

Vesna Leskošek, Srečo Dragoš

## **SOCIAL INEQUALITY AND POVERTY IN SLOVENIA – POLICIES AND CONSEQUENCES**

*ABSTRACT: The article presents an analysis of the main political attitude to poverty and social inequality which has an influence on the creation of social policy, and specifically focuses on the policies of economisation, minimisation and stigmatisation aimed at the increased acceptability of social inequalities and reduced significance of poverty; this in turn helps the state neglect the investment of adequate resources to do away with poverty. This state of affairs is illustrated by statistical data on poverty that offer enough information to conclude that poverty needs to be faced immediately while its abolition is still possible instead of letting the poverty level increase and the fight against it become ever harder.*

*KEY WORDS: capitalism, inequality, social policy, transition, poverty*

### **Družbena neenakost in revščina v Sloveniji – politike in posledice**

*IZVLEČEK: V članku je predstavljena analiza glavnih političnih prepričanj o revščini in družbenih neenakostih, ki imajo vpliv na oblikovanje socialne politike. Še posebej se usmerjamo na politike minimaliziranja, ekonomiziranja in stigmatiziranja, ki imajo namen povečati sprejemljivost družbenih neenakosti in zmanjšati pomen revščine, kar povratno pomaga državi investirati potrebne resurse za izkoreninjenje revščine. S predstavitvijo statističnih podatkov o revščini avtorja podkrepita argument, da se je treba z revščino soočiti nemudoma, saj jo je ob nizki stopnji še vedno mogoče odpraviti. Če jo puščamo rasti, je spopadanje z njo vedno težje.*

*KLJUČNE BESEDE: kapitalizem, neenakosti, socialna politika, tranzicija, revščina*

#### **1. Introduction**

During the last twenty years, poverty has become an increasingly important topic, what can be attributed to the fact that Slovenia was joining the EU. As a part of international community, Slovenia has assumed the substances and forms of reporting on the situation recorded in individual fields, among others on poverty and social

exclusion. In 2000, the Programme on the Fight against Poverty and Social Exclusion was adopted and in the same year the first report on the implementation of the said programme was drawn up. In 2003, Slovenia adopted European form of conduct in the field of poverty and social inclusion, named Joint Inclusion Memorandum. Since then numerous governmental documents were produced to either plan or to report on poverty in Slovenia.

In this article we address the changes in the understanding of the welfare state in Slovenia. The main research question concerns the consequences of subordinating social policy to economic policy, which, on the one hand, leads to the curbing of social rights and, on the other, increases poverty. Strategies used for strengthening the common believe that economic policy is the most important and all other field should be subordinated are directed to labelling social welfare recipients as fraudsters to receive support for lowering the level of social rights and to portraying public sector as inefficient and costly. To show how the welfare state has been turned into a punitive state, we use the case of Slovenia and changes in social policy that stipulate the level and the scope of social rights.

We also discuss the transition from socialism to capitalism. We are interested mostly in what are the consequences of privatisation and denationalisation in regard to social inequalities. The type of capitalism that was developed in Slovenia can be described with the use of Fulcher's classification (Fulcher 2004) on Swedish, American and Japanese type of capitalism. Slovenia moved towards the American type that was remarkitized in 1980s and 1990s. Fulcher argue that: "Keynesianism was abandoned, government expenditure was cut, some industries were deregulated, some services privatised and state welfare reduced. [...] The Reagan administration of the early 1980s than sought to stimulate market sources by cutting both taxes and governmental expenditure [...]. The deregulation of the airlines marked the first brake with the New Deal tradition of the industrial regulation and was followed by the deregulation of the railway, trucking, telecommunications and the electricity generation. The publically owned part of the railways, and many state-run local services and prisons were privatised. A welfare-to-work programme, which became a model for New Labour in Britain, limited the duration of welfare payments and forced recipients into low-pay works" (Fulcher 2004: 68). There is a tendency of privations of public sector in Slovenia and the social protection is based on workfare paradigm, significant for the USA but also the EU in recent times.

The structure of the article is as follows. We first explain the historical development of the Slovene social policy from the early nineties till now to enable the readers to understand better the current developments. The main sources of analysis are governmental policies since 1992 (policy papers, legislation, argumentations on measures or explanations of their perceptions and views on poverty). Than we analyse policy documents in relation to their ideological and political origins, we focus mainly on the impact they have on social inequalities and poverty in Slovenia.

## 2. Back to the past

For a long time, Slovenia maintained a rather satisfactory level of social protection which enabled most of the population with low income or without it to remain above the poverty threshold. The first three years of transition were the major risk for poverty in Slovenia. Gini's coefficient (methodology used in Slovenia until 2000 was 50% of the average equivalised household expenditure) in 1983 stood at 0.234, in 1993 at 0.272, and in 1998 at 0.242. Deterioration in the situation may be attributed at least to three processes, i.e. denationalisation, early privatisation and collapse of heavy industry. The same period also saw the lowering of the value of social allowances in cash which, for almost one decade, remained at the same level and did not grow in accordance with the inflation rate. In 1993, the most threatened were households where nobody was employed, with social benefits representing the principal source of income, then single households comprising one member older than 65 years, and tenants living in private dwellings. The majority of poor households comprised female-headed households. In 1993, poverty rate in such households was 15.1%, and 11,7% in male-headed households (Hanžek 1998).

In 1995, Slovenia introduced the minimum wage, which was fixed at 40% of average wage and should be adjusted to the growth in prices in the same manner as wages are. Introduction of the minimum wage has mainly resulted in reducing the depth of poverty. It represents the poverty threshold, causing the allowances in cash to grow. Although the rate of absolute poverty is not known, the estimates (given the registered number of those receiving allowances in cash) including 4% to 6% of the population apply.

In the nineties poverty in single older people has been on a downward trend, whereas poverty in families with children has risen (Javornik and Korošec 2003: 27). The gap between male and female poverty increased, poverty mainly affects single women living with children. Regional disparities were growing as well. Regions in the East of Slovenia are becoming poor, which is manifested both in the number of those receiving allowances in cash and in unemployment rate. In Slovenia, some 3% of the population receive social allowances in cash, of which 6.3% in the Pomurje region, 5% in the Celje and Maribor regions, 1.1% in the Primorje region, and 1.4 to 1.6% in the Ljubljana and Kranj regions. Distinctive disparities between East and West are evident, and are also proved by unemployment data. As the former (socialist) policy aimed at reducing regional disparities was abandoned upon the collapse of socialism and the new one has not become operative in the thirteen years of independent state, regional differences are still growing.

## 3. The decade of back and forward

The decade from 2000 on was marked by the accession process. Part of it was also adopting collection of data and measures of poverty to the EU requirements. The main source of data on relative poverty is collected on the basis of the EU-SILC annual study on income and living conditions, although it focuses on the inequalities

in the distribution of income rather than on poverty. According to the data furnished by the Statistical Office of Slovenia, the-risk-of-poverty rate was declining for several consecutive years.

**Table 1: The risk-of-poverty-rate by gender**

	Income excl. income in nature							
	2005	2006	2007	2008	2009	2010	2011	
Total	12.2	11.6	11.5	12.3	11.3	12.7	13.6	13.5
Men	10.6	10.3	10.0	11.0	9.8	11.3	12.2	12.5
Women	13.7	12.9	12.9	13.6	12.8	14.1	15.0	14.6

Source: Statistical Office of the Republic of Slovenia

A significant increase was noted in 2008, when the at-risk-of-poverty rate rose from 11.5% to 12.3%. This increase cannot be attributed to the crisis, since the study on income and living conditions was conducted in the first half of 2008, when Slovenia still recorded the 6.2% economic growth, while the income taken into account in this study was that earned in 2007 when there had still been no mention of the crisis. The greatest increase in poverty was therefore observed during the year in which Slovenia experienced an economic boom and the Slovenian media were publishing the lists of the wealthiest people in the country.

An increase in poverty during the period of economic growth indicates an inadequate redistribution of sources preventing poor people from gaining some benefit from the welfare generated by economic growth. As a matter of fact, the necessity of economic growth is most often explained by the need to create general welfare. During 2010, the European Year of Combating Poverty and Social Exclusion, the European Commission pointed out that general welfare has effects only if all people can partake of it. Therefore, the question that imposes itself is why poverty in Slovenia increased during the period that saw an increase in the general welfare. The answer is simple and evident – the responsibility lies with the structural reforms set out in 2005, in the document entitled *Reform Programme for the Implementation of the Lisbon Strategy* and explained in more detail in other documents that followed<sup>1</sup>. The economic and social reforms planned by the government were met with a strong public response, including one of the greatest trade union protests, several panel discussions and forums, and the publication of a monograph entitled *Pogledi na reforme (Perspectives on Reform)* (Toš 2005). These developments led the government to abandon the planned measures aimed at reducing the redistributive role of the state, among these the single tax rate, the minimal regulation of the market, flexibilisation of work without adequate protection and the privatization of public services. This left an impression that the government dropped the plan in its entirety, which later proved untrue. While it indeed relinquished the most notorious parts of structural reform, it insisted on the changes in the system

1. Also look at The Framework of Economic and Social reforms for Increasing Welfare in Slovenia, 2005; National Development Programme 2007–2013, and Reform Programme for Achieving the Lisbon Strategy Goals in Slovenia 2008–2010.

of social protection, which found expression in the Social Assistance Act that came into effect on 1 January 2007 and made cash benefits less accessible.

In 2006, the average monthly number of cash benefits was 52,910; in 2007, this figure dropped to 43,179, and in 2008 to 36,355. In the crisis year of 2009, the number of cash benefits increased only a fraction – it rose to 41,286. The greatest increase was recorded in the number of extraordinary time-limited cash benefits and one-off cash benefits.<sup>2</sup> The number of regular benefits, on the other hand, has been steadily decreasing over the past few years despite the crisis. It should be emphasized that the drop in the number of cash benefits during 2007 and 2008 should also be attributed to an increase in the employment rate, but not exclusively. Proof is the declining number of benefits paid out over the past few years despite the ever increasing unemployment rate that is a consequence of the economic crisis - in February 2011, 55,201 people received cash benefits, while in October their number fell to 48,832.

#### 4. The years of moral judgments

The Social Assistance Act (Ur. l. RS: 61/2010), adopted by social democratic government made the terms of accessing social benefits even more difficult to meet and introduced greater control over beneficiaries. As a result, professional services are having at their disposal as many as 30 databases containing data on beneficiaries, which they will access directly using a special (expensive) software. The person who claims a benefit has to sign that he/she allows the social services to use such database otherwise they are not entitled to benefits. The criminalization of beneficiaries certainly played a part in this, given that the law was based on the argument that it was necessary to prevent cheating and abuse. Actually the whole public promotion of changes was based on the campaign against thieves, fraudsters and those that abuse the welfare state. We should not overlook the fact that the law was formulated and passed by the social-democratic government which won elections on the premise that the preceding, right-wing government had been excessively neo-liberal. As a matter of fact, the preceding government had passed reform documents that were explicitly based on the neo-classical economic paradigm.

Let us give just a few examples of the extent of fraud prevention in the new law. Single mothers<sup>3</sup> have to prove that they are truly single, but it is not clear how they can do this. Income embraces practically everything, including humanitarian aid (if not declare the purpose), charity, the aid provided by local communities and the like, if the purpose of the aid is not strictly defined. The number of fault-based grounds (a new term introduced in 2010) that can prevent the allocation of social benefits increased to over 30, most of them relating to employment or the manner in which someone has lost his/

---

2. The Ministry of Labour, Family and Social Affairs. Statistics: [http://www.mddsz.gov.si/si/uvcljavljanje\\_pravic/statistika/denarna\\_socialna\\_pomoc/](http://www.mddsz.gov.si/si/uvcljavljanje_pravic/statistika/denarna_socialna_pomoc/) 6. 12. 2011

3. The measure applies to single parents, most of whom are single mothers. After the break up, they are more likely to experience poverty or the decline in their economic and even social status.

her job. For example, individuals who have not completed the probationary period are not entitled to social benefits, nor are those who were dismissed unjustifiably but failed to take legal steps to protect their rights. Among other things, humanitarian and charity organizations are obliged to report every aid given to individuals, since it is counted as income. With each group of benefit recipients, the state claims inheritance rights.

The campaigns that preceded the passing of the two laws mentioned above were based on the argument that it was necessary to prevent cheating rather than on the necessity of preventing poverty. The representatives of the Ministry of Labour, Family and Social Affairs and the Minister himself spoke of a high percentage of cheaters, believed to be between 18% and 20% (Marn 2010). Put differently, one fifth of all Slovenes who applied for cash benefits were accused of cheating. The government was thus promoting the opinion that social benefit recipients were criminals by nature, seeking in this way consensus for the curbing of social rights. It is necessary to emphasize that in reality there is no evidence that social assistance has been abused. The percentages have been invented. There is no statistics on errors or on fraud. Data from the UK and Ireland show that abuses amount to no more than 1%, including some system errors<sup>4</sup>.

## 5. The politics of social inequality

We have presented main changes in social policy in the last two and a half decades, because social policy reflects the attitude of the government towards the social problems and also reflects the political consensus on the basic principles and the broadness of the state intervention. In order to understand the changes, we must illuminate its roots, which go back to the very beginning of the political changes at the beginning of the 1990's.

Transition in Slovenia denotes the abolition of socialism and adoption of the capitalism and the European legal system. It is supposed that whatever has been characteristic of socialism is not compatible with Europe. One of the important differences between the previous and present system is the understanding of social inequality. The difference may be briefly summed up as follows: socialism rejected inequality because it did not understand it, while the capitalism of today "thinks" that it controls inequality simply because it recognizes it (Dragoš and Leskošek 2003: 23). This aphorism may be broken down into three basic assertions, which after more than two decade of transition already function as if they were self-explanatory, or something that does not need verification and with which we must come to terms. These assertions are:

1. Through the transition period we enter the era of the market economy, so an increase in social inequalities is inevitable, since in the previous system this inequality was not sufficiently big; regardless of how we evaluate this increase, positively (as a just expression of meritocratic principles) or negatively (as an undesirable price of transition), it is a fact that in introducing a market economy we cannot avoid an increase in inequality.

---

4. <http://iwastoldtheredbegin.wordpress.com/2012/11/26/debate-points-welfare/>

2. The type of social inequality present in Slovenia is acceptable and unproblematic. There are two reasons for this: inequality in market-competitive circumstances is necessary and useful as long as it is not too large; the level of inequality in Slovenia is not too high, since it is below the European average which is in turn lower than the average on other continents.
3. The inequality in Slovenia is too low what has a devastating impact on motivation of well trained and educated people to work even more, to be creative and to be willing to stay in the country. It also contributes to welfare spending that produces welfare dependency and contributes to unemployment because people on benefits do not want to activate themselves. Lowering welfare spending and minimising state sector will provide the economy with sufficient resources to increase employment and investments in research and development what will contribute to economic growth and wealth for all.

All three assertions are basic premises of social policy since Slovenia gained independence. Construct 1 is an expression of the policy of economisation, the construct 2 of the policy of minimization and the construct 3 of the policy of stigmatisation.

### **5.1 The policy of economizing**

Studies of enterprise in developed market economies over the past twenty years have shown that money is by no means a sufficient, let alone the sole motivator for achieving better work results. Once this was established, management theories began to place more stress on the human factor, as well as on other, non-material methods of stimulating better work results (Herzberger, Mausner, Snyderman 1959; Herzberger 1987). Accordingly, enhancements to compensation plans that were aimed at closely reflecting the contribution of the individual, proved unreasonable, because they had no effect on practical operation. Even decades ago a typical feature of American management was an almost inversely proportional relation between the income of the company's executives and the company's success. In the year 2002 the American economy has been witnessing bankruptcies of unprecedented numbers. The bankrupt companies, which forged their balance sheets, are precisely those with the biggest executives salaries (e.g. Enron, World.com, Xerox and so on). Similarly, in other working environments where employees have ostensibly expressed the highest dissatisfaction with salaries, research has shown that criticism was actually pointed at issues other than the level of salaries (Černetič 1997: 75). When in 1949 Glass (in Goldthorpe 1985: 151) conducted a study on social mobility in Britain, the result was a "three-thirds structure": one person out of three moved up on the job status ladder (compared to the status of the father), one out of three ended lower on the ladder, and one out of three retained the same status. Further comparisons, made by Glass, showed that a similar structure is characteristic of all societies at a comparable stage of industrialization, including communist societies, meaning that social mobility is not related to private or social ownership. The fact is that intergenerational comparison showed that only one third of people in capitalist societies have opportunities to improve their social position. This means that precisely within the most sensitive area in which socialism was expected

to demonstrate its advantages over capitalism, i.e. elimination of exploitation leading to better motivation to work not much has changed. Had it been otherwise, upward mobility would be higher and inequality among people lower. On the other hand, the same conclusion is a critique of the capitalist method of income distribution. The assertion that capitalism is more human owing to the market principles that enable every human to be the architect of his/her own fortune (and failure) (Hayek 1960), in contrast to socialism where everything depends on the Party, does not hold judgement. In fact, precisely at this point the differences between socialist and capitalist economies are the least important; and that is quite contrary to what is implied by construct 1.

The World Bank statistics for the 1960s and the 1970s – a period that was quite favourable for both capitalist and socialist economies – show that the level of social inequality is not dependent on the capitalist or socialist orientation of national economies, but on the distribution of wealth which, in turn, is not related to the level of productivity. For example, in Sweden and Norway, the most egalitarian societies, the top tenth of households accounted for 21.3% and 22.2% of the total income respectively; in the US this percentage was 26%, while in other west European economies this proportion was considerably higher, particularly in France, West Germany and Italy where the richest one tenth of households accounted for more than 30% of the total income. In Yugoslavia the share was 22.5%. The positions further down the list were occupied by less developed economies like India (35.2%), Turkey and Peru (around 40%), Brazil (more than 50%) etc. Even then it was already clear that extreme inequality was not an inevitable social phenomenon. For example, in countries which rose above the designation of underdevelopment through the accelerated promotion of a market economy, for example in Taiwan and South Korea, the wealthiest tenth of the population accounted for 24.7% and 27.5% of all income respectively (Goldthorpe 1985: 152).

Therefore, half way through the cycle of industrial development the level of inequality in socialist Yugoslavia was fully comparable to that in Scandinavian countries, which at that time were highly industrialized compared to socialist countries. At the same time, many highly industrialized countries had a considerably higher level of inequality than did socialist Yugoslavia. This means that inequality is not related to socialist or capitalist national economies; nor to their dynamics; nor to economic success in general (measured by income per capita); nor to industrial modernization; nor to post-socialist transition. Inequality does not correlate with the stage of development, productivity or similar, and this assertion holds true on national as well as local levels (inside companies). This, of course, does not mean that material stimulation is unimportant, but it does mean that it is not the most important factor. Many other issues are of vital importance including whether people are paid at all for their work and whether they are given the opportunity to work.

Poverty is related to inequality in that inequality is a prerequisite for poverty, but not also vice versa. Three dimensions ought to be stressed in relation to this (Alcock 2006, Lister 2004, Dragoš and Leskošek 2003):



- inequality in accessing the most important material and symbolic assets can drive into poverty the most vulnerable population categories (those least equipped for market competition);
- not every inequality leads to poverty (e.g. inequality in material assets between the upper and the middle class and within these classes, or inequality within a company, or in the distribution of political power, reputation and the like);
- every type of poverty is a product of social inequality.

We should not forget that until the 1980s inequality in the distribution of wealth and income in most western countries was actually decreasing compared to the period preceding WWII. Of course, the US was an exception and made an unique paradox (Giddens 1993: 224). The reversal occurred in the 1980s with the appearance of the new right (Reaganism, Thatcherism and now Bushism). Rather than by any specific logic of capitalism, the reversal was brought about by voluntary reductions in social expenditures, higher taxes on low incomes and the lowering of taxes on higher incomes. This is the reason why in Great Britain in the mid 1980s the members of the top decile possessed more than a half of all the wealth (ibid: 233). To justify this by means of economic “objectivities” would be an ideology. What is at play here are interests and power.

## 5.2 The politics of minimizing

Is the present level of inequality in Slovenia critical and impermissible? Can it be removed? Construct 2 states that it is not critical. However, today Slovenia is able to eliminate the severe material deprivation that according to some estimates affects between 4% and 6% of the population<sup>5</sup>. It could use existing resources and institutional mechanisms. The same could be said of relative poverty, only that in this case it is not possible to talk about its elimination, because the definition itself presupposes the existence of inequality; in other words, if someone’s income is above the average, then someone else’s income has to be below that average, meaning that a certain portion of the population can still be categorized as poor. Nevertheless, the number of the relatively poor can be reduced to a minimum for which it would even be possible to find economic justification. The means that would be used to ameliorate poverty would not reduce the wealth of the wealthy, while at the same time it would increase the buying power of those who previously did not have it, thus creating new opportunities for those already wealthy to increase their wealth even further.

According to official assessments, over the past twenty years approximately 13% to 14% of Slovenia’s population live in poverty – poverty is here understood in its relative sense (as 60% of the equivalent cash income median). Because of the favourable comparison with European figures, no one deems the degree of poverty in Slovenia to be problematic. In fact, poverty in Slovenia is problematic, and at least five arguments can be found in support of this assertion:

---

5. Taking the number of welfare cash benefits recipients or statistic on material deprivation available at SORS: [http://www.stat.si/eng/novica\\_prikazi.aspx?id=5743](http://www.stat.si/eng/novica_prikazi.aspx?id=5743) (24. 6. 2014)

- It is unjust (according to the Rawls' criterion (Rawls 1992)). This assertion holds true regardless of whether the proportion of the poor in the population is relatively small or large. Actually the lower limit of poverty has never been established, that is to say, the limit above which poverty can be taken as just and acceptable, and below which it is unjust and unacceptable.
- It implies an unjust form of social inequality, which is even more unacceptable if its level is below EU average. The reason is that a low level of inequality could be eliminated without much trouble and excuses are harder to find, while the opposite holds true of societies with large, or even major, shares of their population living in poverty. Therefore, the responsibility of political actors is inversely proportional to the level of poverty: it is greater in more affluent economies than in less affluent ones, and similarly, it is greater in countries with smaller shares of poverty than in those with larger shares.
- An essential reduction of poverty would have a beneficial effect on people's adaptation to the market economy, because the reduction in existential risks would increase career flexibility (which continues to be low in Slovenia).
- Owing to the socialist past, Slovenian public opinion still declines inequality. This could create a good political climate for the serious handling of poverty.
- In spite of the relatively low share of poverty, trends in Slovenia are not optimistic, the at-risk-of-poverty-rate in Slovenia is constantly raising.

Throughout the transition period in Slovenia, active control over the social and economic sectors (The Ministry of Labour, Family and Social Affairs) has been mostly in the hands of the left or left-centred political parties who, during the introduction of market reforms, invariably stressed the importance of social values. Despite this, the dimensions mentioned above have been stubbornly ignored. In the long run, such benevolence will incur considerable and unnecessary social expenses. Example: in all reports on poverty that were always explicitly optimistic, the government boasts its success in this area stating that "social transfers are explicitly targeted at the groups that are most vulnerable in terms of income" (MDDSZ 2002: 14). This is a typical tautological argument because we all know that the term "social transfers"<sup>6</sup> denotes that part of the state's financial aid to the socially threatened groups that is based on social (and not market) criteria; this is the reason why, for example, stimulation of enterprise or defence expenditures are not called social transfers (even though they have the same purpose and the same operational forms). The assertion that social transfers

---

6. Zygmunt Bauman draws attention to the effects of the selective, means-tested services, that "immediately split communities into those who give without getting anything in exchange and those who get without giving" (Bauman, 2005: 50). He then gives the example of a statement by David Blunkett, the former minister in Blair's government, who in a letter to the *Guardian* "reduced the welfare state idea to passing cash from one section of the community to another." (ibid.) Later on, this "passing of cash" became a "transfer" and social rights became social transfers, implying that money is taken "from the energetic, successful and thrifty to give to the idle, the failures and the feckless" (Boyson, 1971 in Bauman, 2005: 50).

are targeted at the groups that are most vulnerable in terms of income may be used as self-praise in any circumstances, whether those of low levels of poverty and generous social transfers, or those involving high poverty and extremely low and limited social transfers. Of course, the question here is not only whether social transfers are “targeted” at the socially most vulnerable groups, but also whether they reach those groups and what in fact a social transfer means in Slovenia, a “welfare country” by constitution. Do all social transfers reach the socially most vulnerable group? In the report quoted above the government stresses the importance of education, which is expected to reduce poverty in the long run, while at the same time one can see that throughout the transition period the scholarship policy conspicuously favoured the richest sectors of the population and not the poorest. The sum total of scholarships received by the top decile with the highest income is higher than the total received by the bottom decile with the lowest income. Such a state of affairs characterized the entire period of transition and it is still in place (ibid.: 15). Therefore, it is not by chance that selection among students is explicit and that it is primarily based on the level of education attained by parents; this feature was typical of socialism and it is no different now (compare the earliest research on this topic, Makarovič 1984 and the recent one, Flere and Lavrič 2002).

To return to the transfers that supposedly resolve poverty, we should not forget to mention the biggest “social” transfer of all times: denationalisation. Slovenia was the only country in the world that carried out 100% restitution of expropriated property including feudal property. Both the intention and the consequences of this measure deserve attention. The intention of denationalisation was precisely “social” transfer, to use the term employed by the state administration. The return of the property expropriated after WWII, as well as the feudal property that was taken away in the pre-socialist era i.e. by the bourgeois regime of old Yugoslavia, was introduced with the intention of repairing wrongs and establishing just circumstances. Or, in Rawls’ jargon, the denationalisation legislation was aimed at re-instituting the type of inequality that is defined as just because it rights the wrongs suffered by the people who were discriminated against in the past (they were denied their right to property) and who have been underprivileged all the while (viewed from the perspective of market competition). And what is the effect of this measure? Slovenian society became stratified anew and to a considerable extent, but stratification is based on pre-industrial criteria that are typical of feudal and caste-based societies that rest on inherited status. We have ended with an entirely new class of the rich who became rich by birth (or rather, by being born in a dispossessed family), and not through their own work. This is suggested by the data in the table 2 which shows the ratio of salaries and property income between the poorest tenth of the population and the richest tenth of the population, by periods: under socialism, at the beginning of denationalisation, and at the end of the post-socialist transition.

**Table 2. The effect of denationalisation law on the increase in income inequality in transition (in %).**

Deciles	Income: 1983		Income: 1993		Income: 1997-1999	
	From employment	From property	From employment	From property	From employment	From property
10% the poorest	2,2	2,2	1,9	1,4	1,8	0,3
10% the richest	17,5	17,6	21,2	67,6	21,3	62,5

Source: Čeh (2001), MDDSZ

It is obvious from the table 2 that inequality within the existentially most sensitive areas (income from labour and income from property) increased perceptibly. The crucial reason is not the level of salaries even though the salaries of the richest increased throughout the transition period in contrast to the salaries of the poorest groups, which decreased during the same period. The main reason for such an increase in inequality is denationalisation. Thanks to denationalisation, property income in the top decile increased from 17.5% of the total income to as much as 62.5%, while by the end of same period even the modest 2% of income from property, still possessed by the poorest in 1983, slipped from their grasp. When pointing out these facts we must be aware that we are talking about the initial impact of denationalisation. Therefore, the main results of denationalisation are still to come. In this light we should also evaluate the data about the relatively low level of poverty, below average if compared to Europe as a whole.

### 5.3 The politics of stigmatisation

In the period from 2005 Slovene social policy has changed not just as a result of EU accession process but mostly because neo-liberal politics on social inequalities were mainstreamed into the state policy. During the past decade we have been witness to radical changes that affected the welfare state in Slovenia. The reform documents (see footnote 1) mainly focus on three tasks: the creation of one entry point for all social “transfer” claims, the common database of social transfers in cash, and the establishment of a more just and transparent system of social transfers. The necessity of these changes is based on the dominant belief about the psychological makeup of social aid receivers and the current system of social protection. Social cash benefits recipients are assumed to be passive and to lack initiative and motivation. These characteristics are believed to be part of their personal makeup but also a result of the “generosity” of the welfare state that allegedly supports or even creates such behaviour. The stereotypes about people without employment are created with a clear goal in mind, that is, to spread the view that these people are themselves responsible for being without jobs, or even that they maintain status quo without bad conscience. To reinforce such convictions, the reform strategists resorted to discourses that lead to the criminalization of the receivers of social aid. One such discourse promotes the view that they unjustifiably accumulate money and make advantage of the system. Another argues that they cheat and abuse the system, while still another focuses on their allegedly pathological dependence on

cash benefits. This was reflected in the text accompanying the bill on social security benefits that was passed into law in 2010, which read as follows: “The longer the period of receiving social benefits, the more dependent on it the receivers are. They find it increasingly difficult to accept work that is offered to them because this implies a great change in their lifestyle developed during the long period of receiving social benefits.” Accordingly, it is believed that it is possible to prevent such dependence by implementing certain measures. The three discourses mentioned above furnished the basis for the arguments in favour of the curtailment of social rights and restrictions on access to these in 2010, when the Exercising of Social Rights Act (Ur. l. RS: 61/2010) was publicly debated.

Access to social rights had already been made more difficult when the Social Assistance Act was amended in January 2007 (Ur. l. RS, 3/2007), introducing a series of new conditions for obtaining social aid as well as reasons for exclusion. Among the novelties was a restriction on the savings account sum and the value of a car; the beneficiary’s apartment was taken into account when calculating income, although only that part that exceeded the minimum requirements for a suitable living place<sup>7</sup>. The law introduced ten reasons for which a claimant fulfilling other criteria could be excluded from the social aid scheme; most of these related to the way in which a person lost his/her job. The compulsory (forced) work as a legal category was also introduced, meaning that receivers of social aid who cannot find a job must work for humanitarian or charity organizations. The introduction of forced work was a turn from social rights to restitution. By performing any kind of work, either paid or unpaid, the receivers of social aid return at least a part of what the state generously gave to them contributing to their passivity. This ideology is in contrast to the concept of social rights that should be unconditional.

Wacquant’s name for this type of policy is “penalization of poverty” (2003: 65). Police measures and detentions have indicated changes in the operation of western states aimed at excluding everything that does not contribute to the new global order. The underscoring of the need for safety made possible the affirmation of the police and the judiciary as new regulators that replaced disappearing social justice. Wacquant anticipated the emergence of a new, liberal-paternalistic social order – liberal for those privileged ones occupying the top of the social ladder and paternalistic for those at its bottom. It will increase social inequalities and marginalization, while those affected by the curtailment of social rights and unemployment will be increasingly subject to control and punishment. The power of this ideology lies in the weakening of the economic and social state and the reinforcement of the punitive state. In other words, the “invisible hand of the market and the iron fist of the state” complement each other (*ibid.*:68). Inequalities, in fact, reflect the restriction of freedom of poor and oppressed people.

---

7. 60 m<sup>2</sup> for the first person in the household.

## 6. Conclusion

In short, the hypothesis on which introductory assertions are based is false: social inequality is not acceptable. Even in a market economy it is neither just nor beneficial because it causes poverty. For the time being, Slovenian society still has the potential needed to reduce inequalities and poverty. It has economic means, a suitable institutional structure, political stability and a prevailing positive attitude among the population. Like British public opinion which, even during the time of economic crisis and during Thatcher's liberalization era, demonstrated willingness to give up financial benefits for the sake of higher social equality (Haralambos 1995: 179), the public in Slovenia reasons in a similar way. At the beginning of transition in 1992, 44% of respondents advocated greater equality of income, and a slightly higher percentage expressed the opposite opinion. Three years later as many as 65.7% of respondents supported greater equality, while in 1998 the percentage of those who thought that inequality in incomes separates people amounted to 92.8% (Toš 1999). Such refusal of inequality has been erroneously interpreted by some as a remnant of the egalitarian mentality inherited from socialism. If this were true, support for equality would decline rather than increase the further away we move from socialism over time. In fact, owing to political propaganda, the public was most prone to approve of bigger inequality at the beginning of transition, but now, having seen the results, it opposes inequality.

## References

- Alcock, Pete (2006): *Understanding poverty*. Houndmills: Palgrave.
- Bauman, Zygmunt (2005): *Work, Consumption and the New Poor*. Maidenhead: Open University Press.
- Čeh, Silva (2001): *Desetletje našega razslojevanja*. Delo, 5. junij: 16.
- Črnetič, Metod (1997): *Poglavja iz sociologije organizacij*. Kranj: Moderna organizacija.
- Dragoš, Srečo, and Leskošek, Vesna (2003): *Social Inequality and Social Capital*. Ljubljana: Mirovni inštitut.
- Flere, Sergej, and Lavrič, Miran (2002): *Tranzicija nenaklonjena egalitarnosti*. Sobotna priloga Dela, 10. avgust: 13.
- Fulcher, James (2004): *Capitalism: A Very Short Introduction*. Oxford: Oxford University Press.
- Giddens, Anthony (1993): *Sociology*. Cambridge: Polity Press.
- Goldthorpe, John Ernest (1985): *An Introduction to Sociology*. Cambridge: Cambridge University Press.
- Hanžek, Matjaž (ed.) (1998): *Poročilo o človekovem razvoju, Slovenija 1998*. Ljubljana: UMAR.
- Haralambos, Michael, and Holborn, Martin (1995): *Sociology, Themes and Perspectives*. London: Collins Educational.
- Hayek, von Friedrich (1960): *The Constitution of Liberty*. Chicago: The University of Chicago Press.
- Herzberg, Frederick, Bernard, Mausner, and Bloch Snyderman, Barbara (1959): *The motivation to work*. New York: Wiley.

- Herzberg, Frederick (1987): One more time: How do you motivate employees? *Harvard Business Review*, September-October: 87507-87515.
- Javornik, Jana, and Korošec, Valerija (eds.) (2003): *Poročilo o človekovem razvoju, Slovenija 2002/3*. Ljubljana: UMAR.
- Lister, Ruth (2004): *Poverty*. Cambridge: Polity.
- Makarovič, Jan (1984): *Družbena neenakost, šolanje in talenti*. Maribor: Založba Obzorja.
- Marn, Urša (2010): Ali smo še socialna država? *Mladina* 45, 11. 11. 2010. Available from: <http://www.mladina.si/52303/ali-smo-se-socialna-drzava/> (Accessed 24. 6. 2014).
- MDDSZ (2002): *Implementing the Social Inclusion Strategy with Report on the Realisation of the Programme on the Fight Against Poverty and Social Exclusion*. Ljubljana: Ministry of Labour, Family and Social Affairs.
- Price, Alan (2011): *Human resource management*. Andover: Cengage Learning EMEA.
- Rawls, John (1992): *A Theory of Justice*. Oxford: Oxford University Press.
- Toš, Niko (ur.) (1999): *Vrednote v prehodu II*. Ljubljana: Založba FDV, IDV-CJMMK.
- Toš, Niko (ur.) (2005): *Pogledi na reforme: družboslovne refleksije na predlog reform Slovenija 2005-2006*. Ljubljana: Založba FDV.
- Wacquant, Lőic (2003): Penalizacija revščine in vzpon neoliberalizma. *Družboslovne razprave*, 19 (43): 65-75.

**Authors' data:**

**Vesna Leskošek, PhD**

Associate professor at the Faculty of Social Work, University of Ljubljana  
Topniška ulica 31, 1000 Ljubljana, Slovenija  
e-mail: [vesna.leskosek@fsd.uni-lj.si](mailto:vesna.leskosek@fsd.uni-lj.si)

**Srečo Dragoš, PhD**

Docent at the Faculty of Social Work, University of Ljubljana  
Topniška ulica 31, 1000 Ljubljana, Slovenija  
e-mail: [sreco.dragos@fsd.uni-lj.si](mailto:sreco.dragos@fsd.uni-lj.si)