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THE CYCLE OF INCREASING INSTABILITY WITHIN THE COALITION GOVERNMENT – THE IMPACT OF THE ECONOMIC CRISIS IN SLOVENIA IN THE PERIOD FROM 2008 TO 2014

Summary. *The research of coalition behaviour conducted in recent years has incorporated the dynamic approach which enables the study of the relationship between coalition behaviour and external events. The case study of Slovenia shows a close relationship between various economic events, such as the economic crisis and the destabilization of coalitions in the period from 2008 to 2014. The impact of economic indicators diminished the possibility of regular or strategic elections, and increased the likelihood of early elections or change of the coalition government without elections. The study also presents some additional factors of destabilization which could not be properly measured, such as the changes of support to the parties, conflicts among the coalition partners or within individual partner parties, or the policies of supranational organizations. Additionally, we observed that minimum winning coalitions with a greater number of partner parties represented a greater risk for the stability of coalition governments, while the left-wing coalitions were more likely to be dissolved than the right-wing. Such developments in Slovenia occurring during the economic crisis could be compared to those taking place in several other Central European (old and new democratic) countries.*

Keywords: *coalition government, economic events, political factors, destabilization, early elections*

Introduction

Recently, the research of coalition behaviour has progressed considerably. Numerous studies abandoned the static approach which concentrates on a single coalition process at a single point in time using the formal characteristics of a coalition, such as the number of parties in the coalition or

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coalition type. They extended their interest to investigate how the processes of coalition formation, duration and termination are interrelated or even linked to the dynamics external to coalition politics. Incorporating the dynamic approach opened up a possibility of studying the endogenous relationship between coalition behaviour and other external events like public opinion upswings, party formation and change, elections, or economic developments (Warwick, 1992: 857). Applying this approach also enables researchers to link the coalition government stability more closely to the economic events, such as economic shocks or a lengthy economic crisis, which affect the formation and duration of a coalition government or precipitate its termination. Such an approach may also help to investigate how a particular end of a government amidst harsh economic conditions influences the formation of the next coalition (Druckman, 2008: 480). Finally, it introduces the possibility of studying the potential impact of economic politics and policies of supranational organizations, such as the EU or international financial institutions, on the formation and policies (priorities) of coalition cabinets and their ends in the EU Member States.

Such critical economic events include the recent financial and economic crisis which started in 2008 and has had multiple effects on the mechanisms of parliamentary democracy and the processes of making and breaking governments. A combination of effects caused by external economic factors and the countries' economic malpractices, such as uncontrolled government spending or bad fiscal policies, resulted in a number of European national economies suffering negative economic, social and political consequences. Declining social security standards and the growing poverty of large groups of citizens in many countries, together with the spreading corruption, lowered the confidence in the traditional political parties in nearly all EU Member States as was demonstrated by unprecedented volatility at the national elections after 2008 as well as at the elections to the European Parliament in 2014. A number of new and inexperienced parties won a substantial share of the votes, thus changing the coalition-making patterns. At the same time, the competition increased among the coalition and opposition parties, the latter using the opportunities provided by the weakened government to stress its adversarial positions (Mouri and De Giorgi, 2015: 2). Deteriorating economic conditions increased the conceptual differences and created tensions among the coalition government partners, frequently leading to open conflicts. Some partners did not wish to be associated with inefficient austerity measures and wanted to clarify their policy positions as distinct from the policies of the coalition. Refusing to accept responsibility for the cabinet failures, they often abandoned coalitions (Bernhard and Leblang, 2008). The economic crisis has thus destabilized the existing coalition governments also in a number of the old and new democratic states in

Central Europe, and caused their falling apart or brought about the changes of governments.[1] In some countries, e.g. Germany and Austria, the patterns of coalition-making were changed and alliances were forged among the two biggest parties which formed coalitions.[2] At the same time, the economic crisis has led to a great increase in the competences of the European Commission and supranational financial institutions such as the European Central Bank, particularly with regard to the structuring of the EU Member States' budgets.

Over the past years, social scientists and politicians have been monitoring economic developments in several countries where the drop of GDP was measured in double-digit numbers and unemployment reached unprecedented levels (Krugman, 2012: 9). Although the impact of external economic factors was linked primarily to electoral outcomes or even to the change of power relations within national political systems (Fink Hafner, 2011: 1223), the attempts to link them to the survival of governments and parliaments were rare. The impact of economic factors on coalition behaviour as witnessed in recent years deserves more attention, since the survival of coalition governments under harsh economic conditions is more closely connected to political stability. It is even more intriguing to attempt

[1] The Italian government of Silvio Berlusconi established in 2008 was discredited and resigned due to the poor management of the crisis. In November 2011, a new, technical government led by Mario Monti was formed. The government fell in December 2012 and, after elections in February 2013, a new left-centre-right coalition government led by Enrico Letta was established, only to be replaced by Matteo Renzi in February 2014. In 2010, there was a change of government in Hungary, where the right-wing Fidesz party and its leader Viktor Orban defeated the Socialists discredited on account of lying about the country's economic situation. The Fidesz party repeated its victory at 2014 elections when it won two-third majority. In the Czech Republic, the government of Mirek Topolánek was dismissed in May 2009 after a no confidence vote, and a technical government was established by Jan Fischer. The next right-wing conservative government of Petr Nečas established after regular elections in May 2010 fell in June 2013 due to severe conflicts among partners and on account of unpopular austerity measures. Following the self-dissolution of the Poslanecká sn movna (Chamber of Deputies) in August 2013, a temporary non-partisan government by Jiří Rusnok was established to govern until the new elections. After the early elections held in October 2013, the new government was finally established in February 2014, formed by the Social Democrat Bohuslav Sobotka. Amidst the deteriorating economic conditions in Croatia following the impoverishment of large parts of the population and a number of corruption scandals, the right-wing coalition government of the Croatian Democratic Union (Hrvatska demokratska zajednica – HDZ) established in 2007 experienced a humiliating defeat at the 2011 elections. A new left-wing coalition led by Ivo Milanović formed the government a few years prior to Croatia becoming a member of the EU.

[2] In Austria, the grand coalition was formed after 2010, comprising the Social-Democratic Party of Austria (Sozialdemokratische Partei Österreichs – SPÖ) and the conservative Austrian People's Party (Österreichische Volkspartei – ÖVP), and again after the 2013 elections. In Germany, the grand coalition consisting of the conservative CDU/CSU parties (Christlich Demokratische Union) / (Christlich-Soziale Union in Bayern) and the Social-Democratic Party (Sozialdemokratische Partei Deutschlands – SPD) was formed already after the early elections of 2005 (lasting until the 2009 elections when the coalition of the conservative and the liberal parties was formed). After the 2013 elections, the new grand coalition was formed, once again between the conservative CDU/CSU and the social-democratic SPD.

to relate the economic conditions to the survival of governments in the new democratic countries where the process of democratization implied the transformation of the entire economic system which remained particularly sensitive and vulnerable to external economic shocks and the crisis in particular.

This paper is based on the fundamental hypothesis that economic processes are not external to political processes and have a strong impact on political stability, i.e. the stability of coalition governments in a number of countries, including Slovenia, whereby stability is understood as a government's ability to complete its mandate. In the troubled times of the economic crisis, the economic factors have a greater impact on coalition behaviour and government stability than other political or systematic factors. This hypothesis, however, does not underestimate their importance, but takes into account that it is difficult to incorporate them, since they are not properly measured. For the purposes of our case study of the stability of coalition governments in Slovenia during the economic crisis, it is convenient to consider them as other moderating factors which, in part, depend also on the strategic behaviour of the partners, or are systematic (institutional) and fixed in advance.

Table 1: GDP GROWTH (ANNUAL)[3] IN CENTRAL EUROPE IN DIFFERENT TIME PERIODS (PERCENT)

COUNTRY	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
SLOVENIA	4.4	4.0	5.8	6.9	3.6	-8.0	1.4	0.7	-2.5	-1.0
HUNGARY	4.8	4.0	3.9	0.1	0.9	-6.8	1.3	1.6	-1.7	1.1
CZECH REPUBLIC	4.7	6.8	7.0	5.7	3.1	-4.5	2.5	1.8	-1.0	-0.9
CROATIA	4.1	4.3	4.9	5.1	2.1	-6.9	-1.4	-0.9	-2.0	-1.0
AUSTRIA	2.6	2.4	3.7	3.7	1.4	-3.8	1.8	2.8	0.9	0.4
GERMANY	1.2	0.7	3.7	3.3	1.1	-5.1	4.0	3.3	0.7	0.4
ITALY	1.7	0.9	2.2	1.7	-1.2	-5.5	1.7	0.5	-2.5	-1.9

Source: The World Bank. Retrieved from http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG/countries.

The impact of the economic crisis in Slovenia in the period from 2008 to 2014 can be evaluated in a rigorous and comparative manner by means of the statistical data of the World Bank, showing trends of some

[3] *Annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2,000 U.S. dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.*

main economic indicators, the growth of GDP and changes in the unemployment rates in the last period across seven Central European countries, namely Italy, Hungary, the Czech Republic, Austria, Germany, Croatia and Slovenia. Up to 2008, positive trends were evident in the growth of GDP in all countries – in comparison with other post-socialist countries, Slovenia even witnessed the most stable economic growth. The negative effects of the economic crisis became clearly evident in 2009 when the Slovenian GDP declined by 8%, this drop being the greatest also in comparison with most other countries. A similar decline could be observed only in Hungary (6.8%), Croatia (6.9%) and Italy (5.1%). In the subsequent years, Slovenia saw a slight rise of GDP, followed by another decline by 2.5% in 2012, with a small recovery at the beginning of 2013 (Table 1). Similar drops occurred in Hungary, the Czech Republic, Italy and Croatia.

Table 2: UNEMPLOYMENT IN CENTRAL EUROPE IN DIFFERENT TIME PERIODS (PERCENT OF TOTAL LABOUR FORCE)[4]

COUNTRY	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
SLOVENIA	6.3	6.5	6.0	4.8	4.4	5.9	7.2	8.2	8.8	10.1
HUNGARY	6.1	7.2	7.5	7.4	7.8	10.0	11.2	10.9	10.9	10.2
CZECH REPUBLIC	8.3	7.9	7.1	5.3	4.4	6.7	7.3	6.7	7.0	7.0
CROATIA	13.7	12.6	11.1	9.6	8.4	9.1	11.8	13.4	15.8	17.2
AUSTRIA	4.9	5.2	4.7	4.4	3.8	4.8	4.4	4.1	4.3	4.9
GERMANY	10.3	11.1	10.3	8.6	7.5	7.7	7.1	5.9	5.4	5.3
ITALY	7.9	7.7	6.8	6.1	6.7	7.8	8.4	8.4	10.7	12.2

Source: The World Bank. Retrieved from http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS/countries.

The second indicator, which is even more important and has had the most direct effects on the social conditions in Slovenia, is the unemployment rate. It showed a drastic change by dramatically increasing after 2008 when it amounted to 4.4%, to 8.8% in 2012, rising once again in 2013, to 10.1%. Similar changes can be found in Hungary where unemployment increased from 7.8% in 2008 to 10.9% in 2012, in the Czech Republic where unemployment increased from 4.4% in 2008 to 7.0% in 2012, or in Italy where it increased from 6.7% in 2008 to 10.7% in 2012, and to 12.2% in 2013. These changes were even more dramatic in Croatia where unemployment rose from 8.4% in 2008 to 15.8% in 2012, and 17.2% in 2013 (Table 2).

[4] *Unemployment refers to the share of the labour force that is without work but available and seeking employment.*

The level of foreign debt could also serve as an additional indicator of the impact of the economic crisis, although its effects on future generations in Slovenia remain to be seen (it has been on a constant rise from 8.2 billion in 2008 to 25.3 billion in 2013).[5]

In order to explore and determine the effects of a lengthy economic crisis measured by these main indicators on the stability of coalition governments in Slovenia, we use a simple model of cabinet durations. The model considers these economic indicators as independent variables, and the duration or termination of cabinets as a dependent variable. The definition of dependent variables entails cabinet terminations in four possible ways, namely (1) regular elections following the end of a regular term, (2) early elections called by the government for strategic reasons, (3) early elections caused by a conflict within the cabinet and (4) a cabinet dissolution leading to a new cabinet by means of a constructive no confidence vote (Mueller and Stroem, 2006). Our additional hypothesis proposes that the effects of the economic crisis reduce the probability of regularly scheduled and/or strategic elections, and increase the probability of conflictual cabinet termination and early elections. In certain circumstances, the cabinet can be changed also by means of a constructive no confidence vote introduced by dissatisfied coalition parties and/or parties in the opposition, or by the intervention of the President of the State. Taking into account the results of some previous analyses of cabinet durations and terminations carried out on large samples of countries[6], we apply this model to a single country and try to relate the effects of the economic crisis measured by the two main economic indicators to coalition government survival.

The survival of coalition governments in Slovenia will also be examined by means of additional independent variables, such as the number of parties in a coalition (a higher number of parties increases the probability of a conflictual end of that coalition), the government type (minimum winning coalition government or oversized coalition government) or the government's ideological context, e.g. a left- or right-wing coalition (Zajc, 2009: 32). The analysis of the Slovenian case will finally be broadened to incorporate some other potential causal factors such as changes in the support to political

[5] *The impact of the inflation rate has not been included in our investigation of the impact of the economic crisis, since it has not been sufficiently explained by other studies. Although the inflation rate in Slovenia rose from 3.6% in 2007 to 5.7% in 2008, it remained lower than 1.8% in the following years (the average annual inflation rate in the 2008–2014 period amounted to 2.4%, while the average inflation rate in the 2004–2007 period reached 3.0%). Nevertheless, it will not be rejected out of hand in further examination as it was discovered in some previous investigations.*

[6] *A study conducted by Paul Warwick in 1992, attempting to relate the changing economic conditions measured by standard economic indicators to government survival in 16 post-war democracies up to 1989, using the partial likelihood (PL) method, revealed an interconnection between time trends of indicators and government survival.*

parties, poor leadership of the coalition government, unresolved conflicts within new and unexperienced parties or destructive behaviour exhibited by the opposition. However, these factors cannot be properly measured and their impact will be only be evaluated. Another challenge is to include external pressures on the national government, particularly the pressures from the European Commission and international financial institutions.

Stability of the Slovenian coalition governments during the economic crisis

As evident from the history of the short democratic parliamentarism and coalition governments in Slovenia after 1992, the period of up to 2008 was marked by their relative stability – there were five regular elections and, although some partner parties left coalitions, the same coalition governments survived until the next regular elections (Olson, 1997: 407; Zajc, 2008: 77). The only exception was the change of the coalition government in 2000, when the right-wing parties acquired the majority a few months before the elections and formed a short-lived coalition government. The economic crisis has not had an immediate effect on the stability of the left-wing coalition government formed by four parties (SD, LDS, Zares and DeSUS) following regular elections at the end of 2008 and founded on the supposed ideological closeness of the partners[7]. Their goals explained in the Coalition Agreement and signed on 11 November 2008 were based upon the positive economic developments which enabled Slovenia's relative prosperity in the former period, and fuelled expectations that these economic trends would continue without problems. Lulled into a false sense of security by these trends, the partners remained unaware of the real impact of the economic crisis on the Slovenian economy and its consequences for the social conditions of large population groups. The parties also lacked proper potential for cooperation and frequently followed their particular interests, even when these were contrary to the commitments in the Coalition Agreement, instead of focusing on the urgent economic matters.

[7] *Slovenia has a proportional system in place to elect 88 representatives to the National Assembly (two additional seats are reserved for representatives of minorities). The traditional seven parties stepping over the relatively low threshold of 4% after 1992 include the Slovenian Democratic Party (Slovenska demokratska stranka – SDS), the core party of the right, and two smaller parties of the centre-right, namely the New Slovenia (Nova Slovenija – NSi) and the Slovenian People's Party (Slovenska ljudska stranka – SLS). The centre-left parties include the Liberal Democracy of Slovenia (Liberalna demokracija Slovenije – LDS), the Zares Party (formed after the split in LDS), and Social Democrats (Socialni demokrati – SD), the successors of the former Slovenian Communist Party. The only Slovenian party with a nationalist programme is the Slovenian National Party (Slovenska nacionalna stranka – SNS), remaining below the threshold in 2011, while the atypical Democratic Party of Pensioners of Slovenia (Demokratična stranka upokojencev Slovenije – DeSUS) represents the interests of the older population feeling threatened by the economic austerity measures.*

Table 3: RESULTS OF ELECTIONS TO THE SLOVENIAN NATIONAL ASSEMBLY IN 2000, 2004, 2008, AND EARLY ELECTIONS IN 2011 AND 2014, IN %

	Share of votes in %				
	Period of econ. growth		Period of econ. crisis		
	2000	2004	2008	2011	2014
SDS – Slovenian Democratic Party	15.8	29.0	29.2	26.1	20.7
SD – Social Democrats	12.0	10.1	30.4	10.5	5.9
Desus – Democratic Party of Pensioners	5.1	4.0	7.4	6.9	10.1
SLS – Slovenian People's Party	5.9	6.8	5.2	6.8	3.9
NSi – New Slovenia	8.7	9.0	3.4	4.9	5.5
SNS – Slovenian National Party	4.3	6.2	5.4	1.8	2.2
LDS – Liberal Democracy of Slovenia	36.2	22.8	5.2	1.4	–
Zares	–	–	9.3	0.7	–
TRS – Sustainable Development of Slovenia	–	–	–	1.2	–
SMS – ZL – Youth Party – European Greens	4.3	2.0	–	0.8	–
PS – Positive Slovenia of Zoran Janković	–	–	–	28.5	2.9
DL – Civic List	–	–	–	8.4	0.6
ZaAB – Alliance of Alenka Bratušek	–	–	–	–	4.3
SMC – Party of Miro Cerar	–	–	–	–	34.4
ZL – United Left	–	–	–	–	5.9
Others	4.1	10.1	4.5	1.9	2.9
Total	100.0	100.0	100.0	100.0	100.0

Source: Calculation based on Electoral statistics

While the economic crisis required quick and efficient solutions, the coalition government neither adapted its program, nor tried to redefine its priorities. It hesitated to prepare a new economic program outlining certain reforms such as those pertaining to the pension system and the labour market. When these urgent reforms were finally prepared in the form of various bills and passed in the National Assembly, the government lacked the power to persuade the public of their necessity. The opposition and trade unions used this opportunity to launch populist actions aiming to achieve the rejection of the new legislation. Initiating and supporting the demands for referenda (formally introduced by groups of voters and civic organizations), they succeeded in blocking most needed changes. The rejection of the bill regulating a part of the job market in April 2011 and the pension reform in June 2011 was, in fact, a popular no confidence vote to the left-wing coalition government. As a consequence, fierce internal political quarrels erupted, giving an impression of the coalition government mired in a crisis and management incompetency.

At that point, some partner parties in the coalition distanced themselves from the inefficient policies and left the coalition. DeSUS left in May 2011 (or, rather, abandoned it already in December 2010 by withdrawing its support to the proposed rationalization of budget expenditures). In June 2011, the Zares party resigned in protest against the coalition's poor leadership and conceptual differences regarding developmental priorities (further investment in the TEŠ 6 Coal Power Plant etc.). Such withdrawals from the government made an additional unfavourable impression on the voters and diminished their trust in political parties of the coalition (the lowered confidence in these parties was already evident at the elections to the European Parliament in the autumn of 2009 when a large majority of seats was won by members of the right-wing opposition parties). Prime Minister Borut Pahor, intending to continue with his coalition government until the end of the term, tried to replace the leaving ministers and bound the proposal of the new ministers to the vote of confidence. The confidence vote introduced on 20 September 2011 turned negative (only 36 MPs voted in favour and 56 against) and for the first time in the parliamentary history of Slovenia, Dr Danilo Türk, President of the Republic, dismissed the National Assembly and called early parliamentary elections on 4 December 2011.

a) The first early elections and the new coalition government

The first early elections in Slovenia were called at a time of lengthy economic crisis and worsening social conditions, when the unemployment rate rose to 8.2% and GDP declined by 0.7%. Poor economic performance of the left-wing coalition government, along with the destructive behaviour of the right-wing opposition, diminished the confidence of the voters in the traditional parties. In the 2011 electoral campaign, suprisingly new political parties started to form, promising pragmatic solutions for the exit from the economic crisis. Seven weeks before the elections, three new parties were established, namely the Civic List (Državljanska lista – DL), Positive Slovenia (Pozitivna Slovenija – PS) and the Party for Sustainable Development of Slovenia (Stranka za trajnostni razvoj Slovenije – TRS).[8] The appearance of new political parties with fresh ideas and pragmatic managerial thinking not previously common in the Slovenian politics intensified the electoral competition.

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[8] The first was formed by the Minister of Public Administration in the former government led by Janez Janša, Dr Gregor Virant, and the second by the Mayor of Ljubljana, Zoran Janković (the former manager of the Mercator trading company, with no experience in politics). While Virant's party declared liberal orientation, Janković's party positioned itself to the left. The third party, TRS, was established by a group of civil society activists promoting the values of active citizenship and co-existence with nature.

The December 2011 electoral results were a clear expression of the voters' dissatisfaction with traditional parties. The disappointed voters gave almost 38% of their votes to the new parties. The newly established Positive Slovenia even took the top position, winning more votes than the leading party in the former opposition, the Slovenian Democratic Party (SDS). While the Social Democrats (SD) lost two thirds of the votes, two other liberal members of the former coalition government remained under the electoral threshold, namely the Liberal Democracy of Slovenia (LDS) and the Zares Party. The third party remaining outside the National Assembly was the one with nationalistic rhetoric, the Slovenian National Party (Slovenska nacionalna stranka – SNS). The new, neo-liberal Civic List (DL) and the conservative New Slovenia (Nova Slovenija – NSi), the first party to succeed reentering the National Assembly after being ousted at the 2008 elections, also contributed to the complete rearrangement of parliamentary parties. Two other traditional parties managed to enter the National Assembly, namely the Slovenian People's Party (SLS) and the Democratic Party of Pensioners of Slovenia – DeSUS (Table 3). Another important change brought by the 2011 early elections was the number of the new members in the National Assembly. Almost two thirds of the National Assembly were newcomers with virtually no experience in politics and parliamentary life. What is more, the share of female deputies increased to one third for the first time since Slovenia's attainment of independence.

After several attempts by the relative winner to establish a left-wing coalition, the Coalition Agreement was finally signed on 25 January 2012 by four right-wing parties (SDS, DL, SLS, and NSi) and DeSUS. In line with the proposal brought forward by a group of deputies, the new Prime Minister Janez Janša was elected by the National Assembly on 28 January 2012 (Zajc, Kustec, Kropivnik 2012: 110). On 10 February 2012, 66 days after the elections, the new Slovenian coalition government composed of five parties was finally elected. The first Coalition Agreement signed in the midst of a harsh economic crisis was based on an anti-crisis program, determining a number of economic and social reforms to be realized within a short time. The new coalition government soon succeded in realizing certain economic goals by reducing some budget expenditures. The Fiscal Balance Act (Zakon za uravnoteženje javnih finance – ZUJF), adopted by the National Assembly on 11 May 2012 severely restricted several social security rights of many groups such as pensioners, students, families etc. (interfering with 39 existing acts). After negotiations with the trade unions, the pension reform was successfully adopted by the National Assembly on 4 December 2012 with no vote against, which was considered to be the new government's first positive sign to the EU. A few months later, in the spring of 2013, the government prepared the labour market reform (also negotiated with the trade unions) which was adopted with no objections from the opposition. In addition, the government quickly prepared the 2013 and 2014 budgets as well as several accompanying bills, i.e. the bill on Bank Assets Management Company (establishing the "bad bank") and the Slovene Sovereign Holding Act (determining the management of state-owned enterprises). The passing of these reform bills at the National Assembly, frequently through fast-track procedures, introducing severe economic austerity measures which affected the standard of living of a great deal of population, increased the public discontent. At the end of 2012, the discontent culminated in mass demonstrations against the coalition government and the political elite.

However, these developments did not undermine the stability of the right-wing coalition government which was implementing its economic reform program and adhered to the obligations assumed under international agreements, such as the European Budget Pact[9] aimed at balancing the national budget. Only after the report drawn up by the Commission for the Prevention of Corruption (Komisija za preprečevanje korupcije – KPK) in early January 2013, which sparked public indignation, did the coalition partners begin considering their further stay in the coalition government unacceptable. Revealing that the leader of the largest coalition party (SDS) could not explain the revenues on his bank account, the report was hinting at possible corruption practices similar to some other corruption affairs of the time in Slovenia (the report also exposed possible corruption practices of the leader of the biggest opposition party – PS). DL was the first to leave the coalition in late January 2013, followed by DeSUS and SLS in February, turning the government into a minority government, although Prime Minister Janez Janša was not willing to resign or propose the confidence vote. While the government's performance was severely curtailed, the economic and social conditions worsened – the World Bank's statistical data on the impact of the main economic indicators on Slovenia at the end of 2012 showed a rise of the unemployment rate to 8.8% and an additional drop of GDP by 2.5%. At the same time, the national debt of Slovenia reached 54.4% of GDP and the international pressure on Slovenia increased due to the country's poor financial situation.

[9] *The European Budget Pact, also known as the European Fiscal Compact, signed on 2 March 2012 by all Member States (except the Czech Republic and the United Kingdom), determined the limits of the states' budget deficits. The Member States which signed the Pact are required to establish self-correcting mechanisms which guarantee their national budgets will remain in balance, i.e. that the general deficit will be less than 3% of the gross domestic product (GDP) and the structural deficit less than 1% of GDP if the debt-to-GDP ratio is below 60%.*

b) The constructive no confidence vote

In order to avoid new early elections which would postpone further reforms and have unpredictable consequences, a number of heterogeneous parties (PS, DL, SLS, SD and DeSUS) agreed to a change of government by means of a constructive no confidence vote. The vote took place on 27 February 2013 when the new Prime Minister, Alenka Bratušek, member of the PS, was elected in the National Assembly. The first female to occupy this position after Slovenia's attainment of independence began negotiations with supportive parties to form a new coalition despite the differences in their views regarding further budget-saving measures and additional cuts to social allowances. Further pressure from Brussels prompted them to finally sign the Coalition Agreement on 14 March, and the new left-wing government was elected in the National Assembly on 20 March 2013. The main goal of the new Coalition Agreement was to give a new impetus to the economy and to assuage political passions. Due to the EU Commission's economic advice and even threats of direct foreign intervention by "the Troika"[10], it obviously prioritized the consolidation of public finances and the recovery of the banking system. Although the differing opinions regarding new taxes and cutting the revenues and pensions were still dividing the coalition parties, it was clear that the commitments made by the previous coalition government of Janez Janša to the EU regarding the main goal, i.e. the economic recovery of Slovenia, have not changed; in fact, they have been preserved and even supplemented. Under obvious pressure from the EU, the new coalition government even prepared some changes to the Slovene Constitution, limiting the possibility of calling a referendum on the acts regulating economic matters. Another important change of the Constitution was the inclusion of the golden fiscal rule, determining that the state revenues and expenditures must be balanced in the mid-term, while the budget deficits have to be lower than 3%. At the same time, the national debt should not surpass 48% of GDP. Both changes were adopted almost unanimously in the National Assembly on 24 May 2013 (refusal of these measures was considered as a bad message to the financial markets).

The decisive steps of the new left-wing coalition government in the management of the crisis were, however, made by rebalancing the budget for 2013 passed in the National Assembly in July 2013, and the budget for 2014 which was passed in the National Assembly on 14 November 2013 along

[10] *"The Troika" was an invention of the European Commission which imposed brutal economic austerity measures on a number of European countries, bringing rewards to those who have caused the economic crisis (the political and financial elite) and punishment to the economically less efficient countries. It enables a direct intervention by the EU economic advisers with the power of implementing immediate austerity measures which interfere with the sovereignty of the country.*

with a new bill on the taxation of property. The passing of these acts was also a particular test of stability for the coalition government, since it was bound to the confidence vote. Both rebalanced budgets were previously supervised by the European Commission.[11]

The expectations that this coalition government, relatively successful in the management of the crisis, would survive until the end of the mandate soon proved to be unrealistic. Conceptual differences and bitter conflicts among coalition partners, which increased after the annulment of the bill on the taxation of property by the Constitutional Court in March 2014, were one of the reasons. The main reason, however, was the unresolved conflict within the new and inexperienced PS party regarding its leaderhip, which culminated in the ultimate split of the party. The split forced Alenka Bratušek to resign from her position of Prime Minister on 5 May 2014. Her resignation resulted in the termination of the entire cabinet and opened a number of possibilities for remodeling the coalition and the government. However, the consultations of Borut Pahor, President of the Republic of Slovenia, with political parties, aiming to eventually find a new candidate for the position of Prime Minister, ended unsuccessfully and the deputies did not propose a candidate. On 1 June, the National Assembly was dissolved for the second time, and preparations began for the new early elections set for 13 July 2014.

c) The second early elections and the new coalition government

The second early elections were called at a time when the negative effects of the long-lasting economic crisis on the social situation of large groups of population were still prevailing and the anti-crisis programs were yet to produce results. The overall GDP growth in 2013 was not yet positive, and the unemployment has not diminished. Results of the second early elections again demonstrated the growing discontent with existing political parties, including the "surprise parties" which entered the National Assembly at previous early elections. It was obvious that, in the midst of a harsh economic and social crisis, the voters were once again seeking new parties that would be able to deal efficiently with the economic crisis, and for new leaders with greater personal integrity. At these second early elections, the voter turnout was relatively low (51.25%) and the people gave most of the votes (34.4%) to the newly formed Party of Miro Cerar (Stranka Mira Cerarja – SMC) named by its leader, constitutional lawyer Miro Cerar. This party stood out from

[11] The restriction of Slovenia's economic sovereignty due to the new EU rules became obvious in December 2013 when the government, after conducting expensive financial tests on the Slovene banks, received the heavily-anticipated permission by the Directorate-General for Competition of the European Commission (led by the Socialist Joaquín Almunia) to ameliorate the financial conditions of the Slovene banks.

the competing parties because it stressed the need for strengthening the moral and ethical principles as a condition enabling the country's economic and social development. The runner-up was the main opposition party, SDS, with 20.7% of the votes (its leader Janez Janša running, although prevented from participating in the campaign because of being sentenced to imprisonment longer than 6 months). The third was the traditional Democratic Party of the Pensioners of Slovenia (DeSUS) with 10.1% of the votes – their share of the votes rose slightly in comparison with 2011 due to the particular effects of the austerity measures on the elderly population. The winners also included the New Slovenia (NSi) with 5.9% of the votes in comparison with the 2011 elections, and the newly formed United Left (Združena levica – ZL), representing the new and educated young generation with few possibilities to secure regular jobs, with 5.9% of the votes. The greatest defeat of all was experienced by the winner of the previous election, namely Positive Slovenia (Pozitivna Slovenija – PS), which remained under the threshold, while its offspring, the Alliance of Alenka Bratušek (ZaAB), won 4.2% of the votes. The defeated parties also included the Social Democrats (SD) with only half of their previous share of votes (5.9%), the worst result of the traditional party of the left with the longest (pre)parliamentary history. Besides Positive Slovenia, two other parties remained under the threshold – the Civic List (DL) and, surprisingly, the traditional Slovenian Peoples' Party (Slovenska ljudska stranka – SLS) (Table 3).

After the leader of SMC, Dr Miro Cerar, was elected as Prime Minister in the National Assembly on 25 August 2014 (57 deputies of SMC, DeSUS, SD, ZaAB and both deputies elected by the national minorities), negotiations between SMC and other parties regarding the composition of the new coalition intensified. Following the starting points of his own political program, Dr. Miro Cerar intended to diminish the divisions within the Slovene society, but was unsuccessful. SDS decided to remain in opposition, while the NSi did not see enough possibility to realize its economic program in coalition and withdrew from the negotiations. The possibilities of starting coalition negotiations were even smaller for the United Left (ZL) because of its strict opposition to the "neo-liberal" elements in the first draft of the Coalition Agreement. The Alliance of Alenka Bratušek was not invited to the coalition due to the allegedly improper behaviour of its leader in the process of proposing the Slovene candidate for the EU Commissioner position. After a month of negotiations, the three parties, namely SMC, DeSUS and SD, finally signed the Coalition Agreement on 9 September 2014. According to the partner parties, they established an alliance for the political stabilization of Slovenia needed for the building of a strategy to exit from the crisis. According to the Slovene Constitution, the candidates for ministers had to pass a hearing before the respective committees of the National Assembly before being nominated and before taking their office. After finally being nominated in the National Assembly with the overwhelming majority on 18 September 2014, the new, third anti-crisis coalition government was formally established and commenced work.

Unlike previous Coalition Agreements, the present Agreement remains relatively general and non-binding for the partners. Being consumption-oriented, it lacks a concrete program for economic growth and better management of public finances. A number of policies remain undefinable and vague, and will demand constant adaptations and adjustments. What is more, certain partner parties do not show sufficient interest in serious reforms in the fields of labour, wages, health care, pension system etc., and lack a vision of the future. In the harsh economic situation, an arrangement will be needed with the opposition and other social partners (trade unions etc.) which will impose their demands. The restrictive financial policy and severe cuts limiting excessive spending announced by the more experienced new Minister of Finance after the government was inaugurated could lead to new tensions within the coalition or, alternatively, create dangerous conflicts among partner parties.

Conclusion

Our investigation has confirmed the hypothesis that various coalition processes are interrelated in intricate ways, both amongst each other and to other external processes such as the economic crisis. It provided the evidence of the impact of the economic crisis on the coalition processes and stability of coalition governments in Slovenia; while no evidence was found in relation to the period from 1992 to 2008, its impact was evident in the period from 2008 to 2014. Several important economic indicators, such as the growth of GDP and the increase in the unemployment rate, along with the growing foreign debt, have had a particular impact over the last six years on the survival, i.e. duration and termination, of coalition governments as well as on the formation of new coalitions. We have also confirmed the second hypothesis proposing that the effects of the economic crisis have been reducing the probability of regular elections and increasing the possibiltiy of mid-term coalition cabinet changes by various means or early elections. Regarding the frequency of coalition cabinet ends in the same period, similarities can be found between Slovenia and some other Central European countries, such as Italy, the Czech Republic, Hungary or Croatia. The Czech Republic is leading in the number of changes of coalition governments in the period – it has had a total of five in comparison with Italy (4) and Slovenia (3). Slovenia, however, is leading in the number of early elections (Table 5).

Like the experience in other countries of the region, the Slovene experience illustrates that the effects of the economic crisis were not direct and immediate. By worsening the material and social conditions of large groups of citizens, they have had a great impact on the support to political parties due to their poor capacity to find efficient measures to exit the crisis. Dramatic changes in the support to the traditional political parties were explicitly demonstrated at the early elections in December 2011 and again in July 2014 when a number of newly established political parties won a substantial share of the votes, while some established parties suffered significant defeats. Such shifts in the support to political parties demonstrate high electoral volatility in comparison with the previous elections and even in comparison with other states of the region (Table 4).[12]

Table 4: ELECTORAL VOLATILITY OF THE SLOVENIAN POLITICAL PARTIES FROM 1992 TO 2014

	Elections					
	1996	2000	2004	2008	2011	2014
Volatility	29.6	14.1	17.3	30.4	39.7	49.7

Source: Calculation based on Electoral statistics

These social and political effects of the economic crisis have intensified political polarisation, preventing the formation of broad coalitions. This situation is contrary to the developments in some other states in Central Europe where political compromises were reached; in Italy, for example, broad coalitions of main parties on both sides of the party political spectrum were made (Marangoni and Verzichelli, 2015: 39). Grand coalitions were also formed in Germany and Austria. These developments destabilized the coalition governments by increasing disagreements and conflicts among partners regarding the priorities of the coalition cabinet policy, and the choice of proper austerity measures which had to be adopted in a state of emergency, demanding at the same time more direct involvement of coalition governments in the legislative action[13]. Such conflicts have also arisen within the new and inexperienced member of coalition, the Positive Slovenia, culminating in the final split of the party. Partner parties frequently

[12] *High electoral volatility demonstrates that the party competition is characterized by numerous competitive parties, the entry and exit of main players, a combination of weak and strong political leaders and floating constituencies. The volatility in Slovenia amounted to 22.0% (Bielasiak, 2005: 331) in the period from 1992 to 2000, and increased to 40.0% in the period from 2004 to 2014.*

[13] *Such stronger involvement of governments in legislative action has been demonstrated by the overall success of the government's proposed bills and the increasing number of the bills passed through the urgent procedure (Igličar, 2011: 290).*

rejected responsibility for the bad management of the economic crisis and abandoned coalition governments, sometimes expecting that the voters would reward their decision. Such behaviour has been radically reducing the probability of regular or strategic elections, opening the possibility for early elections or just changing the government in the mid-term. In the autumn of 2011, the coalition government ended after a confidence vote introduced by the Prime Minister turned negative and early elections followed. A coalition government change without new elections occurred when the constructive no confidence vote was introduced in the National Assembly by a number of parties which changed their alliances in March 2013. The second early elections took place again in May 2014 when the Prime Minister resigned from her office. The duration of coalition governments has been drastically diminishing after 2008 – while the first government of Borut Pahor ended after 1,092 days, the second of Janez Janša ended after 462 days and the third of Alenka Bratušek after 431 days (Table 5).

Our analysis also shows that the effect of the economic factors in Slovenia has depended on several additional factors which cannot be properly measured. Such important factors include the quality of governance provided by the coalition government, the ability to foresee a crisis outbreak and its possible effects on the national economy and the material well-being of the population. It implies the preparation of the neccessary strategy to deal with the crisis. The second factor was the destructive behaviour of the opposition trying to contest the coalition government proposals, especially when its chances of getting the power were greater (De Giorgi and Mouri, 2015: 116). In the period from 2008 to 2011, the main party of the right-wing opposition, the Slovenian Democratic Party (SDS), supported the populist demands and initiated referenda on the most needed reforms. When SDS succeded in forming the new coalition government at the end of 2011, the left-wing opposition used similar means of obstructing the government policies. By succeeding in blocking or postponing reforms, the opposition of both sides actually contributed to the prolongation of the negative effects of the crisis. Another important factor giving additional fuel to the destabilization of governments during the economic crisis has been the public discontent with certain austerity measures, culminating in public protests against the corruption practices of some leading politicians discovered by an independent institution. It seems, however, that among these additional factors the foreign gained more importance and their impact on the stability of the Slovene governments is obvious. In this period, the EU has imposed major external policy restraints, since it has acquired a key influence in the economic and social policy areas, determining or recomending a number of national policy goals and austerity measures. The EU has supported the economic policy consistent with EU objectives and even encouraged the

Table 5: ELECTIONS, COALITION FORMATION AND COALITION GOVERNMENT FORMATION IN SLOVENIA FROM 2008 TO 2014, BEFORE AND AFTER THE ECONOMIC CRISIS

Date of elections	Number of parliamentary parties		Type of coalition	Prime Minister elected	Total time of govern. formation in days	Coalition cabinet duration in days	Type of cabinet end
	All	Parties in coalition Number of seats					
Period of economic growth							
12 Dec. 1992	8	4: LDS, SKD, ZLSD, SDSS 55	Left-wing	12 Jan. 1993	J. Drnovšek 51	1,398	reg. elec.
10 Nov. 1996	7	3:LDS, SLS, DeSUS 49	Left-wing	17 Feb. 1997	J. Drnovšek 98	1,169	conf. vote (neg.)
		2: SKD-SLS, SDS 45	Right-wing	3 May 2000	A. Bajuk 34	162	reg. elec.
15 Oct. 2000	8	4:LDS, ZLSD, SLS, DeSUS 58	Left-wing	16 Nov. 2000	J. Drnovšek 45	1,417	reg. elec.
3 Oct. 200	7	4:SDS, NSi, SLS, DeSUS 49	Right-wing	9 Nov. 2004	J. Janša 60	1,412	reg. elec.
Period of economic crisis							
21 Sept. 2008	7	4: SD, LDS, DL, Zares, DeSUS 50	Left-wing	7 Nov. 2008	B. Pahor 60	1,092	conf. vote (neg.), early elec.
4 Dec. 2011	7	5: SDS, NSi, SLS, DeSUS 50	Right-wing	28 Jan. 2012	J. Janša 66	462	constr. no conf. vote
	7	5: PS, SD, DL, SLS, DeSUS 58	Left-wing	27 Feb. 2013	A. Bratušek –	431	resignation of Prime Minister, early elec.
13 July 2014	7	3: SMC, DeSUS, SD 52	Left-wing	25 Aug. 2014	M. Cerar 65		

Source: Zajc (2014): Coalition Potential of the Slovene Parties. Unpublished paper.

streghtening of the executive power (Olson and Ilonszki, 2011: 250). Starting with the European Budget Pact determining the limits of the EU Member States' budgets and the inclusion of the fiscal rule in the Slovene Constitution, the European Commission expressed a number of opinions on practical economic matters, such as privatization, implying the selling of state property to foreign companies. While such advice might have contributed to the stability of the coalition governments on the one hand, it frequently spurred public aversion to foreign interference on the other. Economic factors remain strongly connected with the survival of coalition governments eventhough they are not the only cause of its destabilization or the formation of new coalitions. Although they remain vaguely defined, these additional factors nevertheless provide an important additional explanation of why the effect of the economic factors was either delayed and postponed or intensified in a very short period of time.

Additional observations on the duration and termination of the Slovenian coalition governments in the past six years might also bring us to the conclusion that, besides the external economic factors and particularly political factors, some structural characteristics like the electoral system have also contributed to the instability of coalition governments. The proportional electoral system with a 4% threshold has allowed a number of small parties to enter the Parliament and join coalitions. All Slovene coalitions were, in fact, minimum winning coalitions, which allowed even the smallest partner party to threaten others with possible withdrawal if its particular interests were not properly considered. The number of partner parties in particular terms (four or five) undoubtedly represented a risk for the stability of all coalition governments from 1992 on. Although individual partner parties left coalitions, nearly all coalition governments until 2008 (with the exception of Dr Janez Drnovšek's coalition government in 2000) survived until the end of their mandate. The left-wing coalitions, however, which were frequently formed more on the basis of simply rejecting the ideas advocated by the right-wing opponents and less on the allegiance and loyalty to their common programs, were more inclined to fall apart than the right-wing coalition with stronger leadership. After 2008, a greater number of coalition parties represented an even greater risk for coalition survival. A particular example of this is the split in the greatest coalition party (PS) in the spring of 2014, resulting in the entire coalition government falling apart.

Our research has contributed to the understanding of coalition processes in parliamentary democracies during the economic crisis or recession. It confirms the results of some previous comparative research findings proposing that prolonged weak economic conditions do have a strong impact on the stability of coalition governments. It also brings some new knowledge to the existing theory of coalition behaviour, since it tries to explain the effects of the economic crisis in a country which is particularly vulnerable to external economic influences, and also exposes the risks brought by the new and inexperienced parties. Furthermore, it opens a number of questions regarding the strategic behaviour of the coalition players, since the relationship between the coalition processes and other external processes often remains unclear. Political scientists need more knowledge about the impact of the economic processes on the political processes and forming of stable coalitions, and, in particular, about how politicians understand the economic crisis and provide appropriate responses. Although rather limited, our analysis also proves how much potental there is in a dynamic approach to studying coalition behaviour, and suggests the need for comparative research.

Another conclusion of our analysis is that parliamentary traditions do not constitute a formula for coalition behaviour in extraordinary economic situations or for the stability of coalitions. The experience of the Slovenes with parliamentarism and coalition governments is modest (Prunk and Toplak, 2005: 219) and one cannot predict how political parties will behave after the economic crisis or whether the party system will automatically stabilize. The only sound prediction for the stability of the Slovene coalitions in the future is the common interest of the partner parties in serious structural and policy reforms needed in Slovenia not only for its economic recovery, but also for regaining its internationally recognized status. The new coalition government established in the autumn of 2014 succeded, in the first few months, to prepare a number of laws and a proposal for rebalacing the state budget, striving for the stabilization of the public finances and fulfilling its promise to the European Commission, although it remains consumption-oriented. Divergent views regarding privatization may cause new conflicts which might endanger its survival. Such prospects are not completely impossible, since a new wave of recession is once again threatening the core EU states, including Germany, Italy and France, and the economically weaker countries could be endangered in the same way as before.

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