



Weekly Briefing

Slovenia Political briefing:
Process of forming a new government
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Process of forming a new government

Summary

After the parliamentary elections in the beginning of June it soon became evident that the composition of government will require a coalition of a rather large number of political parties. After the first round of selecting the prime minister was not successful, the second round brought about a new coalition, put together by the president of the second biggest parliamentary party, Marjan Šarec, together with four other left and centre parties. After the negotiations with The Left, a minority government was decided upon, with the support from this sixth party.

First round of selecting the prime minister

It became clear after the parliamentary election results, that the relative winner of the elections, Slovenian Democratic Party's (SDS) president Janez Janša, will have difficulties composing the government due to dissonances with several other political parties and their presidents, most of which have been explicit about not intending to cooperate with Janša even before elections. The closer political parties of the Christian conservative New Slovenia (NSi) and the nationalist extreme right Slovenian National Party (SNS) did not suffice for a majority in the parliament. Due to these circumstances, the president of the second biggest political party in the parliament, Marjan Šarec, started the negotiations for an alternative government coalition. Initially he conducted the talks with all of the parliamentary parties except for Janša's SDS. In these talks an alternative possibility of a coalition formed, composed out of the six political parties. Apart from Šarec's own party, Marjan Šarec's List, it also included Modern Centre Party (SMC) of previous Prime Minister Miro Cerar, and two other political parties from the previous government coalition, Social Democrats (SD) of Dejan Židan and Pensioners' Party (DeSUS) of Karel Erjavec. The other

two parties were Alenka Bratušek Party (SAB) and the only right wing party in this coalition group, the New Slovenia party (NSi) of Matej Tonin. The negotiations between these six political parties were quite difficult for at least two reasons. First were the disagreements between the previous coalition partners, SMC, SD and DeSUS, which were now all included in the new coalition proposal. Second issue was the wide political spectrum of the proposed coalition, ranging from the left-centre Social Democrats to the right wing New Slovenia. The differences were between the five centre-left parties and NSi. Main issues in the negotiations which were not successfully resolved were the income tax, health care reform and the status of private schools.

In the income tax NSi insisted on a so-called “development tax cap”, to reduce the tax burden of the highest salaries, a proposal that was strongly opposed to by the Social Democrats. The compromise achieved was not to employ the tax cap, but to instead change the tax scale, abolishing the highest, 50% segment, and to raise the tax relief from the current 3302 Euros (NSi proposed a raise to 8000 Euros). Regarding the issue of private schools, NSi strongly insisted that private schools (mostly catholic schools) would become eligible for the full state financing in the same rate as the public schools, which was opposed by some other parties in the negotiations. They reached an agreement of 100% state financing of the obligatory school programme, but for the already existing school institutions. For new schools the financing would not ensue automatically. Most disagreements, however, were related to the issue of health reform, where NSi strived for a competitive system of primary health insurance among many insurance companies, effectively coming closer to the privatization of the basic health care system. This was strongly opposed by the negotiation parties and the compromise was not made.

Several other issues came out and due to the disagreements NSi eventually withdrew from the negotiations on July 16th. President Borut Pahor held subsequent meetings with Janez Janša and Marjan Šarec. Since none of the two had secured a majority support for their coalition proposals, Pahor concluded the

first round of selecting the prime minister on July 23rd with an announcement to the National Assembly that he will not present a candidate.

Second round of selecting the prime minister

On July 28th, the second round of selecting the prime minister began. According to the Slovenian legal system, in the second round the Prime Minister candidate can be proposed by the President or the Members of the Parliament. The second round lasts for 14 days and in case it fails the National Assembly has a 48-hours' time to decide to vote once more for the Prime Minister candidate and this vote has then to be made within 7 days, while the candidate needs only a relative majority of votes and not the 46 votes out of 90 as in the first and the second round. If this vote fails, new parliamentary elections are called. The pressure in the second round is therefore much stronger for the potential candidate(s) to try to negotiate the government coalition. Marjan Šarec opted for a new coalition structure in the second round of negotiations. After the withdrawal of the right wing NSi, the only potential partner was the left wing party The Left of Luka Mesec.

Negotiations with The Left started immediately. One of the first demands on the side of The Left were that all concessions given to the previous negotiating partner New Slovenia are to be removed from the draft of the coalition agreement, most notably, the tax relief for the highest salaries and the concession for the private schools. Other demands of The Left were also quite far from the previously reached coalition agreement. Regarding national economy, The Left demanded to stop the process of privatisation of state owned companies, most notably the freeze of the process of selling off the New Bank of Slovenia (NLB). Quite opposite from the demands of NSi, they also proposed a raise of profit tax for companies from 19 to 20 percent. Additionally, they addressed some issues in internal affairs and military, demanding the removal of the fence on the border, which was put in place to control the immigration in 2015. They also opposed the raise in the military budget for the composition of

the second battalion group, and instead suggested that the planned 1.2 billion Euros are channelled into the budgets for research and innovation.

The negotiations were largely unsuccessful and almost no compromises were achieved, with the exception of the minimum wage which The Left insisted should be raised to 700 Euros and according to the compromise this would be gradually achieved in the next four years with the raise rate of 4% per year.

Minority government coalition

On July 31st, the vote in The Left party of Luka Mesec was conducted and they rejected the possibility of joining the government coalition led by Marjan Šarec. Instead they put forward the proposal of supporting the Šarec government by first supporting his candidature for the Prime Minister and then supporting the government in the form of “project cooperation” for the projects that they also supported. This would effectively make the Šarec government a minority government, which would have to rely on votes outside the coalition for the support of their projects. An agreement was then prepared and signed between the five coalition partners and The Left in the following week. With the support of The Left Prime Minister candidate Šarec secured 52 votes of support and The Left also agreed to vote for the candidacy of Dejan Židan, president of the Social Democrats, for the Speaker of the National Assembly. As for the government ministers, which require a separate vote, The Left agreed not to vote against the proposed Ministers, but instead abstain from the vote in case of disagreement with the selected team. Since only a relative majority is required for the government Ministers, the absence of The Left would mean that the government proposal only needed 41 votes, while Šarec managed to secure 43.

Marjan Šarec was then confirmed as Prime Minister designate on August 17th with the support of 55 votes against 31. In the last week of August the candidates for Ministers were announced which are currently going through separate hearings at the respective National Assembly committees, before being

voted for in the National Assembly on September 13th. Except for the candidate for the Minister of Public Administration whose failing performance at the committee hearing made PM designate Šarec replace him with another candidate, the team of ministers is mostly determined.

Conclusion

The composition of the new government following the June elections took a rather long time and was additionally complicated by the fact that the winner of elections could not secure a majority support for his potential government coalition. The final compromise of the minority government is a precedent in Slovenian political history and a challenge for the elected Prime Minister Marjan Šarec and his government team. The support which will have to be secured from the outside of the government coalition for every separate project will also mean that the work of the government and the ministries will have to readjust to follow this organisation paradigm.