidarity, since the current active population provides the taxes from which the pensions for retired people are paid. However with rising unemployment and an increasing number of retired people (due to an ageing population) this model is falling apart. New laws – such as the one discussed below on flexible part-time labour – will further diminish the contributions to the pension fund as the employer will be motivated to hire “flexible” workers for whom they have to pay significantly smaller contributions.



Young and jobless

There was a 15.6% increase in the number of registered unemployed people between January 2010 and January 2011,¹ representing 11.8% of the active population.² The actual number is estimated to be somewhere between 160,000 and 200,000. About 25% of young people not in the formal education system are unemployed.³

At the same time, almost 75% of those aged 20–24 were enrolled either in secondary or tertiary school programmes in 2010.⁴ It has become common for young people to enrol in further study programmes after graduation in order to keep their health insurance, collect benefits (subsidized food and accommodation) and still get work through the networks of student employment agencies. Just how difficult it is for young graduates to get a job is evident from the fact that from 2000–2010 the number of unemployed young people with tertiary education increased by 240%. There is also a considerable gender gap, as the percentage of young unemployed women is almost twice as high as that of young men.⁵

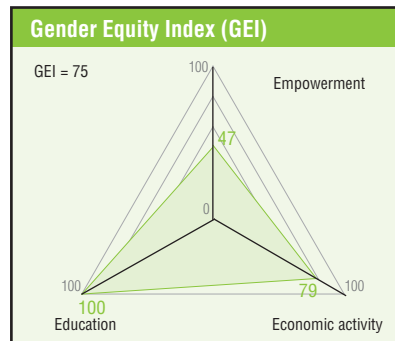
1 ZRSZ, *Trg dela v številkah*, <www.ess.gov.si/trg_dela/trg_dela_v_stevilkah>.

2 ZRSZ, *Stopnja registrirane brezposelnosti*, <www.ess.gov.si/trg_dela/trg_dela_v_stevilkah/stopnja_registrirane_brezposelnosti>.

3 Milan Lavri et al., *Mladina 2010*, (Ljubljana: URSM, 2010), p.109, <www.ursm.gov.si/fileadmin/ursm.gov.si/pageuploads/pdf/Mladina_2010_Končno_porocilo.pdf>.

4 Ibid., p. 110.

5 Official data shows no such discrepancies: in fact it portrays unemployment among women as lower than that among men. See *ibid.*, pp.113–16.



Part-time work: a full-time issue

Connected to the issue of unemployment is the proposed new law on flexible part-time work. This type of work enables employers to lower their costs as they do not have to pay pension contributions, sick leave, and so on. The total share of taxes and other contributions for such work is only about 17% of labour costs,⁶ which is two to three times less than in regular employment. Since the work is strictly on a daily basis there is complete flexibility about hiring and firing. Many of the students who obtain work through student employment agencies lose this work as soon as they finish their studies because registered students are much cheaper and, by definition, flexible. The agency mechanism puts great pressure on the labour market by pushing down wages and increasing employment insecurity.

The new flexible part-time work law (passed in October 2010, entering into force in January 2012) addresses the issue of student work by limiting the number of part-time working hours, previously unlimited, to 60 per month while also setting an annual earning limit, previously unlimited, of EUR 6,000 (USD 8,492). It also greatly increases the pool of people who are able to work in this fashion by including retired people, the unemployed, asylum seekers and other non-active individuals.⁷ Moreover,

6 Mladi podjetnik, *Koliko delodajalca stane delo prek študentske napotnice*, <mladipodjetnik.si/podjetniskikoticek/poslovanje/koliko-delodajalca-stane-delo-prek-studentske-napotnice>.

7 DZ RS, *Zakon o malem delu*, (Uradni list RS no. 102-01/10-28/87 EPA 1133-V), <www.dz-rs.si/index.php?id=101&vt=4&sm=k&q=zakon+o+malem+delu&mandate=-1&unid=PZIF47C7FF2C259B251C12577C90023714&showdoc=1>.

the employer is not obliged to pay full contributions for social welfare (1 working hour counts only as 40 minutes of “regular” work). Student organizations and trade unions have launched a massive campaign opposing the legislation, and a referendum will take place in Spring 2011.

Pension reform and working conditions

Another expected referendum regards the proposed reform of the pension system, which relies heavily on a prolonged working period of a minimum of 38 years (40 years for men) and a retirement age of 65.⁸ According to a recent study by Eurofond, only 13.5% of Slovene workers answered positively when asked whether they would still be able to do their job when they turn 60—compared to an average of 44.1% across all 27 EU countries. Also, 59.2% of respondents said that they had worked while feeling ill in the last 12 months—compared to an EU average of 39.2%; almost 75% said they had to work at a very pressing pace; and very few—13.5%—expressed great satisfaction in their work—compared to an EU average of 25%.

The issue of the exploitation of migrant workers for heavy physical labour (especially in construction) surfaced over the last year when many of the companies went bankrupt. However in several cases (e.g., SCT—the largest Slovene construction company) the main company survived at the expense of thousands of workers, who lost their jobs and who never received full payment for their work.⁹ Invisible Workers of the World (IWW)¹⁰ estimates that some 14,000 migrant workers have returned to their countries of origin in the past three years without ever receiving their wages. Unpaid forced overtime, forced residence in company hostels, threats of deportation and other forms of abuse have been reported.

Coal: a 19th century resource for a 21st century society

It is hard to believe that the largest investment in the Slovene energy policy will apparently be a new EUR 1.2 billion (USD 1.7 billion) coal power plant in Šoštanj. It is estimated that the proposed power plant, which relies on lignite to produce electricity, will produce approximately 3,500 GWh per year, about the same as the old plant it is to replace. The proposed project has been subject to much criticism for alleged environmental, economic and legislative flaws. It is still unclear whether the signed agreement for its construction is even valid since there was no public tender for offers.¹¹

The price of the project has more than doubled since the preliminary analysis. The cost of construction is also estimated to be about twice as high per installed MW as in comparable projects in Bosnia and Herzegovina and Germany.¹² In addition there are obvious environmental concerns as it is estimated that the plant will produce over 100 million tonnes of CO₂ during its lifetime. Slovenia already exceeds the globally acceptable levels of greenhouse emissions and depletion of natural resources by two to four times.¹³ The EU target of 2 tonnes of CO₂ per person until 2050 is the amount that the Šoštanj plant alone is going to produce. This will make it impossible for Slovenia to reach the common goal.

Some laws but no order

Another pressing issue is the illegal burning of waste in the Lafarge cement factory in Trbovlje, which is having a serious effect on people’s health and the local environment. The company lost the legal battle over this, but it continues to ignore court orders.¹⁴ This is hardly surprising in a country where even State-owned enterprises consider themselves above the law, as evidenced by the constant abuses in the construction sector, where many companies are (at least partially) State-owned.

A recent report from Umanotera, the Slovenian Foundation for Sustainable Development, quotes the “lack of implementation of already accepted programmes as the biggest issue of Slovene environmental policy.”¹⁵ Traffic, waste management and energy policy are cited as especially problematic. The country produces 435 kg of waste per person and only about 25% is recycled. The national monitoring scheme for environmental protection is apparently inoperative as only 14 out of 188 indicators have been marked.¹⁶

Of the many companies going into bankruptcy and exploiting workers, the worst are previously successful companies that were involved in highly questionable management buyouts involving massive loans from partly State-owned Slovene banks, where the securities on the loans were the very shares the managers were buying. This involved cronyism of the worst kind as most of the bankers and business people involved were acquaintances.

Conclusion

Slovenia has already faced considerable penalties from the EU because of its environmental policies, yet the ruling elite seems unwilling to respond to the challenges of environmental protection. The huge coal power plant and related investment leaves little space for future efficient and renewable energy sources. Although energy efficiency could lower emissions even in the short term, it does not receive proper support from the Government.¹⁷

Energy efficiency programmes could also create and sustain jobs and provide long-term economic, social and environmental benefits. The new law on flexible work, in contrast, is likely to lower standards, increase the number of poor yet employed people, intensify pressure on “regular” work, increase job insecurity and lead to lack of long-term benefits for employees.¹⁸ The fact that so many young people are unemployed combined with the late age at which many people start work greatly undermines the financial basis of the intergenerational solidarity model on which the State pension system is built. The proposed pension reform, by merely extending both the age of retirement and the number of years of work needed to qualify for a pension, fails to address this key issue. ■

8 DZ RS, *DOPOLNJEN PREDLOG ZAKONA o pokojninskem in invalidskem zavarovanju (ZPIZ-2), druga obravnava*, <www.dz-rs.si/index.php?id=101&vt=40&mandate=-1&o=10&unid=PZI7C61DD6BEF7AA4E2C12577DE0053A035&showdoc=1>.

9 It is only the ad hoc subsidiaries, with virtually no assets of their own, that have filed for bankruptcy.

10 IWW, *Nevidni delavci sveta*, <www.njetwork.org/IWW-Nevidni-delavci-sveta>.

11 RTVSLO, *Bi morali dobavitelje za TEŠ 6 izbrati na razpisu?*, <www.rtvsllo.si/gospodarstvo/bi-morali-dobavitelje-za-tes-6-izbrati-na-razpisu/252118>.

12 M. Dodevska, *TEŠ 6 za telebane*, (Delo.si, 19 December 2010), <www.delo.si/clanek/132096>.

13 D. Plut, *Trajnostni razvoj med mavrico teorij in skromno prakso*, (2010), <www.planbzasslovenijo.si/upload/trajnostni-razvoj/plut-besedilo.pdf>.

14 EKO KROG, *Sodba v imenu ljudstva*, <www.ekokrog.org/2011/03/>.

15 Umanotera, *Ogledalo vladi 2010: Nevladni zeleni monitor*, <www.planbzasslovenijo.si/upload/dokumenti/2010/ogledalo-vladi.pdf>.

16 *Ibid.*, pp. 9–11

17 Focus, *Sporo ilo za javnost: Ne zaklenite nam prihodnosti! Poziv vladi pred odlojanjem o TEŠ 6*, <focus.si/index.php?node=26&id=1024>.

18 ZRSS, *Malo delo – miti in dejstva*, <www.zsss.si/attachments/article/422/MALO%20DELO%20%20MITI%20IN%20DEJSTVA_ZSSS.pdf>.