Ringdal | Ramet | Fink-Hafner [eds.]

Small States, Big Challenges

Norway and Slovenia in Comparative Perspective

Nomos

edition sigma

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Preface

This book is the latest result of the cooperation between the Department of Sociology and Political Science at the Norwegian University of Science and Technology (NTNU) in Trondheim Norway and the Centre for Political Science Research at Faculty of Social Sciences, University of Ljubljana, Slovenia, dating back to 2002. The cooperation was initiated by Danica Fink-Hafner and Sabrina P. Ramet and has been supported by the Norwegian Research Council, the Faculty of the Social Sciences and Technology Management, and the Department of Sociology and Political Science, NTNU on the Norwegian side, and by the Slovenian Research Agency and by the Centre for Political Science Research at the Faculty of Social Sciences, University of Ljubljana on the Slovenian Side.

The idea for this book was developed in 2011 and led to a conference in Ljubljana in late 2012 where some of the chapters were presented and discussed. The main idea was to form the book by comparing the challenges of two small states in Europe, Norway and Slovenia, two countries with quite different histories and geopolitical locations but that share similarities attached to their roles as small states.

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Kristen Ringdal, Sabrina P. Ramet, Danica Fink-Hafner

1 Comparing Two Small States, Norway and Slovenia An Introduction

The number of small states in Europe has increased in stages from the breakup of the Habsburg Empire in 1919 to the collapse of the Soviet Union and socialist Yugoslavia in 1991.[1] Norway with a population of about 5 million and Slovenia with 2 million are both small European states, although Norway in terms of territory is slightly larger than Germany. It is commonly understood that small states have different security challenges and different foreign policy imperatives from larger states, let alone great powers. The constraints of size and limited resources also shape the domestic context in small states, resulting in policy challenges, opportunities, and dilemmas unique to them.

In this volume, we shall be focusing on parallels, similarities, and differences between Norway and Slovenia in challenges and policies in a number of sectors. This includes the political sphere, the economic sphere, the religious sphere, the environment, and history education. We hope to make a contribution to understanding the reasons for certain policy choices in these two states, the advantages as well as the costs associated with those choices.

Why study small states?

Making a definition of small states is not as easy as it may sound. One way is a residual definition: small states are those that are not considered great or medium powers.[2] Neuman and Gstöl also mention other popular traits that may be used to define small states: population size, territory, Gross Domestic Product, military capability. Based on the first criterion, the World Bank use 1.5 million as a criterion,[3] whereas others consider countries with a population size

1 Iver B., Neumann, and Sieglinde Gstöl. "Introduction. Lilliputians in Gulliver's World?", in Christine Ingebritsen, Iver B. Neumann, Sieglinde Gstöl and Jessica Beyer (eds.), *Small States in International Relations* (Seattle & Reykjavik: University of Washington Press & University of Iceland Press, 2006), p. 1.

2 *Ibid*., pp. 8–9.

3 World Bank. Retrieved from http://www.worldbank.org/en/country/smallstates/overview.

as the Netherlands or less (16 million) to be small states wheras micro-states have a population below 100,000.[4] Another problem is power, based on specific strengths such as the power of Switzerland in the financial sector and Saudi Arabia based on the petrolium resources. In the latter sense, Norway challenges the definition of a small state. We follow Neuman and Gstöl's definition and this clearly identifies both Norway and Slovenia as small states.

The simple answer to the headline question is that most of the roughly 195 states in the world are small, and Europe is no exception to this pattern. In international relation studies of small states have a tendency to be ignored because they are not the main actors on the international scene. From a methodological point of view, since most states are small, a representative picture of world politics must also include knowledge about small states. Small states may also be used with profit in case studies for general research questions. Veenendaal and Corbett[5] argue that comparative politics is much poorer for not seriously utilizing small states as cases in studies of democratization and decentralization.

We see two perspectives on the study of small states: how small states may influence the international system, and how the politics of small states are affected by the international system and the great powers?

Examples of the first perspective are small states playing an important role in global agenda-setting. Ingebritsen mentions the Nordic countries as examples of states that have become norm entrepeneurs, pursuers of social power.[6] Ingebritsen mentions several areas where the Nordic countries have been important norm setters. The Nordic model emphasizing social equality and universal social provision of security have been extended to development assistance. The Nordic countries as promoters of green values and sustainable development. Nordic countries have also played important roles as bridges between East and West during the Cold War and as conflict mediators in several settings with the Oslo Agreement between Israel and the Palistinians as a prominent example.

Our book is inspired mainly by the second perspective: How small states are affected by their surroundings as regards both their foreign and their domestic policies. In terms of foreign policy, because of their limited capabilities, we would expect small states in general to rely on international law and

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4 Iver B. Neumann, and Sieglinde Gstöl. "Introduction. Lilliputians in Gulliver's World?", in Ingebritsen et al. (eds.), *Small States in International Relations*, p. 6.

5 Wouter P. Veenendaal, and Jack Corbett. "Why Small States Offer Important Answers to Large Questions". *Comparative Political Studies* Vol. 48, No. 4 (March 1, 2015), p. 1.

6 Christine Ingebritsen, "Norm entrepreneurs. Scandinavia's role in worlde politics" in Ingebritsen et al. (eds.), *Small states in international relations*, pp. 273–285.

work through international organizations such as the UN and the EU. In international organizations all states are formally equal and small states may work to promote policies and attititudes that are favourable to them. An example of this is the Norwegian efforts to establish an Law of the Sea[7] that established economic zones extending 200 nautical miles from the coastline. This secured both the Norwegian petrolium resources and national rights to fish resources.

Small states are dependent on international trade and thus have open economies exposed to the forces of the gobal economy. This has important consequences for domestic policy. Peter Katzenstein's book, *Small States in World Markets*, is a classic study that opened the way for research on small states combining international relations perspective with domestic politics of small nations.[8] Small states need strategies to maintain the possibility of national choices in a world of great constraints. He saw political corporativism as a an institutional response to recurrent economic crises as well as to the threat of war. Katzenstein[9] maintains that democratic corporatism is an effective way of coping with a rapidly changing world. Open economies demands flexibility in adapting to changed conditions. This encourages cooperation between the state, the trade unions and employers organizations and agreement on the need for a genereous welfare state.

Norway: political history, economic and social development

Political history

During the Viking age, Norway was gradually consolidated as a kingdom. Harald Hårfagre is recognised as the first king of Norway from 872, although he controlled only the main parts of Norwegian territory. During the high period of the Old Norwegian Kingdom from around 1200 until 1380, it included Iceland, Greenland, and the Orkney and Faroe Islands, as well as parts of Sweden. Due to a combination of intermarriage and dwindling of the male heirs, Denmark, Norway and Sweden were united in the Kalmar Union under Queen Margrete in 1397. In Sweden, discontent with the increasing Danish domination in the union made Sweden leave the union in 1523 and appointed its own king. Norway and Denmark continued in the union, but from 1536

7 See http://www.un.org/Depts/los/.

8 Peter J. Katzenstein, *Small States in World Markets Industrial Policy in Europe* (Ithaca, N.Y: Cornell University Press, 1985).

9 Peter J. Katzenstein, "Small States and Small States Revisited", in *New Political Economy*, Vol 8, No. 1 (March 2003), p. 25.

Norway was defined as a province of Denmark. The same year, the Danish king decided that Denmark should adopt the Lutheran Reformation – which was accomplished by 1539.

In the Napoleonic Wars Denmark-Norway sided with France. In 1814, as a consequence, Norway was seceded to Sweden as a part of the Treaty of Kiel. Norway did not take part in the negotiations and a rebellion started in Norway. A broadly representative body (*Riksforsamlingen*) met at Eidsvoll and made a new democratic constitution that was signed on 17 May 1814. The *Riksforsamlingen* elected Christian Fredrik as king of Norway. This was unacceptable to Sweden and after a short war an agreement was reached in August 1814. According to the agreement the Swedish king became the monarch of both countries, but Norway was allowed to keep the new constitution, and could form its own parliament, the Storting. Except for military and foreign affairs, Norway enjoyed self-rule in the period of union with Sweden. Another important milestone in the development of democracy in Norway was reached in 1837-38 with the passing of two laws (*Formannskapslovene*) which established local self-rule for the administrative districts that were the forerunners of the municipalities. This was important for local democracy and for building political competence throughout Norway.

Political parties were established in the 1880s, first the Liberal Party (*Venstre*) in 1884 followed by the Conservative Party (*Høyre*), and the Norwegian Labour Party in 1887. An important event that marked the last phase of the union with Sweden was the conflict in 1884 about establishing parliamentary rule in Norway. This implied that government had to be based on the majority in the parliament and not on the preferences of the Swedish king. The Norwegian Liberal government continued the policy of expanding Norwegian self-rule to include foreign policy. The political conflict culminated with the passage of a new law establishing an independent Norwegian consulate system. As the Swedish king refused to sign the law, the parliament held that the King had stopped functioning as the King of Norway since he now was unable to form a new government, and the union was, thus dissolved. After a period of tension, close to war, an agreement was reached on dissolving the union and Norway became independent in 1905.

Since 1814, the suffrage in Norway had been limited and reserved for men. After several amendments, general suffrage for men was passed in 1900 and in 1913 this was extended to women. After 1905, Norway followed Sweden in adopting a policy of neutrality and nonalignment. Norway's neutrality policy succeeded in keeping the country out of World War One. After the war, Norway saw the need for collective security and joined the League of Nations in 1921. The neutrality policy failed to prevent the German occupation of Norway during 1940-45. When the occupation ended in 1945, Norway joined the UN.

However, World War Two showed the shortcomings of the neutrality policy and the weakness of collective security. Thus, Norway joined NATO in 1949.

The period from 1945 to 1965 has been described as the golden period of the Norwegian Labour Party. In most of this period the party formed majority governments. This period of stable Labour rule ended in 1965 when the Conservatives formed a centre-right coalition government. It was short-lived, but it marked the start of a period until 2005 with alternating labour and centre-right coalition governments. The political climate changed with more emphasis individual freedom and opposition to state regulations. This has been described as a "wave towards the right" in Norwegian politics. It culminated in the Willoch government (1981 – 1986) with the deregulation in many areas from banks and opening hours for shops and restaurants, to the ending of the state monopoly in broadcasting by allowing, first local radio and television, and later commercial television.

Norway's relationship with the EU is thoroughly described in chapter 12. Here it suffices to mention the main political events. The Labour government headed by Trygve Bratteli started negotiations with the European Community (EEC). The results of the negotiations were put to a referendum in 1972 where the voters turned down membership with a narrow margin. In 1992 the Labour government felt that the situation for Norway had changed and wanted to apply for membership in the European Union. The government wanted an advisory referendum before going to negotiations. The outcome of second referendum was, however, another "No" to Norwegian membership. Since 1994, Norway's relation to the EU is regulated through the Norwegian membership in the European Economic Area.

In the period 2005 – 2013, the Labour Party headed a coalition government together with the Socialist Left Party and the Centre Party. After 8 years in power, the "green-red" government lost the parliamentary election and the Conservatives formed a coalition government with the Progress Party for the period 2013-2017.

Economic history

Historical statistics indicate an average growth in the Gross National Product per capita of 2.2% for the period 1865 to 2011 and from 1900 to 2007 the average annual growth rate was 2.6%.[10] This made Norway one of the richest countries in the world. A closer examination reveals both times of boom and

10 T. Eika and Ø. Olsen, "Norsk økonomi og olje gjennom 100 år", in *Samfunnsøkonomen,* Vol. 43 No. 8, (2008). Retrieved from http://www.ssb.no/a/filearchive/norsk-okonomi_og_olje_gjennom_100_aar.pdf.

times of stagnation and decline. From the Middle Ages until about 1900, the Norwegian economy was dominated by the primary sector, farming, forestry and fishing. The export products were mostly dried fish and timber, often transported on an increasing Norwegian merchant fleet. The first period of strong economic growth after 1814 was the great boom 1843 to 1975 driven by improved productivity in the primary sector and growth of exports and an expansion of the merchant fleet.[11] The next period 1875-1914 is a period of relative stagnation, but it marks the start of industrialization in Norway. The industrial take-off period in Norway was 1905-1920. Norsk Hydro was founded in 1905, the first firm to utilise hydroelectric power in manufacturing. Another factor that influenced industrialization was the rapid increase in the work force due to the slowing down of emigration to the USA.

Grytten describes the period from 1914 to 1945 as a period of deep crises mixed with periods of growth. The years of economic hardship saw a series of serious labour conflicts. In 1935, the national labour organization (*LO*) and the employers' association (*NHO*) made the Basic Agreement (*Hovedavtalen*) to regulate industrial disputes. This agreement represents an important change in climate from a conflict mode to cooperation between labour and capital in Norway. In the decades to follow the cooperation was extended into tri-lateral cooperation where the state contributed by providing social security as well as contributing to the successful end of the annual centralised wage negotiations.

After the war, the Labour government introduced centralized economic planning and strict regulations of the economy during the first period of reconstruction. The period from 1950 to 1975 is described as the golden period of the Norwegian economy with an annual growth rate in the GDP/cap of 3.3%. Grytten comments that this achievement has often been explained with the large public sector combined with economic planning. However, the growth was actually lower than in countries with more liberal economic policies.

The period from 1973 to the present is characterized by the importance of the oil industry and by neoliberal economic policies. The increasing dominance of the oil sector had several consequences. Norway was able to run a countercyclical financial policy in the 1970s securing full employment, but this hemmed industrial development outside the oil sector. High labour costs also contributed to loss in competitive power. The combined effect was a rapid deindustrialization and the growth of the service sector.

The economic policy based on a mixed economy with extensive regulations did not stand up to the challenges in the 1970s. The result was a spiral of infla-

11 Ola Honningdal Grytten, "The Economic History of Norway", in *Encyclopedia*, edited by Robert Whaples: Economic History Association. Retrieved from https://eh.net/encyclopedia/the-economic-history-of-norway/.

tion and increasing wages. The conservative government that came into power in 1981 deregulated the credit market including the strict control of the lending policy of the banks. The rapid increase in loans overheated the economy and led to a sudden collapse in the housing market. This resulted in a major finance crisis (1987-1992) when the government had to intervene to keep the major banks solvent. The crisis was followed by a period of strong growth until 1998, mainly due to the high oil prices. Since 1998, the economy has remained strong through periods of international financial crises until the recent dramatic drop in the oil prices which has increased the efforts to make the economy less dependent upon the contracting oil sector.

The Norwegian welfare state

The present extensive Norwegian welfare state is the result of a long period of development since the start in the second half of the 19th century. One of the fore-runners was the poverty law of 1845 which put the responsibility for the poor on the municipalities. Towards the end of the century, industrialization, urbanization and population growth undermined the traditional form of welfare provided by the family, charity organizations, and the municipalities. The rise in productivity resulting from industrialization did, however, create resources that could be used to address the increasing social problems.[12] This period also saw the rise of mass democracy as well as trade unions and political parties which articulated the needs for new forms of social insurance.

We may distinguish between four periods in the development of the Norwegian welfare state.[13] The first period 1870-1920 is described as the entrepreneurial period. The increasing social problems in the factories were the background for the National Accident Insurance Scheme for factory workers in 1894. This is often seen as the start of the Norwegian welfare state. This was followed by various insurance and pension schemes for fishermen and seamen. Child labour was a serious problem in the new factories and a child labour law was passed in 1915.

The second period, 1920-1934, was characterized by many years of economic depression which overwhelmed the social assistance system and indicated the need for a more comprehensive insurance system. The third period

12 Francis G. Castles, Stephan Leibfried, Jane Lewis, Herbert Obinger, and Christopher Pierson, "Introduction", in Francis G. Castles, Stephan Leibfried, Jane Lewis, Herbert Obinger and Christopher Pierson (eds.),*The Oxford Handbook of the Welfare State* (Oxford: Oxford University Press, 2010), pp. 3–5 .

13 Gyldendal, "Velferdsstatens Utvikling - Fra Fattigvesen Til Trygd." Retrieved from http://web2.gyldendal.no/sosialkunnskap/html/velferdsstaten/8.htm.

from 1935 to 1980 starts with the first Labour government in 1935 and in this period the welfare state, much as the present one, came into existence. The labour government succeeded in passing the Worker Protection Act for all employees in 1936 and Old Pension Act was passed the same year. After 1945, the labour government worked to prepare a more comprehensive and universal insurance scheme. It was not realised until 1967 with the passing of The National Insurance Scheme Act which include health and sickness cash benefits, unemployment insurance, old age pensions, and infirmity pensions. Another milestone is the passing of The Working Environment Act in 1977. Universal social security was advocated to prevent crises, and increasing the flexibility of the economy. The Acts were also advocated from moral points of view and seen as parts of human rights. Universal, state financed social security is the core features of the Nordic model.

The last period from the 1980s and to the present saw a consolidation of the welfare state in Norway. The period is also characterized by increasing concerns in all European welfare states because the rapidly increasing costs in periods with low economic growth and increasing state debts. This has been followed by changes in welfare provision to save costs. In Norway, however, the oil revenue has made it easier to hinder re-entrenchment of the welfare state.

Slovenia: political history, economic and social development

Political history

The self-perception of Slovenians as primarily cultural ethnic group has deep roots in history of conflicts with other peoples and nations struggling over the same territory positioned between the Central Western part of current Europe and its Southern-Balkan region. In the period between the early history when Southern Slav ancestors of Slovenes migrated to this territory and World War Two many conflicts over territory emerged. Among them, most notable had been those involving Germans, Austrians, Italians, Hungarians, Ottoman Turks and even Napoleon's France. As pagan Slav ancestors were forced in the past to accept Christianity they were again pressured to abandon Protestantism under the Habsburg rule.

With an exception of the Slav state of Karantanija in the area of the present-day Austrian province of Carinthia (established in the 7th century and remained an independent entity until the middle of the 8th century) Slovenia was under foreign rule until the 20th century, mostly by the Habsburg monarchy. It was Protestantism in 16th century that constituted the ethnic

linguistic basis of Slovenian ethnicity, which could not be fully expressed in political terms. Indeed, it is the March revolution of 1848 in frame of the Austrian-Hungarian Empire, which is considered to be a milestone in a political struggle for a united Slovenia / *Zedinjena Slovenija*.

Political modernization in terms of the development of party life started in Slovenia (as part of the Austrian-Hungarian Empire) in the second half of the 19th century. First a catholic conservative party (in 1890) and a liberal party (in 1891) were established. In 1886 a weak social-democratic party joined them. By 1920 also the Communist party was established due to the split of social-democracy.[14] Parties from other ideological political families appeared sporadically and achieved weak influence (e.g. a branch of pro-fascist ORJUNA). The process of democratization in Slovenia (as part of the first Yugoslavia created after World War One) was interrupted by a dictatorship and after World War Two it experienced a one-party authoritarian regime in frame of the second (socialist) Yugoslavia, which insisted on communist party rule also after Tito's split with Stalin in 1948. Both, with experiences under Austria and in frame of both Yugoslavias, Slovenians mostly lived in multinational countries, which were laggards in democratization processes compared to Western Europe.

Slovenia (as part of Austria at the time) gained a general, equal, direct and secret voting right for men older than 24 years as late as in 1907.[15] Women only got the right to vote at the local level for a limited period of time when conservatives realized that they could get more electoral support by including at that time mostly conservative oriented female voters. It was only the new government in the territory governed by partisans (politically controlled by the Communist party), which in 1942 introduced the active and passive voting rights to Slovenian women. As the period between the two World Wars had been mostly under the undemocratic regime and World War Two prevented the normal party functioning, followed by a period of socialist system under the Communist Party rule, it was not until the end of the 1980s that pluralist party life started to re-emerge.

The newly established party system did reflect some traditional cleavages among the conservative, liberal and social-democratic (reformed Communist) parties. However, the key political issues of the time had been transition to democracy, transition to capitalism and the establishment of an independent state. Nevertheless, joining European integration processes had been seen as an

14 See more in Danica Fink-Hafner, *Politične stranke* (Ljubljana: Fakulteta za družbene vede, 2001).

15 Flora, Peter, Kraus, Franz, Rothenbacher, Franz, eds, *The Societies of Europe. Elections in Western Europe since 1815. Electoral Results by Constituencies* (London, Basingstoke and Oxford: Macmillan, 2000).

economic necessity as well as a socially and politically desirable goal as well. Although joining the NATO was not as consensual as joining the EU, in the end the majority of votes at both referenda created a legitimate basis for Slovenia's voluntary shifting the exercise of some Slovenia's sovereignty to the EU and for making Slovenia's defence part of a supra-national organization.

The high hopes of Slovenians for higher standards of politics, economy and social life in general after joining the EU soon turned to disappointment, with voters increasingly blaming the political elite for not being able to envision further Slovenia's development after achieving the major consensual goal since the brake-up of Yugoslavia. Increasingly also noticing of EU's democratic deficit and the critical lack of leadership have found a way into public opinion. With low levels of turnout Slovenian voters have been adding to the second-order rating of European elections[16]. At the local and national level citizens turned to protest politics. At the national elections voters radically shifted from older parties to newly established parties. The crisis of the leadership of the older parties, as well as their inability to manage the impacts of international financial and economic crisis, have led to a complete disintegration of the party system.

Starting with the 2004 parliamentary elections, the 1992 party system came to an end. The previous three-polar party competition (with the Liberal Democracy in the party system metric centre) dominating by the time of joining the EU turned into a two-polar competition between centre-left and centre-right clusters of parties and alternative government coalitions (both always including the Democratic Party of Pensioners). At two recent early elections (in 2011 and 2014) voters have turned not only to new political faces, but also entirely changed the political landscape. Currently Slovenia is led by a majority of completely new MPs and by the government with a Prime Minister, who established his party just before the elections and immediately took over the coalition government. The recent refugee crisis[17] may add to further destabilization of the party system by possible open articulation of extreme right voices either within the existing parties, which had shown sympathies to them in the past, or through potential newly established parties.

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16 See more in Danica Fink-Hafner and Tomaž Deželan, Slovenia, in Viola, Donatella M., ed., *The Routledge Handbook of European Elections* (Abingdon, Oxon and New York: Routledge, 2016), pp. 471-490.

17 Jamie Merrill, "Refugee Crisis: Slovenia Struggling to Cope in Chaotic Scenes At Border as Violence In Syria Forces More to Flee*t", The Independent* (30 October 2015), at http://www.independent.co.uk/news/world/europe/refugee-crisis-slovenia-struggling-to-cope-in-chaotic-scenes-at-border-as-violence-in-syria-forces-a6715176.html [accessed on 1 November 2015].

Economic history

By 15th century craft, trade, monetary economy, urbanization and land reform created a basis for capitalist developments in the territory of today's Slovenia. Nevertheless, Slovenia economically truly modernized in the 19th century as part of the Habsburg Empire. However, the key source of the capitalist accumulation was Slovenian agriculture while the main promotors of industrialization had been non-Slovenian capitalists.[18]

Slovenia's early and more substantial industrialization compared to other parts of the first and the second (socialist) Yugoslavia, had allowed Slovenia an advantage in internationalization of its economy after World War Two. As the former Yugoslav republic with very open borders to the West Slovenia contributed the largest share of Yugoslav exports to the West. Compared with the other federal units it also had good economic pre-conditions for economic survival after the break-up with socialist Yugoslavia[19]. It was only marginally hit by the war in the former Yugoslav territory in the 1990s. With a help of economic ties with West European countries (particularly Germany), the economic growth and increasing real GDP growth rate[20] it not only economically prospered, but was also able to keep social inequality at a rather low level.

Already in the 1980s, the economic elite from Slovenia, had pressed in favour of introducing market economy. When this did not appear to be politically feasible within the former Yugoslavia, it pushed the Slovenian political elite toward the full legalization of market economy as part of gradual legal transformation of Slovenia's economy and politics – eventually creating a basis for the creation of an independent state.[21] Joining the EU was not only the employers' goal, also employees' organizations believed it would not hurt the employees in Slovenia.

In economic terms, joining the EU has brought about some un-anticipated disappointments. Indeed, Slovenia (previously used to the leading position in

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18 See more in Janko Prunk, "Politično življenje v samostojni Sloveniji", in Janko Prunk, and Tomaž Deželan, (eds.), *Dvajset let slovenske* države (Maribor: Založba Aristej, 2012), pp. 17-56.

19 Jože Mencinger, "Costs and Benefits of Secession", in Danica Fink-Hafner and John R. Robbins, eds, *Making a New Nation: The Formation of Slovenia* (Aldershot, Brookfield USA, Singapore, Sydney: Dartmouth, 1997), pp. 204-215.

20 Maša Filipovič Hrast and Miroljub Ignjatović, *GINI Country Report Slovenia: Growing Inequalities and Their Impacts in Slovenia*, at http://gini-research.org/system/uploads/506/original/Slovenia.pdf?1372768022, p. 7. [last accessed on 12 November 2015]

21 Franci Grad, 'Establishing State Authority', in Danica Fink-Hafner and John R. Robbins, eds, *Making a New Nation: The Formation of Slovenia* (Aldershot, Brookfield USA, Singapore, Sydney: Dartmouth, 1997), pp. 83-93.

economic terms in former Yugoslavia) found itself in the economic periphery of the EU together with many post-2014 EU-newcomers. Hugh amounts of money available to national banks after Slovenia's joining the Eurozone had not been spent wisely for economic development, but rather for a new wave of non-transparent privatization. Parts of the economic elite with political connections had been able to use the situation for their private gains. They used the externally available money for privatizing public enterprises. The international financial and economic crisis revealed this aspect of the privatization process and the illegitimate participation of a part of the political elite in these processes. Furthermore, the political elite postponed the solving of the impacts of international financial and economic crisis by a quick increase in borrowing money abroad to maintain the public sector and welfare policies. Such a response has made Slovenia financially dependent on international loans and subordinated the national executive to the supranational centers of power.[22] Former Slovenia's exceptionalism in successful resistance to the pressures of international liberalization ended. The newly established country's dependence on the international financial organizations opened the door to the international dictate of neoliberal policies including pressures in a direction of austerity measures and privatization. Indeed, by becoming dependent on international loans, Slovenia has become increasingly similar to other post-communist countries, which have become *de facto* economically and politically peripheral countries within the EU. The fact is that Slovenia joined the 'problematic' countries pressured to adopt austerity measures as a mechanism for solving the crisis at a time when these measures were already severely questioned.[23] Although the IMF has openly admitted it may have been wrong when recommending such policy, the EU still insists on the austerity paradigm. Unlike the economic crisis in 1980s and early 1990s currently unemployment in Slovenia is increasingly being 'solved' by emigration, particularly brain-drain.

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22 Danica Fink-Hafner, 'Toward the Dominance of the Executive', *Anali Hrvatskog politološkog društva*, vol. 10 (2013), pp. 71-90.

23 See e.g. Howard Schneider, An Amazing Mea Culpa from the IMF's Chief Economist on Austerity, The Washington Post on-line, 3.1.2013, http://www.washingtonpost.com/blogs/wonkblog/wp/2013/01/03/an-amazing-mea-culpa-from-the-imfs-chief-economist-on-austerity/ (30.8.2013); Larry Elliott, Phillip Inman and Helena Smith in Athens, IMF Admits: We Failed to Realize the Damage Austerity would do to Greece, *The Guardian*, Wednesday, 5.6.2013, http://www.theguardian.com/business/2013/jun/05/imfunderestimated-damage-austerity-would do-to-greece (30.8.2013).

Welfare state

In Slovenia traditions of social solidarity are rather strong. They are rooted both in Christian Socialist traditions from the 19th century and workers' movement since the end of 19th century. In addition to that the experience with the socialist period of full employment and welfare broadly and rather generously provided by the state had brought about the widely spread expectation among people that it is the state, which needs to take care of citizens' welfare. These values have persisted also after the transition to capitalism. Indeed, Slovenia's 1991 constitution established Slovenia as a welfare state (*socialna država*). Subsequently adopted policies effectively maintained the welfare state.

Unlike many other post-socialist countries, during the transition Slovenia had been able to rely on its solid financial and economic basis.[24] This is why various governments were able to opt for gradualism in capitalist economic transformation. Comparatively looking, also trade unions at the beginning of the building of a new state in Slovenia had been rather strong and were able to achieve the establishment of social partnership within the new political system, including the establishment of the tri-partite Socio-Economic Council. Indeed, neo-corporatism is believed to have enabled the compromises in balancing economic and socially inclusive development in Slovenia since the transition to democracy and capitalism.[25]

Nevertheless, in practice the welfare state has been increasingly amended by private funding (health-care being the particular case in point). This was possible because collectivist values have been increasingly challenged by individualist values and due to a gradualist approach to changing the economic and the welfare state system. The state-socialist welfare system with a predominant role of the state had changed during the 1990s by inclusion of some policy solutions from capitalist countries. Among the changes had been a shift from passive to active employment policy, adding the private insurance market (the third pillar) to the obligatory insurance (first pillar) and to the collective insurance by enterprises and individual schemes (second pillar) as well as privatiza-

24 Mencinger, J. (1997) Costs and Benefits of Secession, in: D., Fink-Hafner, J.R. Robbins, eds., *Making a New Nation:The Formation of Slovenia*. Aldershot and Brookfield: Dartmouth.

25 Bohle, D., Greskovits, B. (2007) The State, Internationalization, and Capitalist Diversity in Eastern Europe. *Competition & Change* 11 (2): 89-115; Stanojević, M., Krašovec, A. (2011) Slovenia: Social Pacts and Political Exchange, in: S. Avdagic, M. Rhodes, J. Visser, eds., *Social Pacts in Europe: Emergence, Evolution, and Institutionalization*. New York: Oxford UniversityPress.

tion of the housing sector - previously entirely state sector.[26] During the last ten years Slovenian welfare system has been gradually loosing similarity with social-democratic system. This shift started with a policy change under the centre-right government adding to the decrease in the systemic solidarity and to the increase in social inequalities.[27] Such a paradigmatic shift became even more obvious in the context of recent financial and economic crisis and the prevalence of austerity measures in its managing. The paradigm shift from rather rigid employment model toward the imported model of 'flexicurity' became feasible exactly in the window of opportunity provided by the financial and economic crisis. While Slovenia was the most equal among the OECD countries at the international level in the late 2000s with a Gini coefficient measuring the level of social inequality of 0.24 even after the recent crisis (when Slovenia lost more than 9% of GDP between 2008 and 2013 and experienced one of the largest economic contractions among euro area countries[28]), it has remained in a group of countries with rather low Gini coefficient.[29] However, despite the fairly egalitarian nature of the current Slovenian society, there are social groups with greater risk for falling into material depravity, poverty or social exclusion – the unemployed and inactive persons, a growing segment of flexibly employed, mainly young individuals with precarious and insecure positions and older (mostly retired) persons.[30]

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26 Zinka Kolarič, Dvajset let postopnega spreminjanja slovenske socialne države, in Janko Prunk, and Tomaž Deželan, eds., *Dvajset let slovenske* države (Maribor: Založba Aristej, 2012) 283-298.

27 Zinka Kolarič, Tatjana Rakar, Anja Kopač-Mrak, Slovenski sistem blaginje v procesu postopnega spreminjanja, in Valentina Hlebec, ed, *Starejši ljudje v družbi sprememb* (Maribor: Založba Aristej, 2009), pp. 45-75; Zinka Kolarič ,From Socialist to Post-socialist Social Policy, in Ivan Svetlik, ed., Social Policy in Slovenia . Between Tradition and Innovation (Avebury, Aldershot, Brookfield USA, Hong Kong, Singapore, Sydney, 1992), pp. 15-32; Zinka Kolarič, Dvajset let postopnega spreminjanja slovenske socialne države, in Janko Prunk, and Tomaž Deželan, eds., *Dvajset let slovenske* države (Maribor: Založba Aristej, 2012) 283-298

28 *Commission Staff Working Document: Country Report Slovenia 2015*, European Commission, Brussels March 2015, {COM(2015) 85 final} at http://ec.europa.eu/europe2020/pdf/csr2015/cr2015_slovenia_en.pdf [last accessed on 12 November 2015]. p.3.

29 Klemen Košak, Povečevanje neenakosti. Slovenija je na zanesljivi poti v večjo razslojenost, *Mladina* 2nd November 2012, at http://www.mladina.si/117364/povecevanje-neenakosti/ [last accessed on 12 November 2015].

30 See Filipovič Hrast and Ignjatović, *GINI Country Report Slovenia*, pp.27-32.

Similarities and differences between Norway and Slovenia

The two countries are rather similar small states in terms of population size. In terms of area, however, Norway is more than 15 times as larger than Slovenia. The two countries have a quite different geopolitical location. Norway is situated in stable Scandinavia with a few similar neighbours and with a common border with Russia. Slovenia lacks a common border with Russia, but both countries share security concerns about Russia's role in their respective neighbourhoods.

Both countries are bordering the sea, Norway with a 15,148 km coastline compared to Slovenia's 47 km. This is reflected in the importance of the sea. The maritime environment is far more important for Norway than for Slovenia both in terms of the economy and security. The merchant fleet and export of fish products have been important for the economic development of Norway for centuries and more recently even more important with the off-shore petroleum resources.

Both countries gained full independence relatively recently, Norway in 1905 and Slovenia in 1991. Both countries are presently democracies with several institutional commonalities. The two countries are however, quite different as regards experiences with democracy. Whereas Slovenia is an emerging democracy with only 25 years of continuous experience, Norway has a 200 year long stable democratic tradition.

The main research question that motivates this book is to what degree the comparison of Slovenian and Norway on a range of dimensions will reveal similarities that can be traced back to their status as small countries and to what degree their different regional and historical context are visible in different approaches to domestic and international politics? How the long democratic tradition in Norway versus the emerging democracy in Slovenia with its background of 45 years of communist rule is reflected in the aspects of domestic and foreign policy covered in this book?

A preview of the book

The book is divided into four parts. The first one is about the political system and democratic culture. The second part includes three chapters on gender equality and religion. The third part covers the economy and the environment, and the final part includes two chapters on aspects of the foreign relations of Norway and Slovenia. We will now give pre-views of each chapter and end with some general conclusions.

The first part includes four chapters. Chapter two, written by Kristen Ringdal and Mitja Hafner-Fink, compares the democratic cultures of Norway and Slovenia for the period 1990 – 2008 with data from the European Value Study. The point of departure for this chapter is the concept of "Civic Culture" first presented by Almond and Verba in 1963 and further developed by Ronald Inglehart and colleagues in books and articles since the late 1980s to the present. The civic (democratic) culture is based on values, attitudes and practices that work to sustain participatory democratic institutions. The empirical analysis is based on social tolerance, participation in civil activities and in untraditional political activities (political action). The results for social tolerance (homosexuality, abortion, divorce) were rather surprising. In 1992, the level of social tolerance in Slovenia was higher than in Norway and surpassed by only a few Western countries. In 2008, however, the level of social tolerance in Slovenia showed only a marginal increase, whereas in Norway it increased substantially from 1992 to 2008.

For activities in voluntary organizations, Slovenia did approach Norway both in terms of membership and doing unpaid work. Norway showed a stable and very high score for both 1992 and 2008, whereas Slovenia started out with low scores in 1992, but had halved the gap in membership in organizations in 2008, and almost closed the gap in doing unpaid organizational work. For unconventional political activities or political action (signing a petition, joining in boycotts, attending lawful demonstrations, joining unofficial strikes, occupying buildings and factories) both countries showed an equal increase from 1990-92 to 2008 with a level of participation of more than 30% higher in Norway than in Slovenia for both time points. The final country-level cluster analysis of social tolerance, social participation and unconventional political participation indicated that during the period of consolidation of democracy from 1990-92 to 2008, Slovenia approached the average of West European old democracies and the differences between Norway and Slovenia were also reduced. We may argue that this process of strengthening the civic culture in Slovenia has being supported by the democratic changes in the political system. However, the authors emphasize that some social processes, especially new social movements and civic activity actually started in the early 1980s. This is in line with thesis of relationship between cultural changes, modernization process, and democratization: cultural change can lead to political change.

The third chapter, written by Alenka Krašovec and Ola Listhaug, is titled "Political parties in Norway and Slovenia". The chapter describes the origins of the party system with a special emphasis on the developments since 1990. In addition, the authors also describe changes in political trust. The Norwegian party system emerged as responses to social and geographical cleavages with roots back to second half of the 19th century. The Liberal Party and The Conser-

vative Party was the first to be formed in 1984 followed by the Labour Party in 1894. The differentiation in the party system continued with the establishment of the Centre Party and the Christian People's Party. The resulting party system was remarkably stable in the golden period of Labour Party rule period from 1945 to 1960. The period was followed by alternating Conservative-Centre coalition governments as well as Labour-dominated coalition governments. In recent years the voters' attachments to political parties have weakened. However, the levels of political trust have been relatively high, especially the general trust in democracy. There is also an increase in political action on the part of citizens.

The Slovenian party system likewise has roots in the 19th century. The three first parties the Catholic People's Party, the National Progressive Party, Yugoslav Social-democratic Party were all established in the 1890s. However, in the period between 1945 and 1989, only the Communist party was allowed in Slovenia. In 1989, pluralism was again formally adopted in Slovenia with the first democratic national election held in 1992. The new parties evolved from socio-political organizations that had been part of the socialist regime, the most important being the Liberal Democracy of Slovenia and the United List of Social Democrats (now the Social Democrats). In the period from 1990 to 2010 the Slovenian party system has been described as a relatively consolidated and stable system compared to other countries in Central and Southeastern Europe. In the 2011, the stability of the party system seems to break down with the emergence of two new parties that received more than a third of the votes. In 2014, another new party also received a third of the votes. Although general political trust may be described as relatively high compared to other Balkan countries, the trust in political parties collapsed with the global financial crisis in 2008.

Norway and Slovenia have similar institutional arrangements in the form of a parliamentary system with proportional representation and a similar number of political parties. Instability in the party systems was found in both countries, although since 2011, the instability is far higher in Slovenia than in Norway. The main explanation of the difference in stability may be sought in the different democratic traditions and historical circumstances. Whereas modern democracy in Slovenia only dates back to 1990, Norway has had a stable democracy since 1814.

In chapter four, Toril Aalberg and Marko Milosavljević compares the media systems in Norway and Slovenia. The Norwegian media system may be classified as "democratic corporatist", characterized by a historical coexistence of commercial media with ties to organized social and political groups and by an active but legally limited role of the state. Slovenia belongs to the "polarized pluralist model" with a weaker tradition of commercial media and a clear inte-

gration of media into party politics and a strong role of the state. From 1945 and until 1991, public media in Slovenia were, with a few minor exceptions, owned and controlled by the state.

The Norwegian media landscape was quite different. The multiparty representative democracy rooted in the 19th century gave rise to a strong expansion of the press with close ties to the political parties. The depolitization of the press from the 1970s coincided with a professionalization of journalism in Norway. Although broadcasting in Norway started as private services in the 1920s, a state owned monopoly was established in 1933. In 1981, the Conservative minority government abolished the state monopoly. This opened the way for the commercialization of the radio and television while retaining the state owned Norwegian Broadcasting Corporation (NRK) as the major public service provider.

During the last few decades, the media environment in both Norway and Slovenia has experienced dramatic changes due to the common trends of commercialization and globalization. Comparing the media systems on the four dimensions of Hallin and Mancini brings to light some differences between the Norwegian and the Slovenian media system. The *structure* of the media market in Norway may be characterized as being newspaper-centred with a long tradition of mass circulation, whereas the Slovenia press has a narrower coverage and the media system may be described as being television-centred. There are also differences in *political parallelism* between the two countries. In Slovenia pluralism is achieved by external diversity, i.e., between the newspapers, television stations. Media pluralism in Norway is increasingly achieved through internal diversity within each media channel. The Norwegian media system is characterized by a strong *journalistic professionalization* with institutionalized systems for self-regulation. Journalistic autonomy is weaker in Slovenia where various techniques are used by politicians to control the media. Both countries share strong *state intervention* into the media system including ownership and subsidies. In Slovenia, the state ownership of the media industry continued until the mid-1990s, when the state sold most of its shares in key media companies. However, political actors still retain their influence over the media through indirect deals and agreements. In Norway, there is also strong state intervention but this is balanced with an equally strong protection of press freedom.

"Narratives of the Nation" by Ola Svein Stugu and Peter Vodopivec looks at the national identities in Norway and Slovenia as seen through history textbooks. As an important vehicle of socialization, education is one of the main integrative mechanisms in modern societies and important in building collective identities, especially through the presentation of narratives and explanations of the past. During the last couple of centuries, Norway and Slovenia experienced very different political histories. Since 1814, Norway had its own

constitution and independent government institutions, although until 1905 within the union with Sweden. Norway's recent political history is characterized by gradual change within stable boundaries. This contrasts with Slovene history, which is marked by three fundamental raptures during the last century: the break-up of the dual monarchy of Austria-Hungary in 1918, World War Two and the coming of the Communist regime, and the break-up of Yugoslavia in 1990-91. These differences in the recent history of the two countries are also reflected in the way history is recounted in schools. Norwegian textbooks are characterized by gradual change influenced by changes in scholarly accounts as well as reflecting changes in the political culture in the direction of a more widened democracy and more active public participation.

During the two centuries since 1814 two successive grand, national narratives of Norwegian history may be discerned. The first one was retrospective looking back to the Viking age and the times of the medieval Norwegian kingdom as a golden age in the nation's history. The second one was progressive, highlighting the national achievements as a narrative of fundamental changes in the conditions of life, closely tied to Norway's transition from a mainly agrarian society through industrial society to present Norway; from a society marked by hardships and toil to a modern society of prosperity and welfare.

A striking feature of Slovenian history textbooks is a two-layered structure, with an inner core of relatively stable Slovene identity, surrounded by dramatically changing contexts not only of statehood, but also of hegemonic political ideologies. Fundamentally, however, there seems to be a clear convergence in Slovene and Norwegian approaches to history teaching and its textbooks. The identity making potentials of historical narratives have been gradually substituted by more scholarly approaches and a higher degree of willingness to confront more contested themes and topics, something which is a prerequisite for good history teaching in a functioning democracy.

The second part of the book is comprised of one chapter on gender equality and two chapters on the Church-state relationships in Norway and Slovenia. Anders Todal Jenssen and Aleksandra Kanjuo-Mrčela compare Norway and Slovenia with respect to gender equality. They cover a broad range of indicators of gender equality, from the representation of women in politics and the elites, through gender differences in work, to attitudes on gender equality. In both countries a combination of a women's movement and a strong state support contributed to the present relatively high levels of gender equality. This is indicated in that Slovenia is ranked number one in 2013 (with the lowest score) on the UNDPs Gender Inequality index covering 149 countries, with Norway ranked number nine. Both countries have a strong welfare states encouraging, both practically and ideologically, high participation of women in paid employ-

ment providing for opportunities for women to combine work and family obligations.

Although the history of the development of the economic and political systems in the two countries has been different in many respects, contributing to the economic equality of women and men, many problems regarding gender equality are similar. This includes vertical and horizontal segregation in many spheres of society. The representation of women in politics is supported by quotas of 40% on the party lists. Women are more equally represented in government in Norway (50%) than in Slovenia (21%). In both countries the representation of women decreases as with the level of position both the private and the public sector. As an example, women in both countries are poorly represented in the business elite. The labour market in both countries is gender segregated. In Norway, gender segregation has been found to be the main source of the gender gap in wages. In addition, the high rate of part-time employment among women further contributes to gender gap in incomes from work. In Slovenia, the gender gap seems to be smaller, but recent studies show it to be increasing. Furthermore, women earn less for the same work in the same firm/organization. In terms of gender role attitudes, there are both similarities and differences. In both countries women and men are seen to have equal responsibility for household income, as well as having equal responsibilities for children. However, some results from the European Value Study indicate more traditional attitudes in Slovenia than in Norway.

The two chapters on Church-state relations – in Norway (Christine Hassenstab) and in Slovenia (Marjan Smrke) – reveal both similarities and differences between the two countries. Both countries were initially equally affected by the Protestant Reformation. In 1537 [King Christian III] established the Evangelical-Lutheran faith as the official religion of Norway and Denmark. In Slovenia, the Protestant Reformation was contested and came to an end with the Counter-Reformation towards the end of the 1590s when the Catholic Church became the state religion. However, Protestantism maintains its influence with both a historically recognized role in the establishment of the Slovenian nation (expressed also in a special state holiday – the Reformation Day – 31st October) and in much more liberal views on some important policy issues compared to other Catholic countries.

The predominance of two different religions/Churches took the two countries on different paths. In Slovenia, the marked predominance of Catholicism included a religious ideology that promotes a model of obedience to the clerical hierarchy as a necessary and indeed the sole intermediary between man and God. This is in direct opposition to the ideals and values promoted by Protestantism, such as religious exploration, the development of a personal and direct relationship between an individual and God, and the rejection of unquestioning

respect of hierarchies. In practice, the schism between literal or fundamentalist interpretation of the faith and a more liberal interpretation is found in both countries. In Norway, an expression of this is the establishment of Menighetsfakultetet in 1907, which from 1913 were given rights to educate priests (cand.theol.) based on a conservative interpretation of the bible. In Slovenia, this is expressed in the tensions between those who advocated the Church's notion of a perfect Catholic society (so-called integrism), and the anticlerical forces who strived for a reduction of the role of the Church in society as well as for secularization at the societal level. This tension or cultural battle culminated in the 1930s. Whereas such tensions gradually weakened in Norway up to the present, they reappeared in Slovenia after the independence in 1991.

The Churches came out of World War Two quite differently. In occupied Norway, after a period of neutrality, the Church committed itself to a full scale opposition to the infamous Quisling government and thus emerged from the war strengthened. In Yugoslavia, the Communist Party won the war and separated state and Church, partly due to Marxist ideology, and tried to persuade the Catholic Church to break with Rome and to establish itself as a "national" Church in collaboration with the Communist party.[31] In the period between 1945 and the breakup of socialist Yugoslavia, the Roman Catholic Church was demoted from a central role to the margins of society (although its situation improved measurably after the signing of a protocol between the Yugoslav government and the Holy See on 25 June 1966[32]). After Slovenia became independent in 1991, the local branch of the Roman Catholic Church tried to revive its ideological hegemony from the pre-1941 period. In 1991 it regained all its former estates, but in the context of the recent financial crisis suffered heavily from a financial scandal that resulted in the resignation of three archbishops. Even before that its influence on social and political life had been much smaller than in the neighbouring catholic Croatia.

In Norway, after decades of debate, the Norwegian Parliament amended the Constitution to allow a separation of the national Church from the Norwegian state. This change allowed the Church to name bishops and deans without governmental approval, but the state would continue to finance the Church very much as before. The Constitution was also changed to reflect the fact that the foundation of the state rests on both Christian and humanist traditions.

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31 Pedro Ramet (Sabrina P. Ramet), "The Catholic Church in Yugoslavia, 1945-1989", in Pedro Ramet (ed.), *Catholicism and Politics in Communist Societies* (Durham, N.C.: Duke University Press, 1990), p. 186. See also Jakov Blaževi ć's interview with *Polet* (8 and 15 February 1985), as quoted in *Glas koncila* (Zagreb), 24 February 1985, p. 3.

32 See Sabrina P. Ramet, *Nihil Obstat: Religion, Politics, and Social Change in East-Central Europe and Russia* (Durham, N.C.: Duke University Press, 1998), p. 168.