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Seeing Big

Transformative Social Policies in Small States

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Acronyms

AGOA	Africa Growth and Opportunities Act
CARICOM	Caribbean Community
FDI	Foreign direct investment
GDP	Gross domestic product
GNI	Gross national income
GNP	Gross national product
IPCC	Intergovernmental Panel on Climate Change
LMI	Lower middle income
MIRAB	Migration-remittances and aid-bureaucracy
NGOs	Non-governmental organizations
SIDS	Small island developing states
SPPF	Seychelles People's Progressive Front
UMI	Upper middle income
WDI	World development indicators

Summary/Resumé/Resumen

Summary

This paper summarizes the findings of the UNRISD–Commonwealth Secretariat research project on Social Policy in Small States. The findings are based on the in-depth country studies of several small states and of the cross-cutting issues that they face. It looked at small states in the Caribbean region (Barbados, Dominica, Grenada, Guyana, Jamaica, and Trinidad and Tobago), in the Pacific region (Fiji, Samoa, Solomon Islands and Vanuatu), the Indian Ocean (Mauritius and Seychelles) and the Mediterranean region (Malta). The findings of the papers are examined and compared here to draw out common lessons on how small states can effectively promote developmental, democratic and socially inclusive economies.

While small states are often grouped together due to their distinctive characteristics and presumed vulnerabilities, they are not all the same. Indeed, they have followed very different developmental paths; some have made considerable progress in socioeconomic outcomes, while others are still lagging behind. This research used in-depth country case studies to test four hypotheses used to explain why certain small states succeed while others fail. These four hypotheses are that small states succeed because they use their small population to build: (i) strong social cohesion, or (ii) durable "social pacts"; because (iii) they use their sovereignty strategically—for instance, by passing laws to protect offshore banking; or because (iv) they create strong welfare systems that promote inclusive socioeconomic development.

The first and second hypotheses could be simplified into the idea that "small is harmonious", because of either a presumed cultural homogeneity or easier inter-communal accommodation. Yet, contrary to expectations, many small states are quite heterogeneous, divided along ethnic, linguistic or religious lines (for example Fiji, Vanuatu, and Trinidad and Tobago, respectively). Even some homogenous societies are politically polarized, such as Malta. Thus social cohesion and accommodation cannot be taken as a given in small states. Nonetheless, these factors do seem to facilitate development. Of the states examined in the research, the "best performers" had low levels of cultural fractionalization (Malta and Seychelles), found a formula for inter-communal inclusiveness and accommodation (Mauritius) or experienced a combination of these two factors (Barbados). Small may not be harmonious, but—at the risk of stating the obvious—harmony does seem to help development.

The third hypothesis, namely that small states are able to use their power of jurisdiction as an economic resource, is observed in many of these countries. For example, Mauritius, Malta and Barbados have successfully used tax incentives, preferential trade agreements, foreign investment and assistance to promote their development. Nonetheless, this strategy is not foolproof: a case in point is Vanuatu, which began its efforts to foster an offshore banking industry in the 1970s, but still has seen little success, arguably because of weak institutions and political instability. These problems have also undermined efforts to attract foreign direct investment (FDI) in Solomon Islands and Fiji. Therefore, small states are able to use their power of jurisdiction as an economic resource, but other factors, such as institutional and political characteristics, are critical in determining outcomes.

The fourth hypothesis, that strong inclusive welfare states lead to better socioeconomic outcomes, is supported by the country studies. However, spending on social services and welfare programmes alone is not enough: for example, compared to other small states, Guyana has spent a large portion of gross domestic product (GDP) on health and education in the 1980s and 2000s, but it still has disappointing social outcomes. Taking a holistic approach to social and economic policy to encourage developmental transformation appears to be the best strategy. Often the countries that have been most successful in providing universal holistic social policy were guided by an ideology of social justice and labour rights and also practiced cultural accommodation. In fact, inclusive social policies themselves improve social cohesion by narrowing inequality and overcoming marginalization. This, in turn, helps improve political stability, the investment climate and economic development.

By using a comparative economic and political analysis, this research tries to explain small countries' divergent historical evolution. It groups small states together to better understand the challenges they face and how social policy can be used to achieve development goals. By investigating social policies in small states from a comparative perspective, the findings help unmask the complexities in designing social policies within different socioeconomic, institutional and historic settings. Studying these countries—both those that have succeeded in achieving better social outcomes and those that are still lagging behind—provides lessons for others to consider.

Some of the lessons from this research involve adopting an ideology of social justice and mutual responsibility, taking a holistic approach to social and economic policy and goals, with an emphasis on developmental transformation, providing universal social protection and services, building state capacity, generating social cohesion, and recognizing the challenges and benefits posed by their colonial history.

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Résumé

Ce document résume les conclusions d'un projet de recherche de l'UNRISD et du Secrétariat du Commonwealth sur la politique sociale dans les petits États. Ces conclusions reposent sur des études de cas approfondies de plusieurs petits États et des problèmes transversaux qu'ils rencontrent. Les petits États étudiés sont répartis entre les régions des Caraïbes (Barbade, Dominique, Grenade, Jamaïque et Trinité-et-Tobago), du Pacifique (Fidji, Samoa, Îles Salomon et Vanuatu), de l'océan Indien (Maurice et Seychelles) et de la Méditerranée (Malte). Les auteurs ont examiné et comparé les conclusions des chercheurs pour tirer des leçons communes sur la manière dont les petits États peuvent faire progresser leur économie dans le sens du développement, de la démocratie et de la solidarité sociale.

Si les petits États sont souvent classés dans le même groupe en raison de leurs caractéristiques distinctes et de leurs faiblesses présumées, ils ne sont pas identiques. En réalité, ils ont suivi des voies de développement très différentes; certains ont réalisé de grands progrès sur le plan socioéconomique, tandis que d'autres sont toujours à la traîne. Les chercheurs se sont servis d'études de cas approfondies de pays pour tester quatre hypothèses susceptibles d'expliquer pourquoi certains petits États réussissent alors que d'autres échouent. Ces quatre hypothèses sont les suivantes: les petits États réussissent parce qu'ils se servent de leur faible population pour: (i) renforcer leur cohésion sociale, ou (ii) instaurer un «pacte social» durable; (iii) parce qu'ils font un usage stratégique de leur souveraineté—par exemple en adoptant des lois pour protéger les services bancaires extraterritoriaux; ou (iv) parce qu'ils mettent en place de solides systèmes de protection sociale qui favorisent un développement socioéconomique solidaire.

Sous une forme simplifiée, les première et deuxième hypothèses pourraient se réduire à l'idée que "ce qui est petit est harmonieux", à cause d'une homogénéité culturelle présumée ou d'un compromis plus facile entre les communautés. Pourtant, contrairement à ce que l'on imagine, de nombreux petits États sont d'une grande hétérogénéité ethnique, linguistique ou religieuse (c'est le cas respectivement des îles Fidji, de Vanuatu, et de la Trinité-et-Tobago, par exemple). Même des sociétés homogènes comme Malte sont divisées par les sensibilités politiques différentes de la population. Si la cohésion sociale et le compromis ne peuvent pas être tenus pour acquis dans les petits États, ils semblent bel et bien favoriser leur développement. Parmi les États étudiés dans cette recherche, ceux qui obtiennent les meilleurs résultats sont peu divisés sur le plan culturel (Malte et les Seychelles), ont trouvé une formule propice à la solidarité et au compromis entre les communautés (Maurice) ou ont conjugué ces deux facteurs (la Barbade). Ce qui est petit peut très bien ne pas être harmonieux mais, au risque d'énoncer une évidence, il semble bien que l'harmonie favorise le développement.

La troisième hypothèse, à savoir que les petits États sont en mesure de faire de leur pouvoir juridictionnel un atout économique, est avérée dans beaucoup de ces pays. Maurice, Malte et la Barbade, par exemple, ont utilisé avec succès les incitations fiscales, les accords commerciaux préférentiels, les investissements étrangers et l'aide extérieure pour stimuler leur développement. Cette stratégie n'est cependant pas à toute épreuve, comme en témoigne le cas de Vanuatu, qui a entrepris de développer les services bancaires extraterritoriaux dans les années 1970, mais sans grand succès jusqu'ici, sans doute à cause de la faiblesse de ses institutions et de son instabilité politique. C'est à ces mêmes problèmes qu'ont achoppé les efforts déployés par les Îles Salomon et les Fidji pour attirer des investissements étrangers directs (IED). Les petits États sont donc en mesure de faire de leur pouvoir juridictionnel un atout économique, mais le succès de leur entreprise dépend aussi d'autres facteurs tels que des caractéristiques institutionnelles et politiques.

La quatrième hypothèse, à savoir que des États providence forts et déterminés à combattre l'exclusion obtiennent de meilleurs résultats socioéconomiques, est corroborée par les études de pays. Cependant, il ne suffit pas de dépenser pour les services sociaux et les programmes d'assistance sociale: comparé à d'autres petits États, le Guyana, par exemple, a consacré une forte proportion de son produit intérieur brut (PIB) à la santé et à l'éducation dans les années 1980 et 2000, mais son bilan social reste décevant. La

meilleure stratégie semble être de considérer la politique sociale et économique comme un tout pour encourager la transformation qu'entraîne le développement. Les pays qui ont mené avec le plus de succès une politique sociale globale et universelle sont souvent ceux qui se sont laissé guider par une idéologie de la justice sociale et des droits des travailleurs et ont pratiqué le compromis culturel. Les politiques sociales d'intégration renforcent en soi la cohésion sociale en réduisant les inégalités et en venant à bout de la marginalisation, et contribuent ainsi à la stabilité politique, à un climat plus propice aux investissements et au développement économique.

La recherche tente d'expliquer, à l'aide d'une analyse économique et politique comparative, les trajectoires divergentes des petits pays. Elle regroupe les petits États pour mieux comprendre quelles sont leurs difficultés et comment la politique sociale peut être mise au service d'objectifs de développement. En enquêtant sur les politiques sociales des petits États dans une perspective comparative, elle fait apparaître combien l'élaboration des politiques sociales est complexe et combien ces politiques peuvent différer selon le contexte socioéconomique, institutionnel et historique. L'étude de ces pays—tant ceux qui ont réussi à améliorer leur bilan social que ceux qui sont à la traîne—est riche d'enseignements et fournit matière à réflexion à d'autres.

Elle nous apprend notamment qu'il est bon d'adopter une idéologie de la justice sociale et de la responsabilité mutuelle, de considérer comme un tout la politique sociale et économique et ses objectifs en accordant une attention particulière à la transformation qu'opère le développement, d'opter pour l'universalité en matière de protection sociale et de services sociaux, de renforcer les capacités de l'État, de produire de la cohésion sociale, et de reconnaître les difficultés et avantages qui remontent à l'histoire coloniale.

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Resumen

Este documento es un resumen de las observaciones del proyecto de investigación UNRISD-Secretaría del Commonwealth sobre la política social en estados pequeños. Las observaciones se basan en estudios exhaustivos de varios estados pequeños y de los problemas comunes que éstos enfrentan. El proyecto permitió analizar ciertos estados pequeños de las regiones del Caribe (Barbados, Dominica, Granada, Guyana, Jamaica y Trinidad y Tabago), el Pacífico (Fiji, Samoa, Islas Salomón y Vanuatu), el Océano Índico(Mauricio y Seychelles) y el Mediterráneo (Malta). En este trabajo se examinan y comparan las conclusiones de los documentos con el ánimo de extraer algunas lecciones comunes sobre la manera en que los estados pequeños pueden promover eficazmente unas economías de desarrollo democráticas y socialmente inclusivas.

Aunque los estados pequeños se reúnen a menudo en un solo grupo debido a sus características distintivas y supuestas vulnerabilidades, no son todos iguales. En efecto,

estos países han seguido rutas muy diferentes en pos del desarrollo: algunos han registrado un progreso considerable en cuanto a sus resultados socioeconómicos, mientras que otros siguen a la zaga. En esta investigación se utilizaron estudios de caso exhaustivos para poner a prueba cuatro hipótesis y explicar por qué ciertos estados pequeños tienen éxito y otros no. De acuerdo con estas cuatro hipótesis, los estados pequeños tienen éxito porque utilizan a sus pequeñas poblaciones para construir (i) una sólida cohesión social o (ii) "pactos sociales" duraderos; porque (iii) utilizan su soberanía de una forma estratégica (por ejemplo, promulgando leyes para proteger la banca extraterritorial, u "offshore"); o porque (iv) crean fuertes sistemas de previsión que promueven el desarrollo socioeconómico inclusivo.

La primera y segunda hipótesis podrían simplificarse en la idea de que "lo pequeño es armonioso", debido a su supuesta homogeneidad cultural o un acomodamiento comunal más fácil. Sin embargo, contrariando las expectativas, muchos estados pequeños son sumamente heterogéneos, con divisiones étnicas, lingüísticas o religiosas (por ejemplo, Fiji, Vanuatu, y Trinidad y Tabago, respectivamente). Incluso algunas sociedades homogéneas acusan una polarización política, como es el caso de Malta. De allí que la cohesión social y el acomodamiento no puedan darse por descontados en los estados pequeños. No obstante, estos factores parecen facilitar el desarrollo. De los estados examinados en la investigación, aquellos que tuvieron "el mejor desempeño" tenían bajos niveles de fraccionamiento cultural (Malta and Seychelles), encontraron una fórmula para la inclusión y el acomodamiento comunales (Mauricio) o tuvieron una combinación de estos dos factores (Barbados). Puede que lo pequeño no sea armonioso, pero –a riesgo de decir una perogrullada- la armonía sí parece contribuir al desarrollo.

La tercera hipótesis, vale decir, que los estados pequeños pueden usar su poder de jurisdicción como recurso económico, se observa en muchos de estos países. Por ejemplo, Mauricio, Malta y Barbados han logrado utilizar los incentivos tributarios, los tratados de comercio preferencial, las inversiones extranjeras y la asistencia externa para promover su desarrollo. Pero esta estrategia no es infalible: ejemplo de ello es Vanuatu, país que comenzó sus esfuerzos por fomentar la industria de la banca offshore en los años setenta y que hasta ahora ha logrado muy poco, podría decirse que por la debilidad de sus instituciones y la inestabilidad política. Estos problemas también han socavado los intentos de atraer inversión extranjera directa (IED) a las Islas Salomón y Fiji. Por lo tanto, los estados pequeños pueden valerse de su poder de jurisdicción como recurso económico, pero existen otros factores, como las características institucionales y políticas, que son fundamentales para obtener los resultados esperados.

La cuarta hipótesis, a saber, que los estados benefactores fuertes conducen a mejores resultados socioeconómicos, tiene sustento en los estudios de país. Sin embargo, no basta con solo invertir en servicios sociales y programas de previsión; por ejemplo, comparada con otros estados pequeños, Guyana ha gastado una gran porción de su producto interno bruto (PIB) en salud y educación en los años 80 y 2000, pero continúa teniendo resultados decepcionantes en lo social. Parecería que la mejor estrategia sería adoptar un enfoque integral, o holístico, en materia de política social y económica a fin de alentar la transformación del desarrollo. A menudo, los países que han tenido el mayor éxito en la aplicación de una política social holística universal se guiaron por una ideología de justicia social y derechos laborales y practicaron el acomodamiento cultural. De hecho, las

mismas políticas sociales inclusivas mejoraron la cohesión social mediante la reducción de la desigualdad y la superación de la marginación. Esto ayudó a su vez a mejorar la estabilidad política, el clima de inversión y el desarrollo económico.

A partir de un análisis económico y político comparativo, se intenta explicar con esta investigación la evolución histórica divergente de los estados pequeños. Se ha agrupado a los estados pequeños para comprender mejor los desafíos que éstos enfrentan y la manera en que puede utilizarse la política social para alcanzar los objetivos de desarrollo. Al investigar las políticas sociales de los estados pequeños desde una perspectiva comparativa, las conclusiones contribuyen a revelar las complejidades que se presentan a la hora de diseñar dichas políticas en entornos socioeconómicos, institucionales e históricos diferentes. El estudio de estos países—tanto aquellos que han tenido éxito como aquellos que aún no lo han logrado—deja lecciones que otros bien pueden considerar.

Algunas de las enseñanzas que nos deja esta investigación serían las siguientes: adoptar una ideología de justicia social y responsabilidad mutua; aplicar un enfoque holístico a la política y los objetivos sociales y económicos, con énfasis en la trasformación del desarrollo; brindar protección y servicios sociales universales; fortalecer la capacidad del estado; generar cohesión social; y reconocer los retos y beneficios que plantea la historia colonial de estos estados.

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Introduction

This paper presents the research findings of the UNRISD–Commonwealth Secretariat joint project on *Social Policy in Small States*. The project takes a comparative perspective to examine the performance of small states in promoting social development through 12 in-depth country case studies on Barbados, Fiji, Grenada, Guyana, Jamaica, Malta, Mauritius, Samoa, Seychelles, Solomon Islands, Trinidad and Tobago, and Vanuatu. The project focuses on the role of government policies—and in particular, social policy—in promoting social development and economic transformation. The paper brings together the lessons learned from small states' successes and failures to improve their social indicators and achieve positive development outcomes. In doing so, it highlights how social policy contributes to social development. Furthermore, the paper tackles the question of how (and if) small states' distinctive characteristics and vulnerabilities alter social policy design and effectiveness.

Small states have been the subject of much concern regarding their potential economic, social, political and environmental vulnerability. The perceived challenges stem from small states' inherent characteristics, such as small populations, small markets and isolated or landlocked locations. In spite of the challenges, some small states have made impressive progress in the economic and social realms while others have lagged behind. For example, Mauritius and Barbados have markedly improved their economic and social indicators, while other small states pursuing similar policies have not experienced such success. In fact, in many countries, the reality on the ground is not of policy success or failure, but of the economic and political context and in particular, periods of ups and downs. This latter point draws our attention to the question of how crises ("down" periods) can be tackled and successfully overcome.

Given the distinctive characteristics and vulnerabilities of small states, how can we explain their divergent performance in terms of social and economic development? How have some small states improved their populations' welfare? What lesson can be learned?

Answering these questions inevitably involves a thorough investigation of the role of social policy, both in its narrower sense (distribution, human capital formation, social protection and reproduction) and its broader one (public interventions that impact on social welfare, social institutions and social relations) (Mkandawire 2006). Social policy can be developmental, transformative and democratic; it can foster nation-building and social cohesion. Transformative social policy emphasizes equitable distribution of wealth, universal or non-contributory social protection, production of human capital through accessible and affordable health and education services, and family and childcare policies that enable reproduction. To achieve the desired developmental and social goals, a country must create holistic and integrated policies. For instance, economic policy and democratic institutions can further social welfare through improving individuals' livelihoods and their participation in decisions that shape social development.

In order to achieve policy goals, well-functioning institutions are essential. Contemporary development discourse emphasizes the role of developmental, socially inclusive, democratic institutions. The government must show political will and commitment in forging alliance with business, labour and civil society within a democratic setting.

Drawing lessons from 12 country case studies commissioned through the project, this paper explores how social policy contributed to small states' successes and failures, and their crisis management. The country case studies explored economic development strategies, crisis management and social policy interventions in the areas of distribution, production, reproduction and protection. Through examining each country's historical context, these studies clarify how social policies were formulated, negotiated and sequenced within the local settings and political, economic and social institutions.

Four convincing hypotheses for small states' divergent performance were used as thematic lenses for the case studies. They form the broad hypothesis of this research, which is that small countries with higher levels of (i) social cohesion, (ii) more durable social pacts or societal corporatism, (iii) effective use of jurisdictional resourcefulness and (iv) strong welfare states will have better social policies which promote social development, equity, cohesion and eventually lead to a better quality of life.

This paper will begin by defining its key terms and then proceed to give an overview of the literature on small states' unique characteristics and the innovative strategies they employed to circumvent their vulnerabilities. The subsequent section outlines the research questions, conceptual framework and methodology, before moving on to summarize the findings of the 12 case studies and the implications of the thematic papers. The final section concludes with broad lessons learned and policy recommendations.

Defining the terms

Small states

There is no unanimously accepted definition of small states. The notion of small and large states is a relative concept. Small states can be defined by the size of population, gross domestic product (GDP), land area, level of trade or by a composite measure of size. Population is the most widely used criterion for small states, and will be the criteria adopted in this paper as outlined below. Roughly the same number of countries is obtained using composite indicators (Crowards 2002) or the level of global trade (as proposed by Davenport 2002).

The World Bank (2011) has proposed a threshold of 1.5 million residents to classify countries as small and has listed 45 developing countries as "small states". To this classification, the Commonwealth Secretariat (2011) has added Botswana, Jamaica, Lesotho, Namibia and Papua New Guinea, which have been found to share many characteristics of other small states. For the purposes of this study we use a combination of the World Bank and Commonwealth Secretariat definitions. Using these criteria, there are 50 small states (see Annex 1). Among these, 32 states are island nations (composed of one or more islands), three are part of a larger island (Brunei, Papua New Guinea and Timor-Leste), 11 are coastal countries and four are landlocked (Bhutan, Botswana, Lesotho and Swaziland). Of the 50 states, 34 are classified as Small Island Developing States (SIDS), a category that includes five coastal states and two states that are part of a larger island. The 50 countries vary widely in income, human development, poverty, democratic regime and other characteristics; this will be discussed in more depth below and is outlined in Annex 1.

Social policy

Social policy is defined in broad terms as public interventions that impact on social welfare, social institutions and social relations. It touches on issues of "redistribution, production, reproduction and protection, and works in tandem with economic policy in pursuit of national social and economic goals" (Mkandawire 2006:1).

- *Redistribution* policies aim to share the gains of development and equalize individuals' opportunities and/or outcomes; specific measures can include progressive taxation policies, subsidies or benefits, and land reform.

- *Production* policies aim to enhance the productive potential of members of society; specific measures include the provision of services (water and sanitation) and infrastructure; and human capital formation through education, health or labour market interventions.

- *Reproduction* policies aim to reconcile the burden of family and childcare with other social tasks and share this burden of responsibility; specific measures can include gender equality and empowerment measures, public childcare services, and parental leave and benefits.

- *Protection* policies aim to protect people from the vagaries of the market, perverse effects of economic policy and life-cycle risks such as sickness and old age; specific measures can include pension provisions, schemes to promote savings, sickness benefits, work injury benefits, unemployment insurance and social assistance.

Even this brief list suggests that clear complementary relationships exist between the four functions; capitalizing on these links can enhance social policy's impact on development and well-being. Expenditure policy in any of these areas will affect distribution, for instance, between income brackets, geographic groupings and ethnicities; policy design has clear implications for distribution—for instance, the choice of universal, means-tested or occupation-based coverage will affect distribution, and likewise, the choice of funding mechanisms will have clear implications.

Social policy is embedded in economic policy, when economic policy "has intended welfare consequences or reflects implicit or explicit socioeconomic priorities, such as reducing politically unacceptable levels of unemployment or producing the human skills for development" (Mkandawire 2006:1). It is increasingly recognized that economic and social policies are at the heart of any development strategy. Social policy is able to be a transformative instrument in the process of development. It can play this role when it emphasizes equitable distribution of wealth, universal or non-contributory social protection, accessible and affordable human capital production, and family and childcare policies that enable reproduction.

Literature Review: Small States and Socioeconomic Development

There has been considerable concern among researchers, policy makers, international organizations[1] and donors regarding small states' unique characteristics and the challenges they pose for socioeconomic development. Some suggest that small states are inherently vulnerable, even when this vulnerability is not readily discernible from their gross national product (GNP) per capita (Briguglio 1995). Others suggest that the sources of vulnerability may also be factors in explaining small states' relative strength. They note that small states have fared reasonably well in their socioeconomic performance, finding no correlation or even a negative correlation between a country's size and level of development (though they find small states suffer from greater volatility in growth rates related to terms of trade).[2] These authors suggest that small states have developed *economic resilience* or the "ability to economically cope with or withstand … inherent vulnerability as a result of some deliberate policy" (Briguglio and Kisanga 2004:20). This section looks at how small states differ from large states and the challenges and opportunities these differences pose for social development.

Small states and economic development

Economic development constitutes an important part of social development, directly impacting on peoples' livelihoods. Armstrong and Read (2003) and Briguglio (1995) provide succinct summaries of small states' vulnerabilities in regards to economic development.

The *(i) small size of the domestic market* reduces small states' potential for economies of scale and economic diversification. Demand may be insufficient for efficient output (that is, higher unit costs, higher per capita infrastructure costs, disadvantages for promoting research and development, technical progress and technology acquisition, and high reliance on imported technologies). Often businesses will rely on external markets for their products. The potential for competition is reduced with a small market, leading to problems of high prices associated with monopolies or oligopoly. In addition, small states face a problem of *(ii) a limited domestic resource base.* Labour supply is limited by population size (Briguglio 1995; Armstrong and Read 2003). States with small populations are typically small in area and thus have limited and undiversified resources and face constraints in their ability to exploit these resources.

These constraints can lead to *(iii) a narrow range of domestic outputs, exports and export markets,* which in turn increases the risk of exogenous shocks, instability and Dutch disease. Indeed, growth rates in small states exhibit greater volatility in relation to terms of trade than those of larger states.[3] External vulnerability is heightened by small states weak influence on the global markets they trade in. It is also heightened by small states' constrained ability to diversify, to pursue import-substitution policies and to increase production in response to changing prices.

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[1] The Commonwealth Secretariat, with over a third of its members classified as small economies, has been genuinely interested in the challenges faced by small states. Apart from the Commonwealth Secretariat, many other international organizations have become actively involved with issues facing small islands, including but not limited to: the World Bank, the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Food and Agriculture Organization of the United Nations (FAO), United Nations Environmental Programme (UNEP), United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO).

[2] Armstrong and Read 1998, 2002a, 2003, 2006; Easterly and Kraay 2000; Read 2001.

[3] Easterly and Kraay 2000; Read 2001; Armstrong and Read 2003.

However, these constraints also force small states to be more innovative and flexible in their development strategies. Labour shortages could be advantageous in that they rule out economic strategies based on labour-intensive traditional agriculture. The focus on the service sector (for instance, tourism and offshore financial centres) and light manufacturing (within export processing zones) has led to better economic growth than strategies relying on agriculture and remittances (Prasad 2003, 2004). The scarcity of labour could encourage states to focus on higher value-added products and services with the associated drive to accumulate human capital (Armstrong and Read 2003). Indeed, some small countries have excelled in small-scale, high-value products that put to good use their island identity (Prasad and Raj 2006).

In addition, the small domestic market and limited domestic resources lead to negative macroeconomic pressures stemming from (*iv) their high degree of structural openness* (that is, a high share of trade in GDP/GNP). Often small states will sacrifice monetary autonomy by linking their exchange rate to hard currencies or adopting these currencies. Openness limits countries' ability to set domestic prices (price-takers) and leads to a heavy dependency on imports (Briguglio 1995; Armstrong and Read 2003). However, in a more positive light, small states' openness forces them to be internationally competitive and ensures states avoid ill-planned policies of protectionism and import substitution. In addition, vulnerability to external events may spur dynamism and flexibility in policy making.

Island or landlocked states suffer from their *(v) isolated, remote location* and the associated high transport and communications costs.[4] Moreover, countries made up of island chains face these elevated costs internally in transport, communications and social service provision and access (Briguglio 1995; Armstrong and Read 2003). Winters and Martins (2004:355) note that insularity and smallness are highly correlated; they show that small states face higher air and sea freight rates when exporting products. Yet, as discussed further below, this remote location can be a draw for tourism.

In terms of human capital, many small states face *(vi) significant labour emigration* and the associated "brain drain". Training facilities are not always available for specialists, and overseas trainees may not return. Yet emigration also carries some benefits, including remittances, knowledge transfers from developed countries, and consumption and promotion of tourism and of exports by diaspora communities (Baldachinno, Bertram, various years). These benefits can be promoted through government policies that facilitate remittances and encourage return of emigrants (especially those that receive funding for education abroad).

Furthermore, small states' *(vii) small size relative to their large counterparts* makes obtaining aid easier. Small states receive more aid per capita and better terms of aid (Streeten 1993). This is due to the "small-country effect" and the small burden these states place on donors in comparison to larger counterparts. Similarly small states have often benefited from preferential trading agreements (Armstrong and Read 1998, 2002b).While some suggest heavy aid-reliance constitutes a vulnerability, such aid can also be understood as the result of careful management of external relations and effective governance. Looking

[4] This is compounded by the fact that shipments may be small, as they are destined for small populations and thus increase transportation per-unit costs. Alternatively goods can be stockpiled, but this involves storage costs.

at five small states, Bertram and Watters (1985) found that economic sustainability was not achieved through local commercial export production, but rather through reliance on two stock-flow relationships: migration–remittances and aid–bureaucracy (coined as a MIRAB strategy). This model challenged the notion that the only path to development is through export-led growth and the stimulation of economically marginal tradable sectors. The stock of overseas migrants and their descendants sustained the flows of remittances and of new migrants, while the stock of public sector employment was sustained by aid flows. These stock-flow relationships depended on the state's political relationships. Various scholars have identified MIRAB dynamics in other small island states, including Cape Verde, Comoros, Dominica, Kiribati, Marshall Islands, Samoa, São Tomé and Príncipe, and Tonga, among others (Baldacchino and Bertram 2009). The MIRAB model has also been found to apply to non-island entities and larger islands, including Sri Lanka and Lesotho (Bertram 2006).

According to these authors, the sustainability of these economies depends on continued migration, aid flows, operational bureaucracies and strong remittance networks. Bertram (2006:12) has acknowledged that this model "has no deterministic guarantee of continued existence", but suggested it would remain for the coming years. He suggests that, in the long term, remittances may decay or donors may curb aid (Bertram 2006). Examining remittances at the microeconomic level, Poirine (2006) predicts that if migrants are guided by altruism, remittances will fall per migrant as a larger portion of the transnational family is abroad; in contrast, if migrants are guided by self-interest and are repaying informal family loans, remittances should continue at similar rates until the loans are repaid. Critics of the model suggest that the external dependence on aid and remittances carries its own risks for sustainability.

Finally, in terms of economic development and also in other spheres, small states often *(viii) lack policy autonomy*. Small states are susceptible to "external political pressures and the strategic manoeuvring by larger neighbouring states" (Armstrong and Read 2003:108). As mentioned above they often sacrifice monetary autonomy. In the field of defence, they either face a large burden on revenues or must rely on external powers and the associated loss of autonomy (Read 2001).

Surprisingly, this may not be a disadvantage. Small sub-national jurisdictions have been able to take advantage of their close political ties to advance their economic development; several independent states have done the same with their looser political ties (including Antigua and Barbuda, Bahamas, Barbados, Cyprus, Fiji, Grenada, Maldives, Malta, Seychelles, St. Kitts and Nevis, St. Lucia, St. Vincent and Grenadines, and Vanuatu) (Bertram 2010a). For instance, small islands that focus on labour-intensive tourism development and the associated spin-off goods and services deliberately attract tourists through capitalizing on tailor-made institutional arrangements (no visa, use of metropolitan currency and language learning) in addition to other characteristics like remote location and good weather (McElroy 2006).

A related strategy identified by Baldacchino (2006a) suggests that small islands use flexible domestic policy and the development of a dynamic private sector to advance their development. More specifically, they instrumentally use their power of jurisdiction to pursue "a shrewd immigration and cyclical migration policy; [to engage] in tough external

negotiations concerning the use of local mineral, natural, political and other imaginative resources; [to secure and control] viable means of transportation; and [to lure] foreign direct investment via very low/no tax regimes" (Baldacchino 2006a). For instance, offshore banking centres, tax havens, ship registries and military outposts would all fall within this strategy. This strategy has been found to be coupled with high-end tourism. It is unlikely for it to be paired with strategies relying on remittances and aid, which tends to be coupled with low-end tourism (McElroy and Parry 2010).

Small states and environmental risks

Small states *(ix) are naturally susceptible to many environmental risks*—a vulnerability which is likely to be exacerbated by climate change. These countries tend to have high biodiversity and fragile ecosystems (Commonwealth Secretariat and World Bank 2000). Small island developing states (SIDS) are disproportionately affected by natural disasters; this is especially true of certain Pacific islands (Papua New Guinea, Fiji, Tonga and Vanuatu) and the Greater Antilles (Haiti and Jamaica) (Pelling and Uitto 2001). Their small size means that large areas of the country are likely to be affected if a natural disaster does occur (Briguglio 1995; Armstrong and Read 2003).

The Intergovernmental Panel on Climate Change (IPCC) has investigated the risks faced by small islands (IPCC 2007).[5] Several low-lying small coastal states face similar challenges to these small island states. The IPCC found small islands are highly vulnerable to climate change, sea-level rise and extreme events due to their limited size, open economies, low adaptive capacity and proneness to natural hazards and climate extremes. Rising sea-levels will exacerbate inundation, storm surge, erosion and other coastal hazards threatening settlements and infrastructure that are predominately located along the coast. Water resources are likely to be compromised by changing patterns of rainfall, particularly in the Caribbean; these changes are expected to adversely affect subsistence and commercial agriculture. Fisheries, coral reefs and marine-based resources are likely to be damaged by climate change and associated changes in El Niño–Southern Oscillation events. Climate change is also expected to adversely affect tourism and to change the local ecosystem, favouring new non-indigenous invasive species.

Small states' low adaptive capacity exacerbates these risks. According to the World Health Organization (WHO), adaptive capacity is largely determined by a country's "economic wealth, technology, information and skills, infrastructure, institutions and equity" (WHO 2003). While large variation exists, many small states have inadequate in-country human resources, face high fixed costs for infrastructure development and lack sufficient financial resources. More optimistically, small states have successfully used internal and international migration as an effective adaption strategy in the past and have considerable experience dealing with extreme climate events.

Nonetheless the uncertainty associated with the location, timing and magnitude of changes brought on by global warming adds to small states' dilemma. Many of the adaptive strategies of small states have been reactive rather than pre-emptive (IPCC 2007). Though ultimately induced by human activity, climate change "surprises" are difficult to

5 As mentioned earlier, of the 50 small states considered in this project, 35 are islands (either nations or part of larger islands) and 11 are coastal regions.

prepare for, as both the specific change and the solution are uncertain; taken in the context of scarce finances, this uncertainty only exacerbates the problem (Barnett 2001). Climate change may disproportionately impact the poor and is likely to constitute a major challenge for sustainable development in small states (IPCC 2007).

The same factors that place small states at risk also bring some benefits. For instance, small states' beauty and large share of global biodiversity are a draw for tourism. Their high ratio of coastline to land area means small states benefit from large territorial waters and the associated marine resources.

Small states and social welfare and services

Cameron (1978) argued that small open economies respond to the challenges of globalization by formulating redistributive policies through a welfare state. In doing so, they provide a cushion to their citizens who would otherwise be extremely vulnerable to external shocks. This may be the reason behind the tendency of small economies to have larger public sectors in terms of both spending and employment. Countries with larger public sectors have more equitable levels of prosperity among the population (Baker 1992). Yet, perhaps, the high level of public spending is, at least in part, due to the fact that government functions in small states tend to be expensive per capita. Small states possess limited institutional capacity as there are diseconomies of scale in providing public services and in carrying out administrative functions (Commonwealth Secretariat and World Bank 2000). Delivery of social services across island chains will be expensive. In the field of defence, they either face a large burden on revenues or must rely on external powers and the associated loss of autonomy (Read 2001). In terms of public administration, there is a smaller labour supply and specialists trained overseas may not return home.

Small states and political development

A country's institutional, political and historical setting plays a key role in shaping policy formation, and subsequently development outcomes. Of course, the chosen policies and strategies matter, but so do delivery institutions and government commitment. These factors, shaped by historical context, will go on to influence public policy. Citizens' participation on equal terms in decisions that affect their lives can be used as a proxy for ensuring the changes in social sphere can be legitimately interpreted as improvements in social development (Ghimire 2005).

Lijphart[6] argued that despite being fragmented societies, developed small states are *(x) relatively stable because of "consensual democracy"* and the "politics of accommodation". Katzenstein (1985, 2003) argues that small states are consensual because there is a shared perception of vulnerability as a result of natural disasters, migration, invasion and a tendency to be price-takers in global trade. Consensual politics is manifested by participatory decision making by state, capital and labour, which is labeled as corporatism. He demonstrated that small economies of Austria and Switzerland have a particular type of politics referred to as neo-corporatism. Other authors go further, claiming that the geographical attributes, social fabric and history of small island territories generates a shared culture of "islandness" which is intrinsically linked with the

[6] Lijphart 1969, 1975, 1984, 1990, 1999; Lijphart and Crepaz 1991.

state (Lowenthal 1987). Indeed, it has been demonstrated that smaller countries tend to be democracies (Anckar 2002, 2004; Srebrnik 2004). However, the degree of democracy varies; for example Mauritius, Malta, Barbados, Jamaica and other smaller countries of the Caribbean are considered full-fledged democracies, while other countries have been more volatile. Seychelles was a one-party state between 1979 and 1991 and since has returned to multi-party democracy. In terms of governance structure, most of the countries have a Westminster parliamentary democracy.

Baldacchino (2005) has argued that, although democracy and good governance are necessary conditions for economic growth and prosperity, they are not sufficient in explaining such economic performances. He argues that *social capital or cohesion* explains smaller countries positive development performance. Social capital, or the "resourcefulness of a people to respond positively, collectively and responsibly to an identified political, economic, labour-related or social challenge" helps avoid divisive and damaging policies (Baldacchino 2005:32). High social capital has been found in the Nordic states and other smaller European countries like Austria, Netherlands and Switzerland. Bertam (2006:3) suggests that solidarity is "easier to establish and sustain in small communities in general". It could be that citizens' geographical proximity within small states improves social cohesion. Yet many small states have a multi-cultural and multi-ethnic history, which may threaten social cohesion and lead to conflict.

Framework and Methodology

While there is a lively debate on small states' vulnerabilities and their potential strategies for economic development, there is little research that looks at social development more holistically and the role of social policy in its promotion. Social development encompasses economic development, as well as democracy and human well-being in its focus on improving institutions and welfare.

Recognizing the important role of policies and institutions, how can we explain the divergent social development performance of small states? Why have some states succeeded in improving their social and economic indicators while others have failed? How has social policy contributed to counties' successes or failures, and their crisis management? What lesson can be learned? Do the challenges faced by small states require a different type of social policy? In answering these questions, this study aims to contribute towards the empirical literature on small states. Its findings can provide possible lessons for other countries.

Drawing from the literature, this research advanced four strands of theoretical inspiration to develop a better understanding of the successes and failures of the small states. Looking at the literature on economic development, the small states that overcome their vulnerability used their sovereignty and political status to advance their cause. Good governance (rule of law, strategic law making, international relations and diplomacy) proved to be a very effective economic resource as states resorted to non-market and non-orthodox solutions, such as negotiating aid or instrumentally using emigration to encourage remittances and provide an outlet for their population.[7] For the purposes of

[7] Baldacchino and Milne 2000; Prasad 2004; Prasad and Raj 2006b.

our study, this will be coined as: (i) effective use of jurisdictional resourcefulness or "power of jurisdiction"; within the political sphere, (ii) social cohesion and (iii) participatory and consensual democracy is thought to promote more inclusive, equitable social policies and a better quality of life; (iv) strong welfare states can also advance socioeconomic development through redistribution, transformative and inclusive production and reproduction and protection from life-cycle risks, marginalization and poverty. Full thematic papers were commissioned on each of the four hypotheses.

Twelve in-depth country case studies were carried out, looking at each country's general development strategies, social situation, social policies and crisis management, and the relevant policy implications. Each case study examined social policies and institutions in relation to the four themes mentioned above and investigated how these themes impacted on the policy formulation and the social development outcomes. Each study sought to understand how social policies are formulated and negotiated within the local settings (ethnicity, history, political structure, and so on) and how different policies and institutions are configured and sequenced. The research takes a comparative analytical approach examining countries' economic and political history to explain the evolution of social development in small states and the processes behind it. The approach combines both qualitative and a quantitative analysis.

Country selection

Countries were selected to span a range of economic, social and political performance. Table 1 presents some basic indicators of small states' economic and social development, level of democracy, poverty rates and incidence of inequality (see the annex for additional information).[8] Of the small states where data on income and human development are available, Barbados and Malta were selected among the seven countries with *high* income and *very high* human development; Trinidad and Tobago among the three countries with *high* income and *high* human development; Grenada, Jamaica, Mauritius and Seychelles among the nine countries with *upper middle* income and *high* human development; Fiji, Guyana, Samoa and Vanuatu among the nine countries with *lower middle* income and *medium* human development; and Solomon Islands among the nine countries with *lower middle* income and *low* human development. The selected countries vary in their level of democracy (ranging from fully-fledged to authoritarian), poverty and inequality.

[8] Cook Islands, Niue, Nauru and Tuvalu are excluded due to lack of data.

Table 1: Small states from a comparative perspective

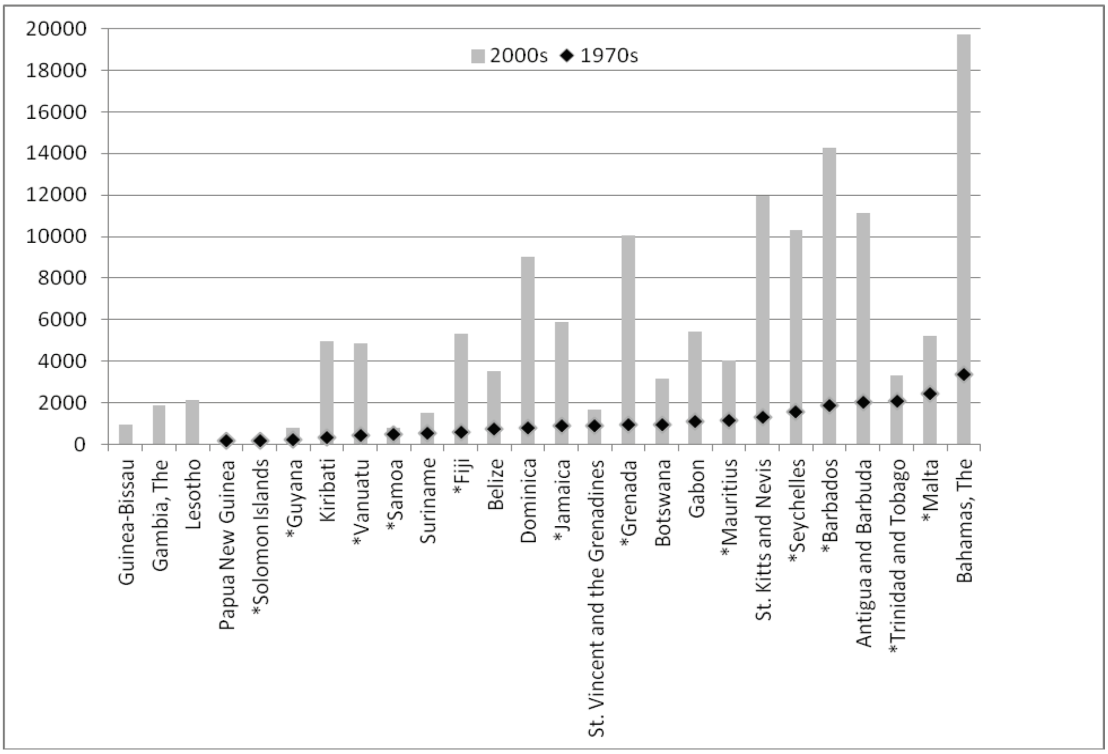
	Economic development	Social development		Democracy		Poverty	Inequality		
Country	Income category, 2010*	Human development category, 2011	Infant mortality rate (per 1000 live births), 2010	Regime type, 2011	Freedom House ranking, 2012	Human Poverty Index rank, 2009	Gini index, latest available	Year and source	
Bahrain	High	Very high	8.7	Authoritarian	Partly Free	39	—		
Barbados	High	Very high	17.3	Democratic	Free	4	—		
Brunei	High	Very high	5.8	Flawed	Partly Free	—	—		
Cyprus	High	Very high	3.2	Democratic	Free	—	29	2006	2
Estonia	High	Very high	4.3	Democratic	Free	—	33	2006	2
Malta	High	Very high	5.2	Democratic	Free	—	28	2006	2
Qatar	High	Very high	6.7	Authoritarian	Partly Free	19	41.1	2007	1
Antigua and Barbuda	High	High	6.8	Democratic	Free	—	—		
Bahamas,	High	High	14	Democratic	Free	—	43.0	2004	2
Trinidad and Tobago	High	High	24	Democratic	Free	27	—		
Dominica	UMI	High	11.3	Democratic	Free	—	—		
Grenada	UMI	High	9	Democratic	Free	—	—		
Jamaica	UMI	High	20.2	Democratic	Free	51	45.51	2004	1
Mauritius	UMI	High	13	Democratic	Free	45	37.1	2001	2
Palau	UMI	High	14.9	Democratic	Free	—	—		
Saint Vincent and the Grenadines	UMI	High	19.2	Democratic	Free	—	—		
Seychelles	UMI	High	11.7	Democratic	Partly Free	—	65.77	2007	1
St Kitts and Nevis	UMI	High	6.5	Democratic	Free	—	—		
St. Lucia	UMI	High	14	Democratic	Free	26	42.6	2000 – 2011	3
Tonga	LMI	High	13.4	Flawed—	Partly Free	—	—		
Belize	LMI	High	14.2	Democratic	Free	73	—		
Equatorial Guinea	high	Medium	80.5	Authoritarian	Partly Free	98	—		
Botswana	UMI	Medium	36.1	Democratic	Free	81	—		
Gabon	UMI	Medium	54.4	Authoritarian	Partly Free	72	41.45	2000 – 2011	3
Maldives	UMI	Medium	13.6	Democratic	Partly Free	66	37.37	2004	1
Namibia	UMI	Medium	29.3	Flawed	Free	70	70.7	2003	4
Suriname	UMI	Medium	26.9	Flawed	Free	46	52.8	2000 – 2011	3
Bhutan	LMI	Medium	43.7	authoritarian	Partly Free	102	46.83	2003	1
Cape Verde	LMI	Medium	29.2	Flawed	Free	62	50.52	2002	1
Fiji	LMI	Medium	14.9	Authoritarian	Partly Free	79	—		
Guyana	LMI	Medium	25.3	Democratic	Free	48	43.2	2000 – 2011	3
Kiribati	LMI	Medium	38.5	Democratic	Free	—	—		
Micronesia, Fed. Sts.	LMI	Medium	33.9	Democratic	Free	—	—		

	Economic development	Social development		Democracy		Poverty	Inequality	
Country	Income category, 2010*	Human development category, 2011	Infant mortality rate (per 1000 live births), 2010	Regime type, 2011	Freedom House ranking, 2012	Human Poverty Index rank, 2009	Gini index, latest available	Year and source
Samoa	LMI	Medium	17.3	Democratic	Free	—	—	
Swaziland	LMI	Medium	55.1	Authoritarian	Partly Free	108	50.68	2001 1
Vanuatu	LMI	Medium	12	Democratic	Free	83	—	
Djibouti	LMI	Low	73	Authoritarian	Partly Free	86	39.96	2002 1
Lesotho	LMI	Low	64.6	Flawed	Partly Free	106	52.5	2003 1
Papua New Guinea	LMI	Low	46.9	Democratic	Partly Free	121	—	
São Tomé and Prin.	LMI	Low	53.1	Flawed	—	57	50.82	2001 1
Solomon Islands	LMI	Low	22.5	Democratic	Partly Free	80	—	
Timor-Leste	LMI	Low	46.4	Democratic	Partly Free	122	31.93	2007 1
Comoros	low	Low	62.8	Authoritarian	Partly Free	78	64.3	2004 1
Gambia, The	low	Low	56.9	Authoritarian	Partly Free	123	47.28	2003 1
Guinea-Bissau	low	Low	92	Authoritarian	Partly Free	107	35.52	2002 1
Marshall Islands	LMI	—	22.2	Democratic	Free	—	—	

***Notes:** Income categories are based on World Bank definitions using gross national income (GNI) per capita: low, $1,005 or less; lower middle income (LMI), $1,006–$3,975; upper middle income (UMI), $3,976–$12,275; and high income, $12,276 or more. 2009 data is used for Brunei, Barbados, the Bahamas, Djibouti and Suriname; 2008 data is used for Bahrain **Sources:** EIU 2011; Freedom House 2012; World Bank 2012, World Development Indicators (WDI); UNDP 2011. For Gini coefficient sources are as follows: [1] World Bank 2012, WDI; [2] UNU-WIDER 2008; [3] UNDP 2011; and [4] US Government 2012 CIA World Factbook.

Furthermore, if we look at socioeconomic progress over time, the selected small states vary significantly in their evolution. Figure 1 captures economic development, showing the change in GNI per capita over time (where data are available). While most countries' GNI has increased, it has done so at very different rates. Some clear outliers in terms of strong growth are Antigua and Barbuda, the Bahamas, Botswana, Malta and Seychelles; some clear outliers in poor growth are Fiji, Gabon, Guyana, Jamaica, Kiribati and Suriname. The selection of countries captures both poor and strong economic performers.

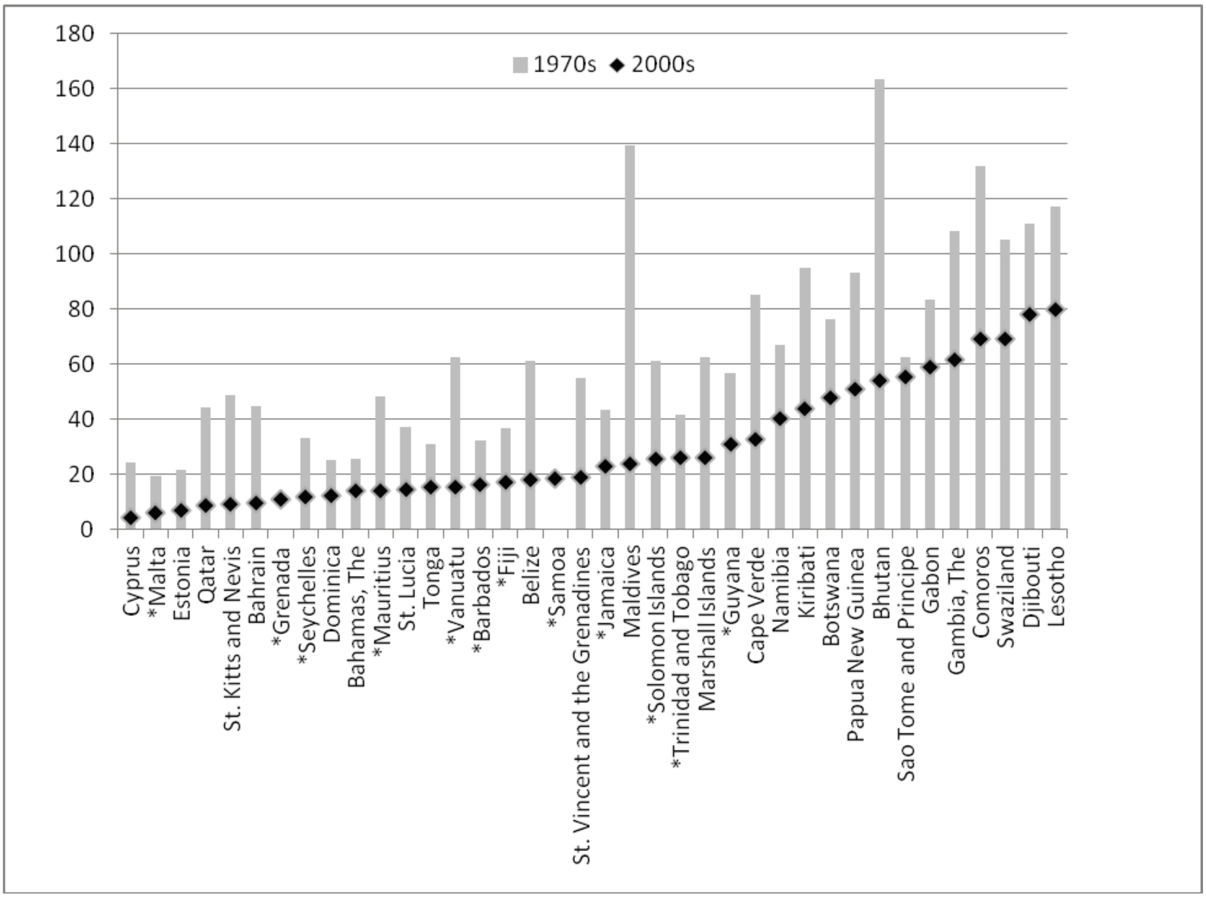
Figure 1: Average GNI per capita, Atlas method (current US$), 1970s and 2000s



Note: Case studies were commissioned on those countries marked with asterisks. **Source:** World Bank 2012,WDI.

Figure 2 captures social development through the proxy of infant mortality rates and their change over time (where data are available). Countries have varied significantly in their performance on social development. Bhutan, Cape Verde, Maldives and Vanuatu have markedly reduced their infant mortality rates, whereas São Tomé and Príncipe, Trinidad and Tobago, and Tonga have seen relatively little progress. Trinidad and Tobago and Vanuatu provide a clear example of this divergent social progress. While in 2010, Trinidad and Tobago's infant mortality rate was double that of Vanuatu (24 to 12 deaths per 1,000 live births), Vanuatu began in 1960 with a much higher mortality rates (109.8 deaths compared to Trinidad and Tobago's 55.4) (World Bank 2012). The selection of countries captures both poor and strong social performers.

Figure 2: Average infant mortality rate (per 1,000 live births), 1970s and 2000s



Note: Case studies were commissioned on those countries marked with asterisks. **Source:** World Bank 2012, WDI.

The Role of Universal Transformative Social Policy: Country Case Studies

The country studies show that, in many cases, commitment to transformative social policy has played an important role in improving social indicators, promoting economic growth and building resilience to some of the vulnerabilities associated with small states. This section begins by giving a brief overview of the different social policies and economic and political environment in each of the 12 countries studied, before going on to explore the four thematic papers and the countries' social policies in more depth.

Leaning towards universal social policy: Malta, Mauritius, Seychelles and Barbados

With very different initial characteristics and income levels, Barbados, Malta, Mauritius and Seychelles have secured universal and comprehensive social policy and achieved high levels of human development, as measured by the human development index. All four countries have experienced moderate growth performance; GDP growth per capita has averaged above 2.5 per cent over the period 1960 to 2009 (where data are available) and the countries have made considerable improvements in their social indicators (World Bank 2012). Their social policies included free health and education from early in their development and near-universal social protection that includes coverage of the poor.

Malta

Azzopardi (2011) shows that, through its mixture of post-independence policies, Malta has undoubtedly been successful in promoting social and economic development. Regionally, the country has achieved notable progress, growing at a faster rate than its high-income European neighbours for the first 25 years after independence. Malta took advantage of its strategic location and pursued policies that provide manufacturing incentives, promote tourism and create niche markets for products like decorative glass. Malta has also exploited colonial ties with the United Kingdom to secure grants and aid, and has diversified international relations to ensure sufficient financial support.

Malta has two main political parties and high election turnout; the political polarization of the island has resulted in a rotation of power between the Right and Left wing ideological stances, which has led to diverse perspectives and priorities in terms of economic and social policies. In spite of conflicting ideologies, social cohesion and a collective conscience have been important in overcoming crises, especially when these emanated from outside the country.

The welfare state in Malta, which was introduced in the 1920s and strengthened from the 1970s, has been paramount in securing a high quality of life for all and in building resilience to shocks. From the 1970s, social objectives and social progress were prioritized in successive development plans. A comprehensive welfare state has been developed, including social services for all and wide-ranging social protection and assistance. Education was paid for by the state, even at the tertiary level, and participation of low-income groups in universities was encouraged by a monthly stipend. Malta introduced a free and comprehensive health system, delivered through various state polyclinics spread over the islands, including immunization, daily food supplements and complementary medical visits for all children. Social protection encompasses a wide range of support services, benefits, pensions and grants and is both contributory and non-contributory.

In spite of these successes, since the 1990s, there are increasing concerns regarding sustainability of such generous programmes. The government has chosen to try to turn the idea of a welfare state into a welfare society, putting more emphasis on self-help, volunteer work and non-governmental organizations (NGOs). Recent government reports indicate that some reforms are likely to be necessary in certain critical areas such as health and pensions.

Mauritius

Since the 1980s, Mauritius has experienced spectacular economic growth and the achievements are reflected in its impressive social development indicators. The country has transformed itself from a monocrop economy, solely dependent on sugar, to a highly diversified economy comprising a manufacturing sector and services, including international tourism, finance and information and communications technology (ICT). In contrast to Malta, Mauritius was characterized by unfavourable initial conditions, including remoteness, a backward economy and ethnic tensions. Nath and Madhoo (2013) explain how, through determined economic policy, consolidation of democracy and the welfare orientation of successive governments, Mauritius has been able to overcome these problems.

Diverse groups were united by a sense of economic nationalism, expanded educational opportunities and an economic incentive structure (through non-geographically based export processing zones) that minimized regional inequalities.

Nath and Madhoo (2013) explain how the combination of economic and social policy was one of the most important features of the country's development. The government was committed to providing social services and social protection (free health, education and non-contributory pensions) to all its citizens. As early as 1957, pension entitlements became universal, and the rapid expansion of educational opportunities improved social mobility of the working class. These were largely financed by a progressive tax on sugar, and the state resisted pressures to abolish free health and education under structural adjustment in the 1980s. However, challenges persist in terms of access and coverage to some services; for instance, competition excludes many from secondary education and social assistance programmes are characterized by limited coverage.

Seychelles

Seychelles, an isolated and economically vulnerable country, has shifted from an economy based on plantation agriculture to one based on tourism and canned tuna exports. Social indicators point to a resounding success and exceed expectations given the country's GDP per capita. The success was achieved through state-led import substitution and well-designed tourism policies. Surprisingly, much of this progress took place under a one-party state. In 1977, following a coup d'état, the Seychelles People's Progressive Front (SPPF) removed civil and political freedoms and, even after multiparty elections were held from 1993, SPPF rule continued. The Seychelles National Party (SNP) has emerged as the main opposition, but the SPPF, or the People's Party as it was renamed in June 2009, has remained in power. Though the most recent elections were seen as meeting basic international norms, SPPF has disproportionate control over state resources and access to the media. Freedom House rates the country as partly free (Freedom House 2012).

Campling et al. (2011) describe how, throughout this time, social policy interventions received high policy priority and progress in social development was largely enabled through revenues procured from the tourism sector. The government prioritized education for national development and aimed to provide equality of opportunities—education was free and large investments were made in infrastructural development, teacher training and the development of locally based instructional resources. Similarly, health for all was prioritized through a decentralized system, free of fees. Social protection has had a relatively short but successful history; prior to independence coverage was confined to certain groups and, in 1979, the universal Social Security Fund was created to ensure that all citizens of Seychelles benefited from development. Following the return of multiparty democracy in 1993, the scale and scope of social protection expanded further. Today, Seychelles is characterized by one of the most generous and successful social protection programmes in Africa, with as much as 30 per cent of households covered. Increasing economic development and social protection since 1977 have resulted in significant progress in poverty reduction. Anecdotal evidence describes the "disgraceful" conditions of a large number of people prior to independence, whereas, in 2000 the level of absolute poverty (using the poverty line $3 per head per day) was 2.5 per cent.

Barbados

Premdas (forthcoming) highlights Barbados' successes, but is also quick to note the emerging challenges to stability and development. Among these are increasing social malaise, growing crime rates, loss of social cohesion and worsening poverty and inequality.

More optimistically, Barbados is commended for having achieved high income levels and remarkable progress in social development. The country has overcome problems related to heavy dependence on a monocrop export-bound economy based on sugar towards a more diversified and lucrative economic structure based on services and tourism. Barbados is a multi-ethnic society that has been characterized by ethnic tensions. However, from soon after independence, the political system ensured a stake for each of the diverse ethnic groups. This allowed a two-party system to mature, providing a basis for political and social stability to Barbados and was a tremendous asset in attracting foreign investors.

Successive governments in Barbados have shown a commitment to social policy, with an emphasis on comprehensive social service provision, and this has been an important factor in the country's social and economic development. In social services, education has been a priority since the early 1800s, with the government playing an important role in provision, supported by a strong desire for education from the public. By the 1960s, primary and secondary education were available free of charge, which contributed to a skilled workforce that provided the necessary labour supply to facilitate economic diversification. In an effort to provide education and health services in rural areas, policies such as meal schemes and subsidized transport were introduced to encourage access of the poorest groups. Barbados also has one of the most advanced social protection schemes in the region, comprising both contributory and non-contributory pensions and unemployment insurance.

Progress and gaps in social policy: Samoa and Grenada

Samoa and Grenada have witnessed considerable improvements in their social indicators since independence. This has been achieved through a commitment to universal social policy, although some gaps exist in terms of access for low-income groups. These two countries have achieved social outcomes that are beyond what could be expected for their income levels, based on an analysis of the income per capita and human development rankings of the human development index. It should be noted that Grenada's history was marred by the controversial 1983 US-Caribbean military intervention following the murder of the revolutionary Prime Minister Maurice Bishop. The 17 people imprisoned for their role in Bishop's death were considered to be political prisoners by Amnesty International; the last among them was not freed until September 2009.

Samoa

Amosa (2012) outlines developments in Samoa over the past 50 years. In the few years before gaining independence from New Zealand in 1962, Samoa's social conditions could be best described as primitive. Education, health, housing, sanitation, social security and water supply received attention from the administration at the time, but actual achievements left much to be desired in terms of the quality and accessibility of these social essentials. During the first decade following independence, social services

(particularly education, health and water supply) featured prominently on the government's agenda and external assistance complemented domestic resources in the financing mix. In recent years, Samoa has won the admiration and recognition of the international community for its economic and social achievements, despite combating several crises in the 1990s (including the taro blight, Polynesian Airline's financial woes and two cyclones). In the Pacific region, Samoa is widely considered a role model, which has leapfrogged to higher-quality social services since independence.

Elements of the welfare state model, social cohesion, participative democracy and the power of jurisdiction have all proved to be significant building-blocks for the country's steady progress socially as well as augmenting resilience. Political stability since independence has enabled the state to devise a clear direction in the design and implementation of social policy. Social services, particularly health and education, have long been the prerogative of the government, and in recent years the government has begun to expand on social protection policies—such as the 1990 introduction of old-age pensions—beginning to fill a role that was previously the domain of family and kin. Social cohesion, resulting from a relatively homogenous society and a policy emphasis on equality, has contributed to building resilience and effective social policy practice. Despite making strides in social development, Samoa is currently facing serious challenges that may potentially undermine past achievements, and darken the outlook for further progress. In particular, the present ruling party has dominated politics for more than two decades; and several recent policy decisions may come at the cost of social development and social cohesion.

Grenada

Lewis (2010) presents a case study in social policy delivery in the small Caribbean island state of Grenada in the post-independence period. She assesses the approach to social policy of different governments as well as the economic strategies pursued and their effects on social policy, especially in respect of women and children. She argues that while Grenada has performed creditably in improving conditions of life, measured by key human development indicators, particularly in respect of gender equality and relatively high per capita income, it has not made sustained inroads in addressing poverty and unemployment. Furthermore, these gains were due, in no small part, to a favourable international climate of trade concessions, borrowing and financing, that is likely to be eroded with a move to reciprocal trade.

Lewis (2010) observes that further commitment of public resources is required to fill the gaps that persist in social policy for the vulnerable and unemployed, particularly in regards to weak social protection. Recognizing the difficulties the existing economic climate presents for this, she urges the government to strengthen the role of NGOs, communities and the family—already heavily involved in delivering social welfare and protection—through increased financial support and more active participation in formulating and delivering social policy. She also recognizes the role that the region could play in adopting a collective approach to addressing issues of social welfare that are common to all states.

Social policy undermined or neglected: Trinidad and Tobago, Fiji, Jamaica, Solomon Islands, Vanuatu and Guyana

Trinidad and Tobago, Fiji, Jamaica, Solomon Islands, Vanuatu and Guyana all have experienced disappointing social outcomes—often related to political and economic instability. These countries have either poor performance in terms of social indicators or, in the case of Trinidad and Tobago, poor performance relative to their income level.

Trinidad and Tobago

Trinidad and Tobago is a politically stable, high-income, energy-rich country with relatively strong institutions. It is the most industrialized economy in the English-speaking Caribbean and has, on the whole, experienced high, albeit unbalanced, growth, led by the energy sector. However, the economic performance of Trinidad and Tobago has been highly related to external events and particularly energy prices, leading to significant macroeconomic volatility and fluctuating GDP growth. The economic performance in the immediate post-independence period was favourable, with dramatic increases in income levels, particularly from 1973 due to increased oil prices. However, this period was followed by a severe crisis in the 1980s.

Watson (forthcoming) looks at social policy over the post-independence period and focuses on the impact of mineral rents and economic volatility on attempts to improve social conditions. Over the boom period of the 1970s, the government was able to adjust taxes to appropriate much of the gain, and the impact on government revenue was considerable. Although much of this income was saved abroad, the government was able to finance social welfare programmes and subsidies on consumption. There has been significant commitment to social policy in terms of formal declarations and plans, and these policies have successfully expanded education enrolment at the primary and secondary level, improved health services in rural areas and introduced a number of social welfare programmes. Trinidad and Tobago is characterized by high human development, but in comparison with other countries, the level of social development achieved is disappointing given its superior income level. The main constraint has been an over-reliance on the very volatile energy sector for the financing of projects, which has therefore been subject to the fortunes of that sector.

Fiji

Examining Fiji's social and economic development policies, plans and strategies, Narayan (2009) concludes that the country has followed a fairly good set of social development strategies, aiming to provide services free of charge and encourage universal access, with a special focus on disadvantaged groups. There have been efforts to improve quality and to enlarge the local level network of social services. Education and health, which were prioritized from the colonial period, have received continued government commitment. As a result of these efforts, there have been notable achievements in social indicators. However, these achievements fall short of what should characterize an upper middle–income country like Fiji, and progress has faltered recently. Inequalities persist, services vary in quality and both health and education have been affected by poor management and leadership, and "brain drain" of skilled workers. As a result, the policies and strategies set out in the development plans have failed to achieve the desired level of social development in Fiji.

The failure of strategies to achieve a desirable level of social development is due in large part to persistent political instability in Fiji, which has been an obstacle to investments and therefore growth. Private investments in Fiji over the last three decades have been low, which has deprived Fiji of its objective growth rate of 5 per cent per annum—over the last three decades, economic growth has averaged less than 2 per cent per annum (Narayan 2009; World Bank 2012). Given persistent political instability, lack of appropriate levels of private investments and mediocre economic growth, Fiji's social economy has weakened substantially in the last two decades: unemployment has increased to 28 per cent (2008 data) while poverty has increased to 31 per cent (using the national poverty line) (ILO 2012; UNDP 2011). Therefore, in the last few decades, Fiji has performed poorly in terms of social development and its social fabric has worsened since the military coups in 1987. Ensuing coups and a sustained period of political instability in the country has not helped recovery. Compounding the problem has been emigration, as a large proportion of skilled human capital have migrated to countries such as Australia, Canada, New Zealand and the United States, in light of the growing underdevelopment of the social economy.

Jamaica

Highlighting Jamaica's good performance in terms of economic growth and social indicators in the 1960s, Duncan (2009) suggests the country could become a success. However, over the ensuing period, Jamaica's trajectory and social policy was affected by the global crisis and the resultant debt situation and economic setbacks, particularly in the 1990s. This has been aggravated by partisan political violence, increasing poverty, intensification of gun and drug trafficking, and political corruption. There are continued signs of commitment in terms of education spending and policies but enrolment and quality of education still need to improve.

Solomon Islands

The Solomon Islands has experienced a number of challenges related to its physical characteristic of being scattered across a vast ocean, the existence of a multi-ethnic community and a relatively short history of independence. The country has recently recovered from ethnic conflict and political instability that has negatively impacted on economic performance. The non-homogenous nature of the population poses problems in prioritization of development goals and creation of a national identity of its citizens. Poor initial conditions at independence, which was attained only relatively recently, have required building appropriate social infrastructure such as schools, health facilities, roads, water supply and communication as well as building capacity in the civil service and developing the necessary human resources. Delivery of social services is a particular challenge due to the dispersed nature of the country.

Although the Solomon Islands are characterized by relatively poor social conditions, the country has made important strides. In the 1960s and 1970s, the provision of government services was hampered by impediments such as geography, lack of finances and lack of skilled labour. This situation improved from the 1980s as more emphasis was placed by the government on making improvements in the social sector. The government concentrated on health and education, and quality and quantity of services improved, education in particular has been a priority area for successive governments. Social protection mechanisms are largely undeveloped; traditional social systems, such as tribes,

clans and extended family networks, provide the backbone of the Solomon Islands' social system.

Vanuatu

Vanuatu has achieved significant progress in terms of social development, but challenges remain and, over the post-independence period, there have been important impediments to this progress. As in the case of the Solomon Islands, Vanuatu gained independence relatively recently and conditions at this time were poor. Vanuatu faced the challenge of combining dual systems (of health, education and administration) based on French and British colonial systems, high illiteracy, poor social infrastructure and high population growth. Vanuatu has been successful at extending social infrastructure and social conditions improved, particularly in the 1990s.

Prasad and Kausimae (2012) show that there is still a need for improvements in social conditions. Progress has been undermined by the economic and political performance in the country. Vanuatu has been characterized by political instability; although democracy has been maintained over the period, the government changed almost annually over a 15-year period, and democracy has been undermined due to the traditional social systems, the implication being that politicians often get elected through traditional ties and tribal relationships. Institutions have been weak and much of the development efforts have been squandered by mismanagement. In addition, growth has been poor, unemployment is high and productivity in agriculture has been restrained due to the persistence of customary land tenure. Social protection mechanisms have not been given enough attention, as there has been an over-reliance on traditional social systems, such as family and kin relationships, even though these mechanisms are insufficient and eroding. The Vanuatu National Provident Fund provides pensions for formal sector employees, therefore excluding many who need social protection, and has been badly managed.

Guyana

Social policy development in Guyana has occurred in a context of growth fluctuations as a result of political unrest and changes in government as well as economic collapses and recovery and natural disasters. In addition, inherent features of the country's geography and sociocultural heterogeneity pose significant challenges for public policy in Guyana. These developments and inherent characteristics have had considerable implications for social policy.

Since independence, Guyana has had a strong social welfare orientation, including free education, school meals and other nutritional programmes, and has been characterized by increased spending on health and education. Key policy and legislative provisions have been introduced to ensure the development of education infrastructure and equality of access. Although economic and political woes have resulted in significant fluctuations in education indicators' performance, commitment has been re-established in collaboration with the international community. In health, delivery is constrained by the geography of the country. However, Guyana has introduced a decentralized and predominantly free health system as well as increased capacity, which has improved accessibility. In both areas, however, many challenges remain; such as the quality of education and emigration of skilled health professionals. Social protection schemes include an old-age pension and various other sickness and related benefits based on a contributory system. In spite of

considerable progress, many challenges remain related to financial constraints and "brain drain".

Lessons Learned: Country Case Studies

As defined above, social policy aims to improve citizens' productive potential (typically through human capital formation), to redistribute and equalize opportunities and/or outcomes, to reconcile the burden of family and childcare with other social tasks, and to protect people from the vagaries of the market, perverse effects of economic policy and life-cycle risks such as sickness and old age; in short, social policy targets production, redistribution, reproduction and protection.

Transformative social policy

Transformative social policy—often accompanied by the ideologies of social justice outlined above—have played an important role in furthering socioeconomic development. While Barbados, Malta, Mauritius and Seychelles used economic and social policy holistically to encourage development, Grenada, Guyana, Samoa, Solomon Islands and Vanuatu focused more on human capital formation and skilled labour rather than transforming society and providing comprehensive social protection. All the studied states have made improvements in health and education, but many challenges remain in terms of equity of access and quality.

Human capital production

Ensuring affordable and accessible health and education services is key

Universal health and education has been a priority in all 12 countries studied. Policy intent is credible, and many countries have aimed to provide free health care, and primary and secondary education. Barbados, Malta, Mauritius and Seychelles have implemented universal health care and legally guaranteed free primary, secondary and/or tertiary education with no user fees. In contrast, Fiji, Samoa, Solomon Islands and Vanuatu all charge minimal fees for education, mainly relating to construction and maintenance; for example, Solomon Islands has no official fees for primary education but some informal fees exist at the school level. In Fiji, there is a fee remission scheme directed at low-income groups (Narayan 2011).

In order to promote equality of opportunities, free health and education may not be sufficient as the participation of disadvantaged or rural groups is often constrained by problems of accessibility, related to the distribution of services. Consequently, Barbados ensured construction of health and education facilities in rural areas. Mauritius has a tradition of providing ambulatory health care close to the people and ensured this was maintained with the construction of health centres as well as mobile units to serve remote areas. In Seychelles, as part of the strategy to provide health for all, services were decentralized through community health centres. In Samoa in the 1970s and 1980s, the government was concerned with maintaining and expanding the rural health system through establishing district hospitals and expanding the services they provide. In Grenada, access to health (location within 15 minutes) was low, in spite of widely

dispersed health stations, highlighting the need for improved accessibility in rural areas (Lewis 2010).

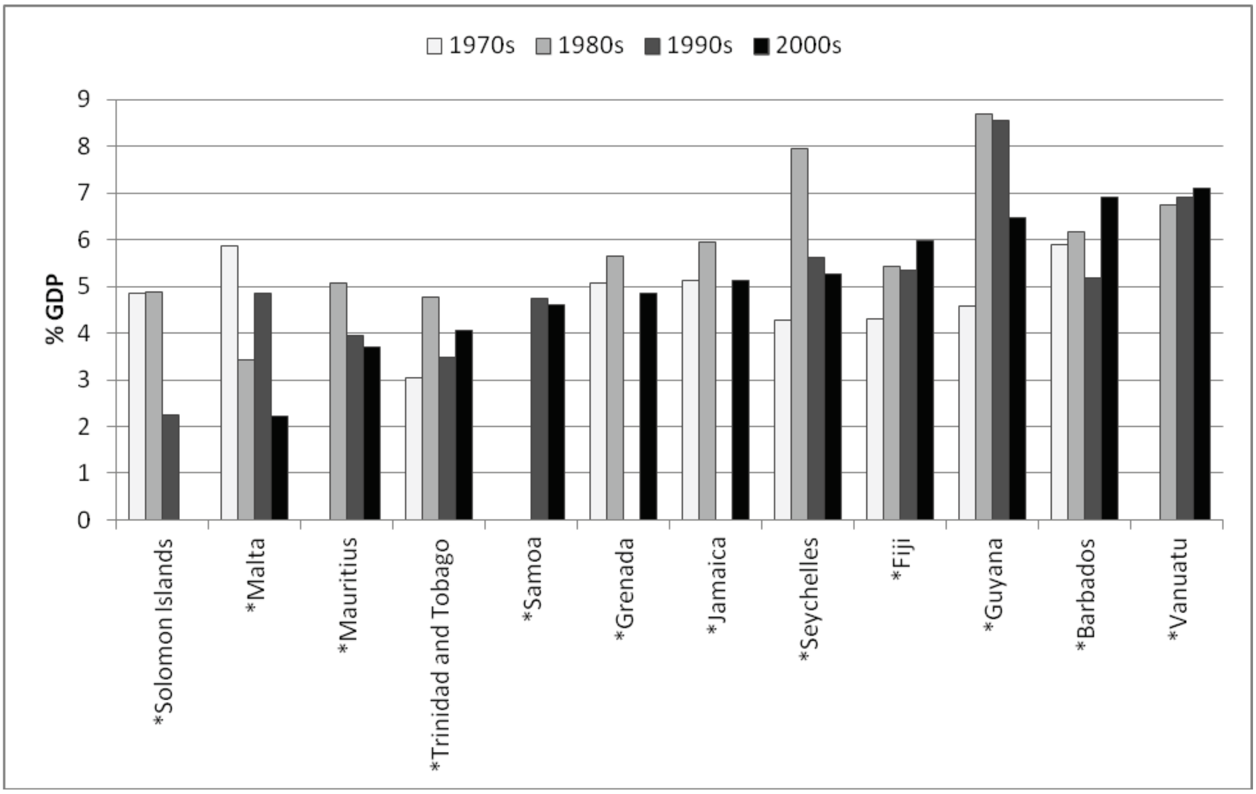
However many small states face considerable challenges in ensuring access to health and education for all. In Fiji, rural access to education is high, as any group can set up a school, leading to a large number of widely distributed small schools; this has been coupled with a government policy that encourages qualified teachers to locate in rural areas. However, as school finances depend on the community's income, poor communities tend to have poorly equipped schools. In health, Fiji embarked on a village-based approach to primary health care in order to achieve health for all. Post-independence education policy in Trinidad and Tobago has emphasized the construction of primary schools and health centres in remote areas, as these areas were experiencing shortages in the 1970s. Solomon Islands has focused on provision of health in rural areas, given the majority of the population is rural. However, even still, a disproportionate share of the health budget is allocated to Honiara, according to the *Asian Development Report* of 1997, and delivery has been hampered by poor communications and a lack of trained personnel. Similarly, in Vanuatu, there is an urban bias in health expenditure and distribution of personnel. The geography of Guyana makes it difficult to provide key public services to interior populations and therefore health is provided at five levels, including local health posts.

Expenditure levels matter, but cannot completely explain outcomes

In spite of commitments towards universal health and education, the budget allocations vary considerably as shown in the figures below. With the exception of Mauritius, all the countries that offer near-universal social policy spent over 3 per cent of GDP on education and health on average over the past decade. Mauritius' expenditure on health and education are low in comparison to other countries and to its relatively high spending in the past (as seen in the figures from 1970). Indeed, as Nath and Madhoo (2013) note, social service expenditure has been sluggish, but could have been worse; in fact, in the 1980s, the country resisted international pressure to reduce social expenditures under structural adjustment.

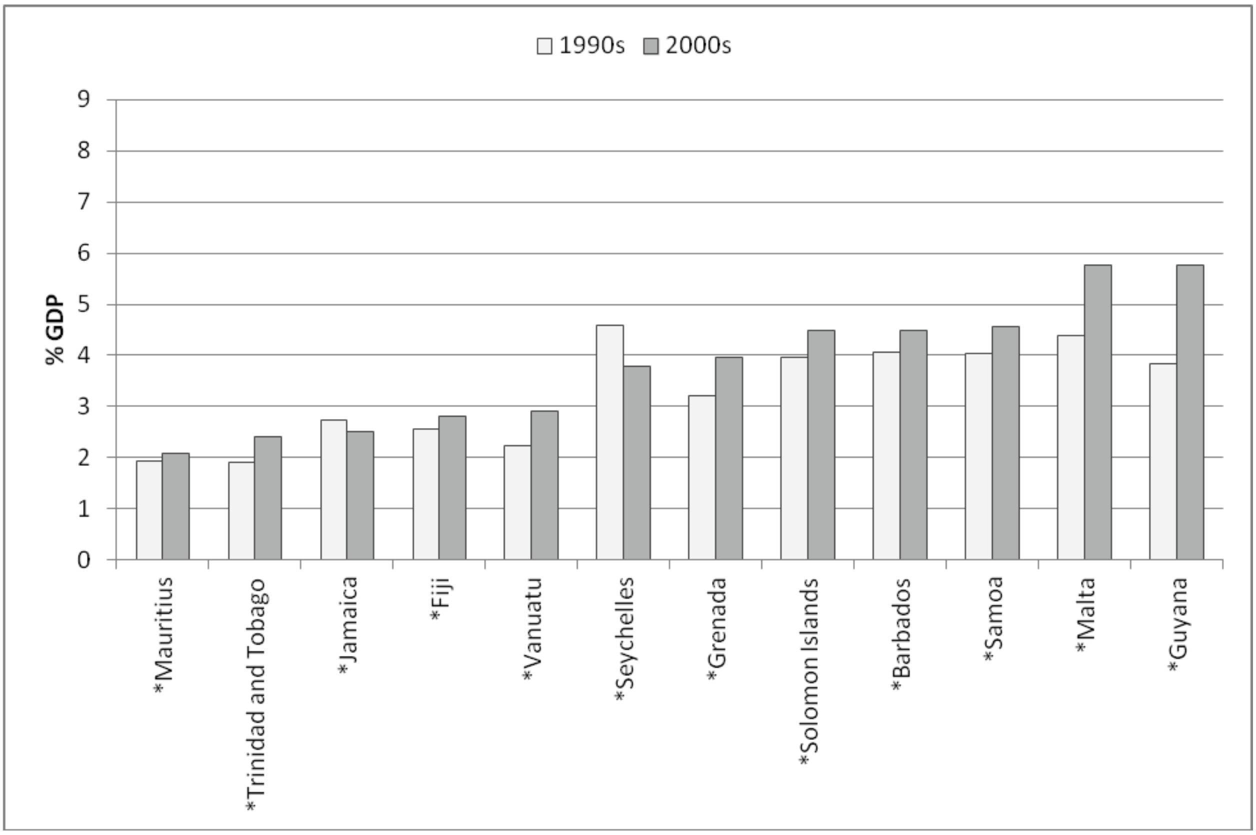
The countries with more disappointing social outcomes vary dramatically in their expenditure levels. Guyana has very high public expenditure on health and education, although, in the case of education, this has fluctuated with high public expenditure in the 1980s and 1990s and lower levels more recently. Vanuatu is characterized by relatively high education expenditure, particularly over the past decade, but lower health expenditure at under 3 per cent. In comparison to the countries studied, Trinidad and Tobago has low levels of spending on health and education, a trend that has been consistent over time. Yet despite its low *relative* spending, health spending (as a percentage of GDP) did increase in the mid-1980s (Watson forthcoming). The Solomon Islands is characterized by low expenditure on education in the 2000s (a considerable decrease from its 1970s' level) but health expenditure is over 4 per cent of GDP.

Figure 3: Average public education expenditure (percentage of GDP), by decade



Note: Case studies were commissioned on those countries marked with asterisks. **Source:** World Bank 2012, WDI.

Figure 4: Average public health expenditure (percentage of GDP), by decade



Note: Case studies were commissioned on those countries marked with asterisks. **Source:** World Bank 2012,WDI.

In many instances, low spending on health and education has had a dramatic impact on infrastructure investment and, in turn, on access and quality. In the Solomon Islands, the increase in education facilities has not been commensurate with population growth, particularly of school age children. Similarly, the health system is yet to be fully developed as a result of lack of funding and a lack of sufficiently trained human resources, which has translated into a shortage of facilities. The lack of funding in the Solomon Islands is due to competition for resources from other sectors of the economy as priority in development plans has been on the income-producing sectors.

Policies to ensure access for low-income groups

Costs beyond user fees (such as transport) have an important impact in terms of limiting the affordability and therefore the accessibility for low-income groups. Barbados introduced schemes to provide school meals, subsidized transport, a school uniform grant and a drugs schemes to ensure medicines are available free of charge to certain groups and at a reduced cost to all. In Malta, textbooks are provided free of charge at lower levels and, in addition to free tertiary education, stipends were provided to students to cover expenses and encourage the participation of low-income groups. In Mauritius, however, although education is free, other costs such as textbooks, uniforms, transport and private tuition reinforce pre-existing inequalities. In Fiji, affirmative action policies that hoped to improve access to education have arguably been divisive (Reddy and Prasad 2002). However, good policy advances have also been achieved in this area in Fiji, such as free textbooks for primary education. Trinidad and Tobago is characterized by charges in education related to textbooks, school uniforms and transport, which has impacted on

access; however financial assistance is provided to help low-income groups to meet these costs while scholarships are provided for tertiary education. In Grenada, the strong correlation between household wealth and school attendance remains a persistent challenge in terms of education. To address this, the government has introduced programmes to encourage participation of the rural poor who face challenges in getting to school, such as a travel subsidy, book rental scheme and a school-feeding programme. However, targeting of these schemes has been criticized as inadequate. In the Solomon Islands, rates of non-attendance are relatively high, primarily due to financial and cultural constraints.

Social protection and reproduction

Affordability and accessibility

Social protection and reproduction, as defined earlier, are indispensable for individual income security and well-being and beneficial for economic development, social inclusion and democratization more broadly. The countries included in this study vary considerably in their social protection spending, policies and coverage, which has significant implications in achieving good social and economic performance. All the countries that have achieved impressive social outcomes have instituted comprehensive and universal social protection.

Universal, or non-contributory pensions—as a complement to contributory social insurance—permit the inclusion of disadvantaged or “hard to reach” groups, as has been introduced in Barbados, Mauritius, Malta, Seychelles, as well as Samoa, and Trinidad and Tobago. Many countries exclude certain groups (often the most vulnerable) from statutory social security schemes: such as low-income groups (Guyana and Trinidad and Tobago), casual workers (Jamaica), unpaid family labour (Barbados and Jamaica), self-employed (Trinidad and Tobago) and temporary and home-based workers (Vanuatu). Social insurance and provident funds dependant on contributions and coverage tend to be limited to employees, although many countries have introduced voluntary coverage for other groups such as the self-employed (Fiji, Jamaica, Solomon Islands and Vanuatu), although in some countries (for example, Grenada) these groups are included in statutory schemes (Social Security Administration and International Social Security Association 2009).

Other social protection/reproduction mechanisms have been introduced to varying extents, including benefits around childbirth, sickness, work injury, unemployment and family allowances. Maternity benefits are available through social insurance or assistance in all the Caribbean countries, Malta and Seychelles. In contrast, the Pacific countries do not offer maternity benefits. The Pacific countries also tend to protect against workplace injury only in the form of employer liability. Notably for the region, Samoa has an Accident Compensation Commission for injuries. Only the four “high-performers” provide unemployment insurance (Barbados, Malta, Mauritius and Seychelles). Malta, Mauritius, Jamaica and Trinidad and Tobago have means-tested social assistance.

Financing social policy

The case studies provide some useful insights in the financing of social policy. Many of the countries that achieved impressive social performance secured sustainable financing

of social policy. For example, in Barbados and Seychelles revenues from the tourism sector were channelled towards providing free health and education. Similarly, in Mauritius, provision of social services and social protection was financed by a progressive tax on sugar. In Trinidad and Tobago, the government was able to appropriate revenue from mineral rents but the revenue was volatile and insufficient amounts were used to finance the social sector. As discussed in further depth below, many countries have also relied on foreign assistance and concessionary loans.

Expenditure on social protection varies considerably. Malta, Mauritius, Seychelles, and Trinidad and Tobago spend more than 5 per cent of GDP on social protection compared to lower levels for Pacific Island countries.

Table 2: Government spending on social benefits (percentage of GDP)

Country	Expenditure	Year
Fiji	1.32	2005
Jamaica	2.1	2009
Barbados	3.7	2008
Mauritius	5.09	2009
Trinidad and Tobago	5.94	2008
Seychelles	7.45	2005
Malta	13.87	2009

Notes: Information is not available for Grenada, Guyana, Samoa, Solomon Islands or Vanuatu. The IMF *Government Finance Statistics Yearbook* (2010) covers general and central government spending. The highest figure was selected, which was "central government" in most cases, "general government" spending for Mauritius and "budgetary central government spending" for Fiji and Jamaica. **Source:** IMF 2010.

Crisis management

There do not appear to be clear patterns of effective crisis management that go above and beyond the lessons learned regarding effective policies for socioeconomic development. Many studies note that during natural disasters, strong social cohesion and informal social protection provide an important protection as is noted to be the case in Malta, Grenada and Samoa.

Context Matters: The Role of Social Cohesion, Democracy, Jurisdictional Power and the Welfare State

Social policy outcomes both depend on and influence the economic, political and social context. Just as social policy can be used as a tool for economic transformation, it can also be undermined by economic and political instability and threatened by low social cohesion. The four themes chosen for this research project—social cohesion, participatory and consensual democracy, jurisdictional status and power and small welfare states—are examined in relation to the 12 country case studies.

Social cohesion

In her thematic paper on social cohesion, Jenson (2010) highlights the concept's empirical strength and simultaneous—and arguably useful—ambiguity. Reviewing the

literature on social cohesion, she highlights two prominent themes: social cohesion as (i) inclusion and (ii) social capital. These constitutive concepts are themselves ambiguous, posing a challenge for operationalization. The first, inclusion, can be thought of as equality, reduced exclusion and marginality, a sense of belonging and—in the context of diverse, multicultural societies—the encouragement of integration, solidarity and cohesion at multiple levels (beyond one's neighbourhood, city, province, and so on). Social inclusion is a property of society, not individuals. While the literature suggests that good policy can encourage it and bad, or uni-dimensial, policy threaten it, there is little consensus on what defines good and bad policy (Jenson 2010:15–16); in some cases social policy fails because it focuses too much on common values, sometimes because it does not recognize inherent diversity. Despite the ambiguity, it is clear that social cohesion is both a cause and a result of positive social policy.

Social capital, the second concept that can be included under social cohesion, can be thought of as shared networks, norms and trust that facilitate cooperation and coordination (see Jenson 2010 for more nuanced definitions). Social capital, and more specifically an individual's social network structures, can lead to better outcomes in terms of resources, happiness, development and innovation. Social cohesion can arguably support better institutions, governance and policies by reducing political threats that may undermine government efforts. However, it is unclear whether social cohesion can actually *do something* (causation), rather than simply coexist with positive ends (correlation).

In many of the countries studied, we find less support for the idea that small states are essentially homogenous and more support for the idea that social policy can be used to encourage social cohesion and inclusion. As few studies touched on the idea of social cohesion as social capital or networks, this idea will not be treated in depth. Social networks appear to act as significant safety nets in Solomon Islands and Vanuatu; such networks have been capitalized upon for policy design and implementation in Samoa, with village mayors acting as gatekeepers in social projects (Amosa 2012).

Inherently, small states are thought to have more social cohesion because of smaller communities and the presumably high levels of cultural homogeneity (see Bertram 2010 for summary). However contrary to this hypothesis, colonialism left several of the selected countries with high levels of cultural diversity—whether that be ethnic diversity (for example, Fiji with its population being 57 per cent indigenous Fijian, 37 per cent Indo-Fijian and the remaining 6 per cent mixed), linguistic diversity (for example, Vanuatu's substantial English-, French- and Bislama-speaking populations) or religious diversity (for instance, Trinidad and Tobago with much of its population split between Roman Catholics, Hindus, Protestants, Anglicans and Muslims) (Alesina et al. 2003; Fiji Islands Bureau of Statistics 2007). In addition, politics can introduce new divisions even within a culturally homogenous society. For instance, even in relatively homogenous Malta, intense political polarization has overshadowed social cohesion outside of times of crisis (see Azzopardi 2011:70). According to the fractionalization indexes developed by Alesina et al. (2003), the high-performing states of Malta, Seychelles and Barbados have the lowest average levels of fractionalization (linguistic, ethnic and cultural) among the 12 countries studied; however this may be simply coincidental given that Mauritius—also a high performing state—has a very high level of fractionalization. Ethnic diversity has translated

into political instability in Fiji, tension and conflict in the Solomon Islands, high ethnic polarization and incidences of violence in Guyana, and, on a smaller scale, ethnic riots in Mauritius in the 1960s and in 1999 (Nath and Madhoo 2013 argue these riots were successfully managed) and ethnic clashes in Vanuatu in March 2007. Ethnic politics and open competitive elections have at times become embedded and fostered a rigid bipolar state, as is the case in Fiji.

Among both culturally diverse and homogenous populations, well-designed social policy can improve social cohesion and inclusion (and vice-versa). In Malta, social measures are credited as enabling the country to avoid social conflict and encourage social cohesion (Azzopardi 2011). Likewise in Barbados and Mauritius, the welfare provisions of the state fostered social cohesion in the context of multi-ethnicity that threatened stability. Conversely, in Solomon Islands, inappropriate distribution of resources arguably contributed to reduced cohesion and ultimately conflict (Prasad and Kausimae 2012). Even in cases where marginalization and social exclusion are present, many authors argue that improved social policies could help ameliorate the situation (for instance, Lewis (2010) in her discussion of Grenada's unemployment and poverty or Amosa (2012) in his discussion of Samoa's land and title disputes).

It is worth noting that causality also operates in reverse, with high/low social cohesion contributing to well-/poorly-designed social policy. Social cohesion at the group level may lead to divisive politics based on interest group influences instead of national interests, as is arguably the case in the Fiji, Solomon Islands and Vanuatu (Prasad and Kausimae 2012; Premdas forthcoming). Likewise, social cohesion at the national level can improve policy making, as Amosa (2012) suggests is the case in Samoa.

Significant challenges persist for social cohesion in the future. Many authors highlight inequality of access for different social services between rural and urban areas (for instance, in Grenada, Samoa, Trinidad and Tobago, and Vanuatu). At the same time, the increases seen in crime, poverty and/or inequality may threaten social cohesion (for instance, in Barbados, Samoa, Solomon Islands, Trinidad and Tobago, and Vanuatu). Well-designed policy can do much to combat these problems, but there may be limits. Premdas (forthcoming) suggests that despite efforts to combat racial discrimination in Barbados and accompanying success particularly in the public sector, problems of poverty and crime persist, as do racial inequalities in the control and management of Barbados' private sector.

Participatory and consensual models of democracy

In her thematic paper on democracy, Hintjens (undated) argues for participatory forms of democracy that extend beyond both conventional and consensual/consociational models. While consensual or consociational democracy has earned praise for its ability to avoid and/or accommodate divisive social cleavages, to increase stability and to lead (arguably) to better socioeconomic outcomes, Hintjens criticizes the model's elite bias; even if the major groups are recognized, she notes that social exclusion can still take place, and the inclusion of less powerful groups ultimately depends on elite goodwill or consent. She argues that genuine participatory democratic engagement is the best means to better social outcomes. Broad-based consultations are crucial for positive social policy

formulation and implementation, and the process is best if it occurs in informal, face-to-face settings over an extended period of time.

Regarding small states in particular, Hintjens (undated) outlines the advantages and disadvantages they face in terms of democracy. She notes that small size has traditionally been held to be the ideal condition for democracy. Small states may have a higher capacity for change and associated bargaining and compromise. Their perceived vulnerability may increase consensual and collaborative politics. Small state elites are more likely to know each other compared to their larger state counterparts. And NGO membership is high in small states, suggesting it may be easier to increase and integrate participation into the democratic model. On a pessimistic note, small states' volatility may hurt the economy. They can be just as polarized as large states. Face-to-face injustices may be hard to swallow, and few exit strategies exist for small state citizens. Smaller distances do not necessarily translate into more political engagement, and tight elite circles may actually be more exclusionary.

As Hintjens points out, small size does not necessarily translate into more democracy. As discussed above, cultural diversity has undermined stability in many small states. However, Barbados, Mauritius, Malta, Samoa, and Trinidad and Tobago have been characterized by stable parliamentary democracies throughout the post-independence period, which has had a significant impact on social development outcomes. Even in the face of heterogeneity, some small states have found ways to accommodate rival ethnic claims within the political system. Barbados and Mauritius have found a formula for appropriate inter-communal inclusiveness and accommodation, whereby all communities are involved in negotiated power-sharing and have a stake in upholding the system.

Accommodation has been paired with an ideology of social justice and labour rights in the most successful countries, facilitating universal social policy. In Mauritius, state legitimacy has been strengthened by the welfare orientation of successive governments and political popularity has tended to depend on continued financing of the welfare state. The political ideology is based on a holistic economic and social policy, vital for the maintenance of social harmony, and in turn socioeconomic development (Nath and Madhoo 2013). In Seychelles, in spite of a one-party state that removed civil and political freedoms, the ruling party's ideology of social justice and commitment to social policy allowed the country to improve social and economic indicators significantly; the party aimed to "create a socialist state wherein all citizens… have equal opportunities and [are] afforded the basic needs of life" (the Seychelles People's Progressive Front as cited in Campling et al. 2011:18). In Barbados, a socialist orientation and concern with labour rights led to emphasis on the enhancement of social conditions from the 1940s (Premdas forthcoming). In Grenada, Guyana, Samoa, Solomon Islands and Vanuatu, low human capital was a particular concern at independence, and policy emphasis focused on investment in this area to provide labour rather than more generally on transforming society and providing comprehensive social protection. Although in all cases improvements have been made in health and education in the post-independence period as a result of this emphasis, many challenges remain in terms of equity of access and quality.

Popular participation varies across small states. Echoing Hintjens (Undated) warnings regarding elite domination, Prasad and Kausimae (2012) suggest that in Solomon Islands and Vanuatu, traditional ties, tribal relationships and chiefly links have played a deciding role in politics and elections, and have thus reduced interest in popular participation and consensus building. Similarly Amosa (2012) argues that in Samoan politics, popular participation hinges on government consent and has had a mediocre impact of policy design in spite of the country's political stability and legal recognition of interest groups. In contrast, Nath and Madhoo (2013) argue that in Mauritius, power is broad-based, political participation is high, institutions are of good quality, and there has been a continuity of policies and programmes in spite of regular elections and changing coalitions. Core decisions have been based on enduring national consensus. This has guaranteed political stability, which has allowed for long-term growth and planning. In Barbados, popular demands have been integrated and institutionalized within a formal political and trade union structure since the 1940s. The resultant two-party democratic system guaranteed stability and encouraged foreign direct investment (FDI).

Jurisdictional status and power

To understand small states' successes and failures, Baldacchino (2011:2) advocates a more thorough appreciation of strategic issues, institutional practices, legal features, regulatory capacities and behavioural response mechanisms. He focuses on small states' resilience, particularly to heightened volatility, and the creative strategies they have employed to deal with such challenges. While many approach small states as closed systems, Baldacchino highlights their openness and successful management of external relations: for instance, they negotiate trade preferences, use their colonial links to their advantage, use migration as a safety valve for their economies and capitalize on the associated remittances, and design their laws with an eye to attracting foreign capital and business. He notes that eight jurisdictional powers are particularly important for small states. These are: (i) power over banking, finance, taxation, insurance (that is, tax incentives, offshore banking, etc.); (ii) power over what to export and import (negotiating preferential trade deals and establishing export processing zones); (iii) power over natural resources and the cultural, environmental and biological diversity found in these states; (iv) power over transportation (establishing a transit hub); (v) power over free movement of people (using emigration/immigration as safety valves, capitalizing on remittances and expatriates' tendency to consume state goods and visit as tourists; (vi) powers over island branding or niche markets; (vii) power over rentable assets (providing revenue from services, including military base leases, shipping services and many others); and finally (viii) power that usurps sovereignty (free-riding and rent-seeking on close relationships with more powerful states).

Baldacchino (2011) admits that such strategies are not necessarily easy to implement and highlights notable failures (such as Vanuatu's attempt to set up an offshore finance industry). Nonetheless he feels that success is likely if states can capitalize on their diaspora's skills, focus on brain/brawn rotation and circulation (as opposed to brain drain), ensure the state is legitimate and embodies national values, have a holistic sense of their place in the world, a self-confident public administration and encourage the diaspora to successfully forge links with the metropole while maintaining local traditions (which Clifford 1997 coined *roots and routes*).

The experiences of the 12 small states examined here seem to suggest that management of external relations plays a very important role in economic development. Offering tax incentives and securing preferential trade agreements, foreign investment and assistance were very important in socioeconomic development. In Seychelles, the tourism industry was almost entirely developed by foreign capital; likewise, the 1971 opening of its international airport, which would have a profound socioeconomic impact, was initiated and financed by the British government. Regarding canned tuna (Seychelles' other major industry), following extensive infrastructure investments and agreements signed with the European Commission from 1983, Seychelles became the primary tuna port in the Indian Ocean, with considerable benefits in terms of employment and government revenue (Campling et al. 2011). Likewise, following independence, Malta was able to diversify away from naval activities through providing incentives such as tax holidays, subsidies and exemptions from customs duties, as well as promoting tourism and niche markets, such as decorative glass. Malta has also exploited colonial ties with the United Kingdom, securing substantial grants, and diversified international trade and investment links in the Middle East, North Africa and Asia to enjoy more sustainable financial support (Azzopardi 2011; Baldacchino 2011). Grenada offered incentives such as tax holidays, import duty exemptions, waivers of licensing fees and restrictions on the repatriation of profits to encourage investment in tourism and manufacturing (Lewis 2010). It benefited from preferential trade deals with the European Union (EU), United States and Canada, generous FDI, and overseas development support and concessionary financing.

As Baldacchino suggests, services like offshore banking and tourism have been crucial to several of the small states. While most small states do not have significant natural resources, careful management has helped those that do (for instance, tuna in Seychelles as discussed above, or oil in Trinidad and Tobago). While many of the authors highlight the significance of remittances, they also express concern about the accompanying human capital loss (Lewis 2010). Regional organizations like the Caribbean Community (CARICOM) appear to play an important role in many small states.

The presence of jurisdictional autonomy and well-intentioned efforts to manage external affairs are not enough to guarantee success. In Solomon Islands and Vanuatu, Prasad and Kausimae (2012) suggest that weak institutions and political instability have hindered the states' ability to attract FDI, negotiate better terms on foreign assistance and manage natural resources, such as forestry. In Vanuatu, in spite of early incentives for offshore banking (introduced with the Banking Act of 1970), the industry's contribution to Vanuatu's economy has been limited (Prasad and Kausimae 2012). In Fiji, Narayan (forthcoming) argues that political instability has hindered the state's ability to attract FDI and to retain foreign assistance from traditional donors; the foreign travel and trade bans imposed in response to Fiji's coups have severely damaged the country's ability to negotiate trade deals and have hurt the tourism industry. More optimistically, Fiji has begun to branch out from its traditional donors, and secured assistance from India and an interest-free loan from China. In a similar vein, while describing Barbados' success in its early strategies to promote foreign investment and economic diversification through the creation of a sound state-sponsored infrastructure and a social welfare system, Premdas (forthcoming) notes that other Caribbean countries followed similar strategies

without the same success (rather, they led to crippling public debt, widespread poverty and political instability).

Many authors express doubts about specific industries' future sustainability in the context of trade liberalization.[9] For example, in Mauritius the success of the sugar and textile industries seem to be tied to preferential trade agreements (such as the 1975 Lomé Conventions with the European Community, and the Multi-Fibre Agreement with the EU and United States). Yet such preferential quotas are being phased out, which has led to rising unemployment, balance of payments difficulties, falling government revenue and rising levels of public debt. New deals (such as the United States' Africa Growth and Opportunities Act/AGOA) may mitigate the impact, but nonetheless highlight an external dependence.

Diversification will likely reduce this dependence. As predicted in the vulnerability literature summarized above, many countries are heavily dependent on a single industry or sector: for instance, Trinidad and Tobago is highly dependent on oil and natural gas and, in Malta, a single semiconductor company provides 55 per cent of the country's total domestic exports. Despite a common emphasis on diversification, success has varied. Grenada has witnessed a growth in services (especially tourism) in combination with generous inflows of FDI and overseas development support (Lewis 2010). Similarly in Samoa, development strategies have focused on prioritizing agriculture as well as diversification, but the country is still dependent on a narrow base of exports.

Small welfare states

Bertram (2010b) suggests that small welfare states may be qualitatively different from larger welfare states. He highlights that small states (under 1.5 million) have been ignored in much of the welfare regime literature and that when small size is considered, focus is given to larger small states (5 to 10 million). Like Baldacchino, he stresses that openness is a key distinguishing feature of small welfare states. Small states are likely to experience outside influences on the style and substance of social policies, whether through the deep institutional imprint of colonial history or through external expectations, demands, pressures and conditionalities. Small states' internal tax base may not be large enough to fund social policies and redistribution; furthermore the most significant inequalities may be between states rather than between citizens; thus for small states, it is in their interests to be pro-active in seeking trade, aid and other transnational subsidies to finance their welfare state. Of course, such interstate redistribution ultimately depends on the consent of rich, powerful countries, but this is often politically palatable as small states require smaller subsidies. Labour within small states is mobile and overseas remittances may contribute significantly to residents' welfare; in addition, mobility provides an exit strategy for individuals during times of crisis, as well as creating pressure on local employers to match the wages and conditions of metropolitan labour markets. The elasticity of migration to welfare state benefits may complicate the situation: with high elasticity if the state increases benefits, it may also be increasing the number of recipients, creating a double cost. Nonetheless, as long as expatriates retain their citizenship and

[9] This affects, for example, tuna in Seychelles following the Doha round of trade negotiations of the World Trade Organization and small firms in Grenada. Export in bananas have already suffered as a result of trade liberalization.

right of return, they can be understood as forming part of the client and target base of the welfare state.

Domestically, Bertram (2010b) questions the need for extensive top-down benefits. Citizens of small states have not necessarily experienced the broad impersonal forces of industrialization, proletarianization, commodification of labour, alienation and anomie (Bertram 2010:12). As such there may be less need for a state to treat disembodied aggregates; perhaps informal networks and solutions can play an important, cost-effective and sustainable role in the provision of welfare. On the other hand, a large public sector can sustain the livelihoods of many through wages; Bertram gives the example of Woleai Atoll in the Federated States of Micronesia, where two-thirds of households had members employed in government and the public sector payroll became a mechanism for income transfers.

Small states experience outside influences on the style and substance of social policies whether through the deep institutional imprint of colonial history or through external expectations, demands, pressures and conditionalities. This has held true to varying extents for all of the small states studied.

As highlighted above, external financing is important for many small states. More specifically, foreign assistance and concessionary loans have played an important role in subsidizing development and the welfare state in almost all of the countries studied. Donors have funded (or funded-in-part) specific social projects, like low-cost housing initiatives in Grenada (by China and Venezuela), a crop recovery bonus scheme in Samoa (by the European Union, and construction of primary schools and a low-cost housing programme in Trinidad and Tobago (by the Inter-American Development Bank). They have also provided funding for infastructure, economic and social development more generally. Many small states have reached out to non-conventional donors to supplement traditional sources of assistance. For instance, Seychelles relied on India, Iraq, Libya, Algeria and North Korea (in addition to traditional donors like the United Kingdom, France and international agencies), Fiji secured concessionary loans from India and China, and Malta relied on Libya and other non-traditional donors for a time.

Bertram (2010b) and Baldachinno (2011) emphasize the important role of individuals' mobility in socioeconomic development and the welfare state. The studies highlight migration's role as a safety valve during economic declines in many countries, including Barbados and Malta. Remittances have played an increasingly important role, particularly in times of internal crisis. After natural disasters in Grenada and Samoa, remittance flows provided an important safety net (Lewis 2010; Amosa 2012). Nonetheless, as mentioned above, many authors express concerns about the accompanying human capital loss.

As suggested by Bertram (2010b), public sector employment has been an important means of sustaining livelihoods of many through wages in several of the small states studied, including Seychelles, Malta and Solomon Islands. In Seychelles, the government has always been a dominant employer, accounting for 16.5 per cent of total employment in 2008, and in Malta, it accounted for 46.9 per cent of total employment in 2006 (ILO 2012). In both countries, the public share of employment has been declining in recent years.

In line with Bertram's reasoning, it appears that in many small states, the welfare state was introduced to promote development and combat historical inequalities, rather than necessarily as a response to industrialization, commodification of labour or alienation. Nonetheless, recently many of the studied countries have witnessed urbanization, industrialization and modernization (and problems of rising crime, poverty and inequality). These will likely constitute a significant challenge for small states in the future.

Bertram's emphasis on informal networks and solutions in place of extensive top-down benefits does not appear to be closely linked to a country's success. In fact, some of the most successful countries have sustained emphasis and commitment on universal social policy. Those countries that rely on informal networks to provide social services benefit in terms of increased access, but occasionally face problems in ensuring well managed and high-quality services (as is the case, for instance, in Fiji.)

Conclusions and Policy Recommendations

This paper draws on selected case studies to examine the policies that transform an economy, promoting an economy that is developmental, democratic and socially inclusive. There is a growing movement in policy and academic circles to learn lessons from comparative history and evidence-based analytical theory rather than policy prescriptions. To this end, this research project used comparative economic and political analysis to explain small states' divergent historical evolution. It grouped small states together to better understand trends since the 1960s and how social policy has been used, to varying degrees, to achieve development goals. By investigating social policies in small states from a comparative perspective, the findings help unmask the complexities in designing social policies within different socioeconomic, institutional and historic settings. Studying these countries—both those that have succeeded in achieving better social outcomes and those that are still lagging behind—provides lessons for others to consider.

Transformative social policy is essential for positive socioeconomic outcomes. This means taking a holistic approach to social and economic policy to encourage developmental transformation. Providing affordable and accessible social services and social insurance against risk help develop a skilled labour force and increases social cohesion. Indeed social cohesion is not a given in small states; many small states have divided societies. Nonetheless, it is important to encourage social cohesion, particularly through inclusive social policies aimed at increasing equality and reducing marginalization. Such cohesion will bolster political stability and in turn improve the investment climate and economic development.

Political accommodation, consensus building and participation play an important role in successful democracies. The ideologies of social justice and mutual responsibility have played an important role in improving socioeconomic outcomes, even in cases where countries have high levels of inequality or cultural heterogeneity.

In addition to these internal considerations, successful management of external relations plays a significant role in development. This relationship runs both ways: small states carefully manage relationships and use incentives to benefit from international capital and business, but they also are influenced by both colonial legacies and international debates and pressure.

Annex: Additional Information on Small States

Country	Small island developing state (SIDS)	Type	Land area (sq km)	Population 2010	GNI per capita, Atlas method (current US$), 2010	Average GDP growth (%), 2000-2004	Average GDP growth (%), 2005-2009
Antigua and Barbuda	SIDS	Island	440	88,710	13,170	3.7	2.1
Bahamas	SIDS	Island	10,010	342,877	20,610	1.8	-0.6
Bahrain	SIDS	Island	760	1,261,835	18,730	5.6	7.3
Barbados	SIDS	Island	430	273,331	12,660	-0.1	0.4
Belize	SIDS	Coastal	22,810	344,700	3,810	7.4	2.6
Bhutan		Landlocked	38,390	725,940	1,870	8.0	8.7
Botswana		Landlocked	566,730	2,006,945	6,790	6.1	2.8
Brunei Darussalam		Part of a larger island	5,270	398,920	31,800	2.6	0.2
Cape Verde	SIDS	Island	4,030	495,999	3,270	4.1	7.6
Comoros	SIDS	Island	1,860	734,750	750	2.2	1.8
Cook Islands*		Island	236	11,124	—	—	—
Cyprus		Island	9,240	1,103,647	29,430	3.5	2.7
Djibouti		Coastal	23,180	888,716	1,270	2.4	4.8
Dominica	SIDS	Island	750	67,757	6,760	1.3	2.7
Equatorial Guinea		Coastal	28,050	700,401	14,540	29.4	8.2
Estonia		Coastal	42,390	1,339,646	14,460	8.2	1.8
Fiji	SIDS	Island	18,270	860,623	3,630	2.0	0.3
Gabon		Coastal	257,670	1,505,463	7,740	0.8	2.7
Gambia		Coastal	10,000	1,728,394	450	4.4	3.7
Grenada	SIDS	Island	340	104,487	6,930	2.6	1.4
Guinea-Bissau	SIDS	Coastal	28,120	1,515,224	590	0.3	3.2
Guyana	SIDS	Coastal	196,850	754,493	2,870	0.8	3.2
Jamaica	SIDS	Island	10,830	2,702,300	4,800	1.9	0.2
Kiribati	SIDS	Island	810	99,546	2,010	3.2	0.4
Lesotho		Landlocked	30,360	2,171,318	1,040	3.5	3.8
Maldives	SIDS	Island	300	315,885	5,750	8.1	7.0
Malta		Island	320	412,961	19,270	1.3	2.6
Marshall Islands	SIDS	Island	180	54,038	3,640	2.8	1.6
Mauritius	SIDS	Island	2,030	1,281,214	7,750	4.6	3.9
Micronesia (Federated States of)	SIDS	Island	700	111,064	2,730	1.0	0.3
Namibia		Coastal	823,290	2,283,289	4,500	5.2	3.9
Nauru*	SIDS	Island	21	9,322	—	—	—
Niue*		Island	260	1,311	—	—	—
Palau	SIDS	Island	460	20,472	6,560	0.3	0.9
Papua New Guinea	SIDS	Part of a larger island	452,860	6,858,266	1,300	0.4	5.6
Qatar		Coastal	11,590	1,758,793	—	8.7	17.4

Country	Small island developing state (SIDS)	Type	Land area (sq km)	Population 2010	GNI per capita, Atlas method (current US$), 2010	Average GDP growth (%), 2000-2004	Average GDP growth (%), 2005-2009
St Vincent and the Grenadines	SIDS	Island	390	109,333	6,300	3.5	2.4
Samoa	SIDS	Island	2,830	183,081	3,000	5.6	1.5
Sao Tome and Principe	SIDS	Island	960	165,397	1,200	7.9	5.4
Seychelles	SIDS	Island	460	86,525	9,760	-1.1	5.2
Solomon Islands	SIDS	Island	27,990	538,148	1,030	-2.7	6.0
Saint Kitts and Nevis	SIDS	Island	260	52,402	11,740	2.8	2.1
Saint Lucia	SIDS	Island	610	174,000	6,560	1.1	3.1
Suriname	SIDS	Coastal	156,000	524,636	5,920	4.8	4.2
Swaziland		Landlocked	17,200	1,186,056	2,630	3.9	2.1
Timor-Leste	SIDS	Part of a larger island	14,870	1,124,355	2,220	1.6	6.0
Tonga	SIDS	Island	720	104,058	3,280	2.9	0.0
Trinidad and Tobago	SIDS	Island	5,130	1,341,465	15,380	8.1	3.8
Tuvalu*	SIDS	Island	26	10,544	4,760	2.6	1.0
Vanuatu	SIDS	Island	12,190	239,651	2,640	1.3	5.3

Note: GNI data is from 2009 for Brunei, Barbados, he Bahamas, Dijibouti and Suriname; and from 2008 for Baharain

Note: Case studies were commissioned on the countries shaded.

Source: World Bank 2012, WDI; source for land area and population for countries marked with an asterisk is US government 2011 CIA World Factbook

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