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“We know what we have to do. We can and we will, Mr. Quest” were Prime Minister Alenka Bratušek's final words on a recent CNN interview with Richard Quest. The topic was whether Slovenia will be the next Euro zone country to ask for a bail-out or not. Bratušek remained firm that no, Slovenia will not need to go down that path. She cited the differences to Cyprus, a much smaller banking system, public debt below European Union (EU) average and an export oriented economy, as the reasons for not needing European support. Bratušek came to power in March after unprecedented protests in Slovenia against political corruption and economic reforms unseated the government of Janez Janša.

Richard Quest remained unconvinced by her responses; so too, it seems, are the financial markets. In the end this might prove more relevant to Slovenia's immediate economic future and the question of a bail out than anything else. Bratušek is, of course, correct that Slovenia is far from being Cyprus. While the economy is not the export centre it was in Yugoslavian times and the early 1990s, 27 percent of gross domestic product (GDP) in 2012 was industrial activity, producing almost half of the annual economic income and employing 35 percent of the labour force. In addition, Slovenia still enjoys a positive current account balance. The Cypriot economy, on the other hand, is largely dependent on its banking system. It has, for example, no export economy to speak of.

Some recent reports issued by major banks, such as The Euro Monitor, issued by the Brenenberg Bank and the Lisbon Council, as well as an interesting analysis put out by former Deutsche Bank Chair Thomas Mayer, have suggested that there is little cause for panic in Slovenia. In the Euro Monitor summary of Fundamental Health Indicators for the Euro Zone plus the United Kingdom, Poland and Sweden, Slovenia ranks 8th out of 20. Mayer's analysis published in the German paper Die Welt, even puts Slovenia as the third best economy after Estonia and Germany. His criteria is to examine the condition of those sectors of the economy that are most susceptible to the financial crisis. These are: dependency on Foreign Direct Investment, size of financial sector in relationship to GDP, current account balance and budget deficit. In all of them, Slovenia is relatively secure.

Despite this, all the focus remains on the 7 billion euro hole in the banking system. These debts, built up through years of easy credits that were turned around to consumers in the form of cheap loans, are significant and clearly the main source of the economic insecurity here. But the question remains, if other parts of the economy are not in crisis, why are some, like the Organization for Economic Cooperation and Development (OECD) putting Slovenia forward as the next country likely to request the bail-out? And, more to the point, why has Bratušek's government retreated from the promises made while in opposition to scale back austerity in the form of consolidation of the public sector and question the bad bank? Not only were these reforms of the previous government, but they are also the prescribed remedies for bailout countries. Additionally, they have come under question as to their effectiveness in managing the crisis by the International Monetary Fund and they were part of the reason many people in Slovenia took to the streets in protest.

None-the-less, they remain the program of the day here in Slovenia. At a recent round table discussion organized by the International Institute for Middle-Eastern and Balkan Studies (IFIMES) a similar tone was struck. The discussants mostly agreed that this was a question for the private sector to sort out and government was only in the way. In particular, Professor Miha Brejc, father-in-law to Minister of the Interior and Public Administration Gregor Virant, suggested that the transition was unfinished business precisely because privatizations had stalled after the 1990s.

These apparent contradictions actually give an insight into the nature of the crisis itself. Privatization serves to reduce significantly public sector expenditure, which transfers some of these services to the private economy. In addition, the privatization of state assets inserts them in the global financial economy. This is seen by the private sector as increasingly desirable because the financial economy is now where most of the profits are produced. Wealth, in short, is now generated to a significant degree in financial markets, and less and less in the production of material goods. The crisis then has the effect of accumulating new assets in the private economy, into the financial markets.

Thus, a crisis that has as its solution privatization and transfer of assets to the private sector has desirable qualities for financial markets and institutions closely connected to the financial economy, such as rating agencies. So far in Europe, states can hardly resist this process because to do so would produce a negative reaction in the markets, in the form of reduced investments and higher interest rates on loans. Particularly the bond market, where the state is able to generate income by selling bonds at a long term fixed interest, can become a source of great insecurity for the state. The perception that Slovenia is in crisis will make Slovenian bonds less desirable in the future, compromising the state's ability to generate extra income. More importantly for the immediate situation, interest rates on existing bonds will rise. This means more money will have to be paid to the bond holder, effectively increasing the debts of the state.

In summary, Bratušek is clearly attempting to avoid the bailout, since that would mean further debt plus the continued consolidation program already started. The government is fighting against the perception of Slovenia's economy with a strong stance that there will be no bailout. In addition, they are continuing with reforms, such as implementing privatizations and consolidation of the public sector, to appease the markets to avoid a so-called 'financial attack'. The success of these measures remains to be seen, but in any case there seem to be few other options available to the institutions of government, regardless of who is in power.