

# The Power of Jurisdiction in Promoting Social Policies in Small States

*Godfrey Baldacchino*



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## Acronyms

<b>AOSIS</b>	Alliance of Small and Island States
<b>CEO</b>	Chief Executive Officer
<b>EPZ</b>	export processing zone
<b>GDP</b>	gross domestic product
<b>GNI</b>	gross national income
<b>GNP</b>	gross national product
<b>MIRAB</b>	Migration, Remittances, Aid and Bureaucracy
<b>NISSOS</b>	Network of Islands for Small-Scale Organisational Success
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OECS</b>	Organisation of Eastern Caribbean States
<b>PROFIT</b>	People, Resource Management, Overseas Engagement and Para-Diplomacy, Finance and Transportation
<b>SIDS</b>	Small Island Developing States
<b>SITE</b>	Small Island Tourism Economy
<b>SNIJ</b>	Sub-National Island Jurisdiction
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNDP</b>	United Development Programme
<b>UNEP</b>	United Nations Environment Programme
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UNRISD</b>	United Nations Research Institute for Social Development
<b>WTO</b>	World Trade Organization

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## Summary/Résumé/Resumen

### *Summary*

On the basis of a global review of empirical material, this paper argues that a stronger appreciation of strategic issues, institutional practices, legal features, regulatory capacities and behavioural response mechanisms would help in understanding why some small states succeed while others do not. To do so, this paper departs from a critical presentation of the two sets of “received wisdom” about small states and which, in spite of their determinist, reductionist, structuralist and myth-driven bent, continue to dominate much of the pertinent literature: the “small is beautiful” cluster which considers smallness as an inherent asset; and the “small is vulnerable” camp which treats small size as a chronic liability. In the case of the latter argument, there could be a valid case to be made for the economic consequences of environmental vulnerability (which includes the implications of rising sea levels); yet there is no well-established and compelling empirical basis for claiming the economic vulnerability of small states per se. Paradoxically, vulnerability has a significantly positive impact upon the long-term growth performance of small states.

Many small states have been successful because they have transcended their size: their citizens are disproportionately avid travellers, well represented overseas, confident users of international languages, keen transnational brokers and mercantilists, active in regional and international circles, and have high propensities toward migration. Even at the macro political and economic level, small states are potentially well endowed with the ability to influence events that take place beyond their shores, and from which they can reap benefits. Such strategic economic planning often results when small jurisdictions assume the full economic challenges that accompany political independence, or else when they are so driven by the non-viability of a traditional (typically cash crop- or extractive resource-led) economy.

Thus, this paper presents a more nuanced yet cautiously optimistic assessment of the predicament of small states, and how their jurisdictional status and powers can be conceived and converted into economic resources.

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### *Résumé*

Sur la base d'un examen général de données empiriques, l'auteur de cette monographie fait valoir qu'une meilleure appréciation des questions stratégiques, des pratiques institutionnelles, des caractéristiques du système juridique, de la capacité de contrôle et des mécanismes de réaction comportementaux aiderait davantage les petits États à comprendre pourquoi certains d'entre eux réussissent et prospèrent et d'autres non. Il s'écarte, pour ce faire, d'une présentation critique de deux catégories d'idées reçues qui, malgré leurs tendances déterministes, réductionnistes, structuralistes et la part du mythe qui les inspire, continuent à dominer une grande partie de la littérature consacrée aux petits États: le camp du “small is beautiful”, qui voit dans la petitesse un atout intrinsèque, et celui du “small is vulnerable”, qui y voit un handicap chronique. À propos de cette dernière équation, il y aurait des arguments très valables à avancer pour prouver que la vulnérabilité environnementale (y compris celle qui vient d'une élévation du niveau de la mer) a des conséquences économiques; pourtant l'idée que les petits États seraient économiquement vulnérables en soi ne repose sur aucun fondement empirique solide. Paradoxalement, la vulnérabilité a un impact nettement positif sur la croissance à long terme des petits États.

Beaucoup d'entre eux doivent leur succès au fait qu'ils ont su surmonter les inconvénients de leur petite taille: leurs citoyens sont des voyageurs extrêmement curieux, bien représentés à l'étranger, qui manient avec assurance les langues internationales, d'habiles commerçants et

médiateurs internationaux, actifs dans les milieux régionaux et internationaux et ayant une forte propension à l'émigration. Même au niveau macropolitique et économique, les petits États peuvent être parfaitement en mesure de peser sur les événements qui surviennent hors de leur territoire et dont ils peuvent tirer parti. Quant à la planification stratégique de leur économie, elle est souvent le fait de petits États qui assument pleinement les difficultés économiques allant de pair avec l'indépendance politique ou qui sont poussés à planifier parce que leur économie traditionnelle, dépendant de cultures de rapport ou de l'extraction minière, n'est pas viable.

De cette évaluation nuancée de la situation des petits États et de la façon dont ils peuvent transformer leur statut et leurs pouvoirs juridictionnels en ressources économiques et les concevoir comme telles, se dégage un optimisme prudent.

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### **Resumen**

A partir de un examen global de material empírico, el autor plantea el argumento de que una mayor valoración de las cuestiones estratégicas, las practicas institucionales, las características jurídicas, las capacidades regulatorias y los mecanismos de respuesta conductual contribuiría a comprender la razón por la cual algunos estados pequeños tienen éxito y otros no. Para ello, se parte en este análisis de la presentación crítica de dos conjuntos de "opiniones populares" sobre los estados pequeños que, no obstante su tendencia determinista, reduccionista, estructuralista y mítica, continúan dominando buena parte de la bibliografía: el grupo de "lo pequeño es hermoso", que considera que la pequeñez es un activo inherente, y el grupo de "lo pequeño es vulnerable", que trata la pequeñez como un pasivo crónico. En el caso de este último grupo, podría tener validez su argumento en relación con las consecuencias económicas de la vulnerabilidad ambiental (que incluye las implicaciones del ascenso del nivel del mar); sin embargo, no existe una base empírica bien establecida y convincente para declarar la vulnerabilidad económica de los estados pequeños per se. Paradójicamente, la vulnerabilidad tiene una repercusión considerablemente positiva sobre el crecimiento a largo plazo de los estados pequeños.

Muchos estados pequeños han tenido éxito porque han superado las limitaciones de su tamaño: sus ciudadanos son viajeros desproporcionadamente ávidos, están bien representados en el exterior, manejan con confianza otros idiomas, son entusiastas intermediarios y mercantilistas internacionales, participan activamente en los círculos regionales e internacionales y tienen una alta propensión a migrar. Incluso al nivel político y económico macro, los estados pequeños podrían tener la capacidad de influir sobre los acontecimientos que tienen lugar allende sus costas y de los cuales pueden sacar provecho. Esta planificación económica estratégica a menudo tiene resultados cuando las jurisdicciones pequeñas enfrentan los desafíos económicos que acompañan la independencia política, o bien cuando están muy motivados por la inviabilidad de una economía tradicional (por lo general basada en la agricultura comercial o la extracción de recursos).

En el presente documento se hace una evaluación más sesgada, si bien conservadoramente optimista, del aprieto en que se encuentran los estados pequeños y la forma en que pudieran concebirse su condición jurídica y sus facultades para convertirlas en recursos económicos.

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## Scripted Jurisdictions

One of the characteristics of the contemporary, knowledge-saturated world is that, the smaller a country or territory, the more likely it is that informative or argumentative material relating to its affairs is being presented not by insiders or domestic commentators but by external observers. The latter are driven not so much by empirical observation as by inference and specific interests. Where smaller countries or territories also happen to be classified as developing, and therefore less in a position to determine their own public script and image, this tendency is enhanced. Moreover, the elites of many developing states, and small states<sup>1</sup> most of all, are trained or educated abroad, and most would tend to embrace the same exogenously developed paradigms.

Some would argue that there is no such thing as a small state: there is nothing specific about smallness that warrants such a category or its analysis: the problems and challenges of small states are identical to those of larger ones (Easterly and Kraay 2000); similar arguments have sought to debunk “islandness” as a relevant analytic category (Selwyn 1980). However, the available scripts that do relate to the specificities of small (and mainly island) states can be classified into two general, stylized clusters: the “small is beautiful” and the “small is vulnerable”. They have both been mobilized in response to what Peter Drucker (1986) describes as “integrating economies, splitting polities”: the growing urbanization of the world’s populations, an increasing interconnectedness and concentration of economic power across the globe, and yet a proliferation of mainly small states, in apparent contradiction to the concurrent trends of economic consolidation and concentration. The pioneers in this field include Baker Fox (1959), Vital (1967), Rothstein (1968), Keohane (1969) and Baehr (1975).

The first cluster has been fashionable since the 1970s, when there was an explosion of interest in devolution, sustainability and democratic renewal. This interest in turn rode on a wave of European traditions of Enlightenment—such as de Montesquieu (1748: Book IX) and Jean-Jacques Rousseau (1765)—and an even older concern with the ideal size of a democratic polity that can be traced back to Plato.<sup>2</sup> The assumed logic of scale economies was questioned, especially where this applied to political systems. The undercurrent leitmotifs here are self-reliance, authenticity, self-management, popular democratic participation, and a plausible reaction against mass anonymity and insignificant peripherality.<sup>3</sup> Against a global context of dynamism and uncertainty—what Emery and Trist (1965) described as a “turbulent field environment”—it is argued that small systems are more vibrant, versatile and flexible; they stand a better chance of coping and surviving rapid change than do larger, monolithic, more staid and complex systems.<sup>4</sup> Small countries are also claimed to practise more benign politics and to enjoy social cohesiveness.<sup>5</sup>

The second approach, also spawned at around the same time, arose from concerns with the alleged inherent economic non-viability of small jurisdictions.<sup>6</sup> Since the mid-1980s, with Grenada and the Falklands/Malvinas episodes still fresh, there has been a consistent, often strident, international concern with the general vulnerability and security challenges of small (and mainly island) developing states.<sup>7</sup> Susceptibility to natural disasters, remoteness, insularity, limited institutional capacity, limited commodity diversification and a high degree of openness to price fluctuations, the

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<sup>1</sup> Although I use the term “small states” in this paper, I am very conscious that there is still “no widely accepted definition of a small state” (Crowards 2002:143). Moreover, and as already observed by Baehr (1975:466), there is no sharp dichotomy between “small” and “large” states. It is worth considering whether the reference to “smaller states” is preferable to “small” in most (though not necessarily all) instances, resurrecting a usage preferred by Burton Benedict (1966, 1967) and Gerald Berreman (1978). After all, out of 266 jurisdictions listed in the Central Intelligence Agency’s *World Factbook* (CIA 2009), only 23 have populations of over 50 million; and 160 have populations of less than 10 million (of which 43 with a population of up to 100,000). Clearly, the so-called small state is the typical state size (as it has also been for most of recorded history). In contrast, the large state is the quirk and the anomaly.

<sup>2</sup> Plato calculated the ideal size of a democratic polity as 5,040 heads of households—a size that should allow every citizen to know every other citizen personally (see Alesina and Spolaore 2003, *passim*).

<sup>3</sup> Schumacher 1973:chapter 5; Kohr 1973; Berreman 1978:235; McRobie 1981; Max-Neef 1982.

<sup>4</sup> Blazic-Metzner and Hughes 1982:86; Srinivasan 1986:211; Sutton 1987:18; Chiew 1993.

<sup>5</sup> Kuznets 1960:28; Knox 1967:44; Dommen 1980:942.

<sup>6</sup> Robinson 1960; Demas 1965; Blair 1967; Jalan 1982; Lloyd 1968; Rothstein 1968; Vital 1967.

<sup>7</sup> Alford 1984; Bray 1987; Bray and Packer 1993:20; Bune 1987; Commonwealth Consultative Group 1985; Diggines 1985; Harden 1985; Lyon 1985.

whims of aid donors, tour operators and foreign investors and so on—these are the main components of vulnerability, which tend to be exogenous to small states and over which they therefore may have little, if any, influence or control.<sup>8</sup> In particular, the composite conditions of openness, a high trade-to-GDP (gross domestic product) ratio and the dependence on a very few (typically just one) export commodity are claimed to render small states highly vulnerable to external shocks (Briguglio 1995). The initiative has matured into vulnerability indices that have been championed by a Commonwealth Secretariat/World Bank Joint Task Force (2000), and the United Nations Environment Programme (UNEP). Thanks to these initiatives, reference to Small Island Developing States (SIDS) has become commonplace. Today, discourse about the environmental vulnerability of islands has also gained currency, thanks in particular to the diplomatic efforts of the Alliance of Small and Island States (AOSIS), in its turn based on the plight of such small and low-lying countries as Kiribati, Maldives, Marshall Islands and Tuvalu (Lewis 1990, 1999; Pelling and Uitto 2001). Titles of texts discussing the predicament of small states frequently feature ominous terms and phrases. Apart from “vulnerability”, these include: “problems”, “dilemmas”, “small is dangerous”, “paradise lost” (Easterly and Kraay 2000:2013), and, more recently, “sinking” and “disappearing”.

That the two clusters of received wisdom have continued to persist is largely an outcome of their attracting different, even mutually exclusive, sympathizers. The “small is beautiful” is a case made by, and for, urban refugees, artists and creative agents, wanting and willing to escape metropolitan life, its stressors, tempo and lonely crowds. It is also a draw for those experimenting with small-scale and “appropriate” technologies, since small units are arguably easier to transform as well as to manage. Meanwhile, the “small is vulnerable” thesis has increasingly curried favour with small state politicians and development planners, keen to use scientific arguments and data to lobby for some kind of special deals within a liberalizing global trade regime: the latter seeks ultimately to eliminate barriers to free trade.

Neither of the explanatory polarities can serve as an appropriate holistic explanation for small state behaviour, simply because small states do not necessarily follow the same patterns of development — this being an outcome of both domestic and external circumstances. Indeed, the key limitations of the two approaches, in spite of their obvious diametrical opposition, is that they share four fundamental characteristics: they are both driven by myths about the presumed dystopic/utopic nature of the small state (Baechler 1998:272); they are both essentially reductionist, because they pare down the complexity of social systems to a few, key, causal factors; they are both structuralist, because they theorize away the role of actors by prioritizing that of structures; and they are both determinist, in that structures are programmed to operate in fixed and specific, pre-set ways that are hardly liable to human tweaking.

## **Moving away from the Bland**

I may hazard to say that these respective litanies of hope and despair about the small state have been undergoing a subtle form of rapprochement in recent years. From their own differing platforms, they appear to be coming round to a stronger appreciation of strategic issues, institutional practices, legal features, regulatory capacities and behavioural response mechanisms that might be better and more comprehensive explanatory tools of why some small states succeed and others do not. A sober assessment of the predicament of small states must consider idiosyncrasies like geography, history and ethnicity, as well as political leadership, the emergence and quality of public institutions, the extent and expression of democratization, and the effusion of collective identity. Wars and civil strife; corruption; rampant crime; extreme poverty; extreme wealth inequality; low levels of health, literacy and life expectancy; disrespect for basic human rights and freedoms, a mistrust of those in public office; a mistrust in the administrators of justice; weak public infrastructures; a disregard for heritage; an inactive civil society and underdeveloped welfare systems — these features certainly do not help to promote widespread well-being and prosperity, in small states as much as in large ones.

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<sup>8</sup> Dolman 1985:42; Dommen 1980:936; Doumenge 1985:86; Kaminarides et al. 1989; Wood 1967:2.

After all, the jury is still out, and the scholarly literature about small states in the contemporary world is mixed. Recent research by the Commonwealth Secretariat highlights the lack of “market power” of small states and their lack of capacity to properly prepare for and conclude crucial trade negotiations (Horscroft 2005). The World Bank has argued that small economies suffer from higher costs of doing business (Winters 2005): “[I]n the limit, free trade could mean no trade for these small economies” (Winters and Martins 2004:348). Smallness, combined with islandness and peripherality, can be argued to render small economies particularly exposed to external shocks (Briguglio 1995; Encontre 1999).

Yet, vulnerability (in the usual sense of the term) applies most clearly in the environmental realm, in cases of natural disasters—earthquakes, volcanic eruptions, droughts, floods, hurricanes or tsunamis. The economic havoc that the tsunami leaves is very real and can extend into the medium to long term (with ultimate disappearance in the case of sea level rise); yet there is no well-established and compelling empirical basis for claiming the economic vulnerability of small states. Paradoxically, the often-cited openness to international trade (one of the key components of the vulnerability index), with associated volatility, is a source of strength rather than weakness for small economies, obliging them to be internationally competitive on open markets and preventing them from collapsing into anarchy or protectionism on economic terms (Alesina and Spolaore 2003; Armstrong and Read 2003; 2004:214, 217–218).

Similarly, a heavy dependence on transfers from abroad (and especially aid and remittances) is often perceived as evidence of vulnerability (Atkins et al. 2000:31), but can equally be an indication of success in luring funds, capital and “rents” from other economies (Kakazu 1994) and establishing flourishing diasporas. Conceptualizations of the importance of economic self-reliance for economic development have somehow given way in time to broader appreciations, such as to the viability of strategies by small states that seek such rent extraction (Poirine 1998). Researchers, such as Armstrong and Read (1998:13), have argued that many small states have managed to compensate effectively for their small size by “optimal endogenous policy formulation and implementation”; they suggest that “investigation of the policy stance of successful micro-states, *particularly in the sphere of international political economy*, is likely to be fruitful” (emphasis added). As Warrington (1998:105) shrewdly remarks, a small state’s “governing wits” may well compensate handsomely for any disadvantages that may, legitimately or otherwise, be associated with its small size. The intimation here is that the deployment of jurisdictional capacity, for the maximization of leverage over domestic and international resources, is a crucial feature of small state prosperity.

## Evidence of Jurisdictional Resourcefulness

I would argue that the evidence of the “resourcefulness of jurisdiction” is strong, sustained and widespread: it can be glimpsed “downstream” in the economic statistics of small states and territories. On balance, small economies do not appear to be doing badly.

Key economic indicators for 41 small states assign them a mean gross national income (GNI) per capita of US\$2,748 for 2003; compare this statistic with the mean for all least developed countries (US\$810), and that for all middle-income countries (US\$1,920).<sup>9</sup>

Take the annual economic review of Commonwealth small states, which compares vital statistics of the 35 Commonwealth jurisdictions with similar values for 28 other countries, all collated from World Bank data. In terms of GDP per capita, Gambia, Guyana, Lesotho and Sierra Leone are the only Commonwealth small states considered to be low-income economies. Three of these four are located in Africa, the main location of the world’s poorest and least developed states. At the other

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<sup>9</sup> The mean for small states would be even higher were it not for seven African small states—Comoros, Djibouti, Equatorial Guinea, Gambia, Guinea Bissau, Lesotho, São Tomé and Príncipe—along with Papua New Guinea Timor Leste, Bhutan, Kiribati and the Solomon Islands, all of which have GNI per capita of less than US\$1,000 (Horscroft 2005:42, table 3.1).

end of the scale, the six Commonwealth small states that are high-income economies are all rather small: the Bahamas, Brunei, Cyprus, Malta, New Zealand and Singapore (Commonwealth Secretariat 2005: table 4). The poorest economies have the largest contributions by agriculture to overall GDP (typically, 20–60 per cent), whereas the richest small economies have no agricultural sector worth noting (Singapore = 0 per cent; Malta and Bahamas = 3 per cent; Brunei = 5 per cent; Cyprus = 7 per cent, as at 2003, Commonwealth Secretariat 2005: table 5). (New Zealand, with a 5 per cent share, is nevertheless a major exporter of pastoral commodities, whose processing and transportation accounts for a larger share of GDP.) It has been argued that a strong agricultural lobby tends to brake an economy from industrialization and/or economic diversification; Streeten (1993:199) calls agriculture a “slowcoach” of development. To the extent that this is correct, the absence of a rural hinterland is potentially good news for development.<sup>10</sup>

Consider next the grouping of small developing states by region and by levels of human development (as measured by the United Nations Development Programme/UNDP, using 2000 data), including indicators such as life expectancy at birth, adult literacy, gross primary secondary and tertiary enrolment, and GDP per capita at purchasing power parity. Ten small countries—Antigua and Barbuda, Bahamas, Bahrain, Barbados, Brunei, Cyprus, Malta, Bhutan, Estonia and Qatar—have the highest human development levels and all except the last three are small island developing states. At the other end, there are just three small countries with low levels of human development: Djibouti, Gambia and Guinea-Bissau (Liou and Ding 2002).

Confirming these observations, the Organisation for Economic Co-operation and Development (OECD) includes both Iceland and Luxembourg among its members; while out of the World Bank’s list of 44 high-income, non-OECD countries, practically all are small states or territories: these include all six European small enclave states of Andorra, Gibraltar, Liechtenstein, Monaco, San Marino and the Vatican (Davies et al. 2006: appendix V). Out of the large number of Caribbean states and subnational island jurisdictions (SNIJs), the World Bank only considers Cuba, the Dominican Republic, Jamaica, and St Vincent and the Grenadines as “lower middle-income economies”, while Haïti is the only Caribbean nation to appear as a “lower income economy”. It is pertinent to note that four out of the five countries in this grouping are the largest and most heavily populated economies in the region. The exception, St Vincent and the Grenadines, is still reeling from the uncertainty surrounding bananas, its main export crop, and painfully making the switch to other economic activities, particularly tourism and construction (Caribbean Development Bank 2005), but also drugs: the country is the largest producer of marijuana in the Eastern Caribbean (US Department of State 2006).

It may come as a surprise that a listing of the 10 richest countries of the world in terms of GDP per capita according to the World Bank would only feature two “large states”: Japan and the United States. The other eight have populations of less than 10 million each, and three—Liechtenstein, Luxembourg and Iceland—have populations of less than 1 million.<sup>11</sup> As put succinctly by Easterly and Kraay (2000), small states are generally accompanied by equally small problems.

## **Politics in Small States**

Do then political assets effectively compensate for the structural economic disadvantages of small size? Already in 1973, Robert Dahl and Edward Tufte were exploring the complex relationship between small size and democratic traditions—even though, at that time, their collection of small states included Austria, Sweden and Switzerland. Still, they did conclude that differences in power and information were more likely to be minimized in such small territories. Other researchers have remarked that small states, and small island states in particular, were more likely to manifest

<sup>10</sup> New Zealand and Ireland are, to some extent, the exceptions that prove this rule: both economies have rural hinterlands that are highly developed, technologically sophisticated and globalized in outlook.

<sup>11</sup> See, for example, [www.quia.com/rd/6913.html](http://www.quia.com/rd/6913.html). Iceland’s situation has deteriorated sharply during 2008–2009 with the latest financial crisis that exposed the insecure basis of many Icelandic investments, and also confirmed the dangers of the currencies of small economies that are not pegged to the major currencies.

democratic political systems, and irrespective of levels of economic development.<sup>12</sup> Even where small countries are socially or ethnically fragmented, elites tend to cooperate across such cultural divides, generating political stability, a throwback to the seminal work by Arendt Lijphart (1968) on the Netherlands. Ott (2000) argued that the personalistic and informal social structures of a small polity nurture multiple role relations that facilitate elite cooperation and mitigate social conflict: an observation that can be traced back to Benedict (1966). More recently, Alesina and Spolaore (2003) have investigated optimal country size as a function of two competing issues: the advantage of large size in reaping economies of scale in the production of public goods; and the advantage of small size in maintaining the homogeneity of a population. A big nation can spread the cost of producing public goods over more people, thus reducing the cost per capita; but, in doing so, it could run into the “one size fits all” problem.

However, this literature is not to be misconstrued as meaning that small states practise benign politics: partisan and/or ethnic rivalry in small polities can be quite intense, especially in two-party competitions where the winner takes all and the loser gets nothing, as in the cases of Fiji, Jamaica, Solomon Islands and, more recently, Palestine and Lebanon. In small polities, it is also easier for elected politicians to micromanage, involving themselves in the execution of their policies, and to supervise the allocation of “spoils”, to the consternation of career executives and civil servants.<sup>13</sup> Senior public servants find themselves closely associated with particular leaders, parties and policies, which creates difficulties when there is a change of policy, minister or government (Sutton 2007:213; Baker 1992). Moreover, the presence of “natural monopolies” is more likely in small jurisdictions, leading to market distortions (Armstrong et al. 1993; Briguglio and Buttigieg 2004). Small countries that have been deeply penetrated by colonialism (that is, where colonialism arrived early, stayed late and penetrated all aspects of society), as are those in the Commonwealth Caribbean, are even more likely to be, and remain, democratic (Srebrnik 2003:333). More challenging is the assertion, by Feyrer and Sacerdote (2006) that, the longer an island remained a colony, the higher its present-day living standards and the lower its infant mortality rate: each additional century of European colonization is associated with a 40 per cent boost in income today and a reduction in infant mortality of 2.6 deaths per 1,000 births: a commentary that may require a revision of most post-colonial theory. In any case, gone today is much of the naïveté that used to accompany such glib, pseudo-scientific statements as: “the [societies] of some small countries are harmonious because everybody knows everybody else very well” (Bray 1992:26).

Streeten (1993) is representative of this more balanced and more sophisticated, grounded analysis of the political economy of the small state. In a short but eclectic paper, he argues that the poorer small states are those that still depend heavily on the export of raw materials, such as bananas, sugar, copra, phosphate, tobacco and cocoa (Streeten 1993:199). They also lag behind larger states in the development of a manufacturing base (Streeten 1993:197), so much so that some small countries only industrialize to support a service sector: such as producing souvenirs or gourmet food for tourist purchase (Baldacchino 1998). Greater openness and small size makes import substitution industrialization strategies difficult, if not impossible, obliging an “export or perish” orientation (Brookfield 1987; Baldacchino 2005a). Indeed, for small countries, even more than for larger ones, exporting provides their only option to capture economies of scale (Streeten 1993:198). Moreover, small countries grow faster and have higher productivity than larger countries, and Streeten argues that small countries seem to be more equitable, “indicating greater social cohesion” (Streeten 1993:199). They also generally land better terms in foreign aid: “one of the most well-established generalizations in the foreign assistance field is the so-called ‘small country effect’, according to which aid per head increases, and the terms of aid improve, as the size of the country declines” (Streeten 1993:200). “A few million dollars go a long way on a speck of land” (*The Economist* 1991). Streeten (1993:200) also suggests that collective action problems may be solved more easily in small countries where free-riding is more visible and people tend to know each other and meet face to face, crossing over into each others’ networks and thus bridging tight, ethnic or pseudo-ethnic groups. Their small size should also reduce transaction costs: information flows more easily (often by word

<sup>12</sup> Anckar 2002; Commonwealth Advisory Group 1997; Hadenius 1992:61–61, 122–127; Fry 2002:86.

<sup>13</sup> Buker 2001; Butter 1985:35; Lowenthal 1987:39; Richards 1982:155; Rodhouse 1987.

of mouth), and principal-agent problems should be fewer, with greater ease of supervision. And although they may be more vulnerable to the risks of natural disasters and trade instability, small countries are also likely to be more flexible and resilient.

## **Critiquing Vulnerability**

While an understanding of the character of vulnerability may have helped to explain why small states still need international attention and aid in spite of nominally high GNI per capita levels, what is more important is how any such vulnerability can be mitigated, rather than just accepted as a “structural handicap”. And so the notion of resilience as a component for an effective policy response is now on the agenda (Briguglio et al. 2006). To those wedded to the vulnerability concept, there is some appreciation of the need and possibility of analysing the concept of resilience and how that leads to capacity building in the context of adversity.

The very concept of vulnerability has, meanwhile, not escaped criticism. The international community has been supportive, acknowledging and taking note of the heightened vulnerability concerns of small developing states, including major references in both the 1994 Barbados Programme of Action on the Sustainable Development of SIDS,<sup>14</sup> and the 2005 Mauritius Declaration and Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of SIDS.<sup>15</sup> Active measures have been adopted—particularly addressed at “capacity building”—with support from such United Nations institutions as UNEP, UNDP, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization (UNIDO) and the United Nations Research Institute for Social Development (UNRISD). Yet, the “vulnerability” concept remains elusive and subject to some scepticism (Hein 2004). Moreover, openness—one of the alleged components of economic vulnerability—is itself a basis for a competitive export-orientation of small economies and a factor that has prevented their lapse into protectionism and autarchy (Baldacchino 2000). Such openness to international trade, with its associated volatility, is a source of strength rather than weakness for small economies, obliging them to be internationally competitive on open markets and preventing them from collapsing into anarchy or protectionism on economic terms (Alesina and Spolaore 2003; Armstrong and Read 2004:214, 217–218). Thus, trade openness—and globalization in general—bring opportunities as well as risks: studies of small states have tended to focus on the nature of their vulnerabilities, without considering that these jurisdictions may have actively managed similar external pressures in different ways (Braütigam and Woolcock 2001; Baldacchino and Bertram 2009). The latter would include the redistributive measures of a—generally omnipresent—welfarist state which would act to cushion external shocks (Cameron 1978; Garrett 1998). Indeed, small states are “hardwired for success” precisely because they are, and they know they are, vulnerable to world market forces (Katzenstein 1985, 2003). Paradoxically, “vulnerability has a *significantly positive impact* upon the long-term growth performance of small states, contrary to the expected *a priori* negative effect” (Armstrong and Read 2002:452, emphasis in original).

The events which demonstrate vulnerability are often a one-sided account of the development process of small states. To the harbingers of woe—including both economic downturns and environmental disasters—must be added the heralds of good fortune, whose impacts on the small country are likely to be just as powerful: the attraction of a major foreign investor; a boom tourist season; clinching a major bilateral deal; and securing a niche export market. Both curses and blessings from abroad come upon the small country in a common and distinct manner: with a suddenness of impact (often without prior warning); with an intensity of effect (often covering the entire country) and a high speed of penetration and engulfment. We are talking about an economy which, being small, is more naturally oriented toward “boom and bust”, “peak and trough” than larger ones. In fact, the very concept of “development” sounds strangely hollow for such candidates

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<sup>14</sup> <http://islands.unep.ch/dbardecl.htm>, accessed on 27 November 2010.

<sup>15</sup> [www.un.org/News/Press/docs/2005/ga10369.doc.htm](http://www.un.org/News/Press/docs/2005/ga10369.doc.htm), accessed on 27 November 2010.

(Baldacchino 1993:37). The key explanations for these fluctuations are usually external events. Vulnerability is perhaps better described as “volatility” (Dommen 1980; Easterly and Kraay 2000).

## The Link with the World Beyond

Appropriately, in a resilient system, individual units—whether individuals, households or even whole countries—are able to command support and resources from elsewhere (Homer-Dixon 2006:286). And this is where the vulnerability thesis is itself also “vulnerable”: it presupposes that a small state is a closed system as far as its resourcefulness is concerned. But this assumption betrays an ignorance of the very constitution of most small countries. Because of the intense, enduring and total effect of that external event—colonialism—many small states have found themselves linked to, and carried piggyback onto, the global network of their administrative overlord. Most have been accommodated—at times begrudgingly (as in the case of the United Kingdom), at times more enthusiastically (as in the case of France)—onto this circuit of trade, culture, education, employment, language, legislation and religious belief (Hintjens and Newitt 1992). This makes their citizens (and not just their elites) more likely to embrace, and be assimilated into, Western culture (Caldwell et al. 1980; Miles 1985). This is a lucrative circuit that small states are loath to lose: and they deploy their jurisdictional capacity to refresh and consolidate it as best they can.

In these and similar aspects, small states have been successful because they have transcended their size. No wonder that the citizens of most small states, and small island states in particular, are disproportionately avid travellers, well represented overseas, confident users of international languages, keen transnational brokers and mercantilists, active in regional and international forums.

Small countries also represent quintessential peripheral locations whose inhabitants have a high propensity toward migration. International migration has long been recognized as heaviest from the world’s smallest territories (Ward 1967:95; King and Connell 1999). The highest proportion of non-OECD graduates living in an OECD country in 2005 were from Guyana, Jamaica, Haiti, Trinidad and Tobago, Fiji, Angola, Cyprus and Mauritius—all but one of which are small states (*The Economist* 2005a). The ingrained openness of small states serves to orient their island inhabitants toward the metropole, for inspiration, vacation, shopping, education, employment or simply escape. Emigration is often the only viable “exit” option to what could become a pervasive and stifling totality, monopoly and intimacy of the local sociocultural environment (Baldacchino 1997). Small state citizens are known to have a higher propensity to migrate to developed countries (Connell and King 1999). At any point in time, a significant percentage of the population of a small country may be away at the respective metropole(s) (Baldacchino 1997:89; Lowenthal 1987:41–43). High levels of urbanization at home act to dislodge residents from outlying villages or islands (in the case of archipelagos) and render them potentially more mobile regionally and internationally (Bertram and Watters 1986:55–57). This brings about a loss of trained human resources, a “brain/skill drain” from the periphery to the core that thwarts development, a trend that is well documented with regards to such professions as doctors, nurses and teachers.<sup>16</sup> For various small state households, however, migration becomes a strategic resource, since offspring sent away can be expected to infuse remittances, in cash or in kind, to the home economy: in various instances (such as Barbados, Botswana, Cape Verde, Samoa and Tonga), these are significant contributions to the gross national product (GNP) (Gmelch 1987; Ahlburg and Brown 1998). Actually, development aid is fast being outstripped by migrant worker remittances, now the largest single category of international financial flows to small states (Bertram and Poirine 2007:354). The converse is also true: given their permeability to such exogenous links, these small jurisdictions and their local inhabitants are also attract a disproportionately high number of foreign tourist visitors, foreign consultants, seasonal foreign residents, and even foreign spouses.

<sup>16</sup> See “Teacher Brain Drain Threat” in *The Times Higher Education Supplement*, 19 March 2004; [www.timeshighereducation.co.uk/story.asp?storyCode=187483&sectioncode=26](http://www.timeshighereducation.co.uk/story.asp?storyCode=187483&sectioncode=26), accessed on 27 November 2010. The 2003 Savannah Accord iterates a concern with the drain of qualified teachers from the Commonwealth Caribbean, partly because of “recruitment by other countries”; [www.thecommonwealth.org/news/34580/34581/175821/260208teacherprotocol.htm](http://www.thecommonwealth.org/news/34580/34581/175821/260208teacherprotocol.htm), accessed 27 November 2010.

Those small states that have had more difficulty in exploiting the opportunities of the global economy—like the Comoros, Lesotho, Maldives, São Tomé and Príncipe, Solomon Islands, Suriname, Swaziland and Vanuatu—seem to have shifted their focus away from, or lost the interest of, their former colonial overlord (France, the Netherlands, Portugal and United Kingdom). They may have tried to court different, closer, regional players (Australia, China, India, Japan, South Africa, Sri Lanka, Taiwan Province of China), but not necessarily successfully. Again, not surprisingly, some of these small states have been less open to embrace globalization because of cultural, religious or geographical reasons (for instance, Maldives for its religious fundamentalism; Lesotho and Swaziland for their land-locked nature<sup>17</sup>).

The disposition toward the outside world may change in its details, but it is essential for small state prosperity. Thus, Bertram (2006) identifies a taxonomy of small state economic development with three broad “species”: one based on migration which ensures remittances from abroad and with a large local bureaucracy sustained by international aid, known as Migration, Remittances, Aid and Bureaucracy (MIRAB) (Bertram and Watters 1985); one based on tourism, known as Small Island Tourism Economy (SITE) (McElroy 2006); and one based on discretion over taxation, offshore finance, shipping registration, property ownership and citizenship, known as People, Resource Management, Overseas Engagement and Para-Diplomacy, Finance and Transportation (PROFIT) (Baldacchino 2006a). For all their contrasts, the three share a need for the successful management of external relations: since they do not have a hinterland of their own (Hintjens 1991:38), the world’s small states would “find it hard even to survive without drawing in resources and assets from, while flushing out excesses and undesirables to, a hinterland beyond” (Baldacchino 2006a:49).

## State Endowments

The operative words here are “management” and “good governance”. In the discussions about small states, one needs to shift the emphasis away from the smallness of a state, to the nature and powers of a state. And, even here, we may be led to believe that the powers of a state are, by definition, territorial: in other words, a state can only exercise its powers over a clearly circumscribed geographical territory. If so, then a small jurisdiction, whether a state or not, would still not be expected to fare well. But this is a surprisingly faulty deduction. States are potentially well endowed with the ability to influence events that take place beyond their shores. Politically independent small states still ride piggyback on the resources—economic, military and juridical—of other larger states (Olson and Zeckhauser 1966; Amstrup 1976:172). Through pseudo-membership of hard currency areas, as well as free-riding on international defence agreements, these small states enjoy an envious fiscal stability and a military defence capability that they would otherwise find impossible to sustain with their own means.<sup>18</sup> They pursue niche strategies within the international regulatory framework and seek to maximize rent-seeking as against value added opportunities. They also exploit the “importance of being unimportant”, using their low political and economic profile to develop commerce by establishing flexible fiscal, environmental and commercial registration regulations (Hampton and Abbott 1999).

It is ironic that it is the small and often ignored jurisdiction that is quicker to understand the competitive rules of international political economy than the larger, more comfortable, more established states. In virtually every success story of a small state—like Cyprus, Estonia, Iceland, Liechtenstein, Luxembourg, Malta, Mauritius and Slovenia—the script is the same (Milne 1999): the imaginative use of state legal resources in effective public policy has been central to its transformation. Constitutional resources, particularly in small states, should be recognized for the large reservoirs of economic potential that they really are (Milne 1997).

The transition from economic weakness to strength comes about when communities actually face the challenge of self-reliance, and decide, often in very different ways, how to move their economy and

<sup>17</sup> The citizens of land-locked small states have lower than average GNI per capita than other small states (Armstrong and Read 2006:89).

<sup>18</sup> Galbis 1984; Armstrong and Read 2002; Bartmann 2004.



society forward. This collective stock-taking and reappraisal often takes place against a backdrop of economic and political uncertainty when the promise of success and the threat of failure can be very real. Frequently, strategic economic planning arises when these small jurisdictions come face to face with the fact that they are on their own either because they have already moved decisively toward political independence and must assume the economic challenge which comes with that, or because the non-viability of the traditional economy drives them to such an outcome. In either case, the political and economic dimensions of the problem are inextricably intertwined. Consider the following four cases.<sup>19</sup>

When Malta moved toward political independence from Britain in 1964, one of its gravest challenges was to find a way to retool the local economy from that of a British naval base in the Mediterranean to a more diversified national economy compatible with its new official neutrality. The nature and direction of the transition were spelt out in a number of early planning documents that drew upon the thinking of outside consultants from the United Kingdom.<sup>4</sup> These served as the basis for a vigorous and largely successful public policy programme aimed at attracting inward investment in manufacturing. Malta provided among the most attractive incentives for manufacturing concerns in Europe in the form of tax holidays, free or subsidized factory space, exemption from customs duties, and the like. In a review of the history of this aggressive period of economic policymaking, Spiteri (1997:297) captured the remarkable employment shift that followed this transition from an older naval economy to a future in manufacturing: "During the two decades [1960s and 1970s], employment in manufacturing rose from 9,690 to 30,519 and employment in tourism from 400 to 3,382. This constituted a development which more than made good for the decline in [Military] Services employment which relentlessly drifted from 22,500 to 4,423."

Much of the funding for the transition came from British grants to assist the former colony in making the necessary adjustments, together with renegotiated payments for the British naval bases on the island. In the end, the island's economic shift to manufacturing and tourism, and the conversion of the naval dockyards from military to civilian work, were carried out so swiftly and successfully that all British military facilities on the island were closed by 1979, only 15 years after independence.

The Isle of Man also used outside consultants to assist with its plans to move the economy from reliance upon primary industries and tourism, toward a future in offshore finance. Although the Channel Islands had already begun to mark out just such a transition before the Manx programme got under way, it was plain to see as early as the 1960s the advantages that these small jurisdictions offered in lower taxes and less regulation, compared to the highly taxed British mainland. While the Isle of Man turned to a low-tax economic strategy in the 1960s almost by instinct rather than by grand design, it was not long before the benefits from this approach began to suggest the need for a more comprehensive and rational strategy of economic growth and diversification into finance, insurance and manufacturing. These plans came together in a more or less coherent form during the 1970s, with subsequent decades providing a useful learning curve for the Manx as they proceeded with implementation of this economic policy.

In Iceland, there was a gradual process of economic and political improvement as Icelanders assumed more responsibility for their well-being within a colonial relationship with Denmark over the last century; but it was not until full independence in 1944 that the people confronted the hard reality that their economic future would ultimately rest upon themselves. Self-reliance, in that sense, was not a mere philosophic choice, but rather a practical necessity. The country was then one of the poorest in Europe. Economic development in Iceland subsequently proceeded on a much more decentralized community basis than in many other island locations, often with municipal public investment and equity from cooperatives in trawlers, plants, shopping and hotel complexes, and energy systems.

The story of the modern economic transition in Liechtenstein, Luxembourg or San Marino is broadly similar. In each case, small-sized communities recognized their vulnerability, due to an inadequate

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<sup>19</sup> The case material about Malta, the Isle of Man, Iceland and the European microstates that follows is adapted from Milne (2000:7-8).

level of economic diversification, and took steps in recent decades to transform the economic basis of the state. All three saw a need, for example, to develop a comprehensive strategy that would exploit much lower levels of taxation than those in larger neighbouring states in order to attract high-end manufacturing, together with financial institutions and services; all developed programmes to stimulate tourism as part of the larger effort at creating a successful and diversified economy. Of course, like the Isle of Man, it was up to the local authorities finally to ensure that they could deliver the required policy and regulatory framework that would ensure their genuine competitiveness within Europe and the larger global marketplace.

Here one can adopt a perspective that, literally, allows for a conceptualization of the manufacture of development, where the polity constructs its economic space by shrewdly and intelligently exploiting the multiple layers of its jurisdictional capacity for its self-interest (Baldacchino and Milne 2000:231). In this scenario, some powers stand out as even more important than others.

## **The Power of Jurisdiction**

It should be clear by now that it is impossible to disentangle the economics of a small state from its politics. One needs to take stock of the sheer economics of law and policy; the economic measure of different jurisdictional levers; and of the “governing wits” that permit effective public administration. The manufacture of this kind of political economy in the context of an increasingly integrated global economy is a bundling of three distinct but interrelated factors: *law*, which lays the foundation for a small state’s economic performance by deploying the right constitutional instruments; *policy*, which involves the skilled and effective administration and management of determined public policy; and *culture*, which invests the whole enterprise with a shared sense of identity, confidence and collective purpose (Baldacchino and Milne 2000).

Looking at jurisdiction as a resource, one can draw up a list of possible manifestations of the deployment of such resourcefulness. In the context of small states, it can even be conflated to mean the exercise of sovereignty. Henry F. Srebrnik (personal correspondence 2003, 2007) has developed a list of the basic legislative and executive variables associated with jurisdiction (see table 1).

**Table 1: The powers of sovereignty: Legislative and executive**

- Degree of constitutionally entrenched jurisdictional autonomy
- Judicial powers and control over legal system (civil and/or criminal)
- Separate electoral system and political parties
- Control over customs, duties, taxation and other revenues and fiscal resources
- Control over banking and insurance
- Control over the currency
- Control of international trade
- Control of the environment and natural resources (including offshore resources)
- Control over citizenship, immigration and rights of residency
- Control over land ownership and use
- Control over aviation, communications, postal services and transportation
- Control over defence, foreign affairs and security
- Relations with other jurisdictions; ability to sign international agreements and have representation abroad
- Control over culture and language
- Control over education and institutions of higher learning
- Sense of national identity and shared history
- Degree of influence and representation in central institutions of decision-making units and bodies of governance in larger entities (such as a federation)

## Critical Legal Capacities

Are all these capacities important in equal measure? No: the literature based on the performance of small states suggests that a number of these legal capacities present themselves as more critical ingredients in shaping economic prosperity.<sup>20</sup>

*Powers over banking, finance, taxation and insurance:* Most offshore finance centres are located on small, often island or enclave territories: one particular website lists 42 “low tax offshore jurisdictions”.<sup>21</sup> This is because the latter habitually involve few significant domestic transactions, benefit by widening their tax base, draw in rent based surpluses from elsewhere and are therefore not unduly troubled by low tax policies (Baldacchino and Fabri 1999:141; Kakazu 1994). The risk here is that smallness may precipitate a “capture of the local state” by international financial capital, such as international banks and large accountancy firms (Christensen and Hampton 1999), as well as some not very respectable operations (Royle 2001:180). Baldacchino and Milne (2000:232) consider the power to tax, and tax differently, as critical to the economic prosperity of such small states as Luxembourg, San Marino and Liechtenstein. The financial services sector in the Bahamas contributed 15–20 per cent of GDP in 2004; that in Dominica and in St Vincent and the Grenadines some 9.5 per cent of GDP by 2003; finance-related fees collected in the Cayman Islands generated some 23 per cent of government revenue in the period 2000–2003 (Vlcek 2007, *passim*). An exceedingly low tax environment—via low corporate taxes and business rates, generous capital allowances, absence of capital gains tax, wealth tax, capital transfer tax, inheritance tax, death or estate duties, along with low personal income tax rates (15–20 per cent)—goes a long way toward attracting both manufacturing and service industries (Vlcek 2007). This is not to imply however, that success is guaranteed: Vanuatu sought to establish an offshore financial sector from as early as the 1970s, but this has been operating under “low standards of supervision”; the enabling legislation is in need of “a complete overhaul” and various provisions have not been enforced due to lack of financial and human resources (IMF 2003:9).

*Powers over exports and imports:* The central strategic choice facing a small economy is not whether to export but what to export: the more external resources that can be drawn in, the higher the per capita

<sup>20</sup> Milne 2000; Baldacchino and Milne 2000; Baldacchino 2010.

<sup>21</sup> [www.lowtax.net/lowtax/html/jurhom.html](http://www.lowtax.net/lowtax/html/jurhom.html), accessed on 27 November 2010. The largest jurisdiction on the list is Switzerland.

income that can be sustained (Bertram and Poirine 2007:330). Developing international trade regimes have been seeking an equalization of trade policy under the rubric of free trade. However, the suspension of multilateral trade talks at the World Trade Organization (WTO) in July 2006 has ensured that there is (again, and for now) more scope in scrutinizing bilateral, preferential deals between jurisdictions (Baldwin 2006; *The Economist* 2006). Some small states have done very well in this context with the promotion of free port and/or export processing zones (EPZs) in conditions of relative safety and political stability. In Fiji, Ireland, Malta, Mauritius and Singapore, constitutional power has been put to work in the service of enhancing export volume and performance.<sup>22</sup> Creating hassle-free and attractive zones for manufacturing, repackaging and international shipping activities has proved to be a viable economic strategy in the right circumstances. EPZs have been more likely to fail where basic human rights and labour laws have been curtailed, leading to a reputation for low-skill and low-quality processing, while incurring public resentment; transport infrastructure is also necessary to connect products efficiently to their eventual markets.

*Powers over natural resources:* For Iceland, it was only after asserting and enforcing local jurisdiction over its territorial waters and its exclusive economic zone—including four dramatic “cod wars” with the United Kingdom—that it was able to develop and protect its rich fishery with self-interest in mind. And, although the primary sector is not normally a strong basis for small jurisdictional prosperity, Iceland has developed skilled processing industries and expertise, thus adding value to the industry.<sup>23</sup> Other small economies which have become dependent on rich mineral deposits—such as Equatorial Guinea, and São Tomé and Príncipe (oil and gas)—would do well to note the “riches to rags” transition of phosphate-rich Nauru (Connell 2006). After all, the most successful small economies are those that have moved away from any prior dependence on cash crops and commodities geared for mass markets.

Meanwhile, the contribution of islands to cultural, environmental and biological diversity is proportionately much greater than the size of their territories or populations (Young 1999:253). Some of the United Nations Educational, Scientific and Cultural Organization’s (UNESCO) current 911 World Heritage Sites (as at November 2010) are to be found in small territories: these include the old city of Dilmun in Bahrain; the barrier reef system in Belize; the Choirokoitia remains in Cyprus; national parks in Dominica, St Kitts and Nevis, and St Lucia; James Island in Gambia; the Aldabra Atoll in the Seychelles; East Rennell Island in the Solomon Islands; megalithic temples in Malta; and historic Paramaraibo in Surinam. For small jurisdictions that host places of natural beauty or recognized cultural heritage, this provides opportunities for developing niche tourism industries that depart from the mass “sun, sand and sea” model. Here, the absence of an industrialization phase unwittingly helps to avoid brownfielding sites and to maintain a more pristine natural environment, which is more conducive to an attractive tourism destination.

*Powers over transportation:* Difficulties with transportation affect a whole range of issues, including: the viability of a tourism industry, a manufacturing export strategy, absence of economies of scale, as well as access to emergency off-island health care (Baldacchino and Milne 2000:234). Greater distances mean higher costs for the transport of goods, services and people, and effectively reduce access to the metropole (Connell and Aldrich 1992:33). The Åland Islands developed their own shipping registry and safeguarded duty-free transactions on ships flying the Åland flag (Lindström 2000): in doing so, they solved not only their own transportation problems, but the bulk of their economic problems by making themselves a shipping “hub” for the transit of people and goods between the neighbouring states of Sweden and Finland.

This idea of making one’s small territory a hub between neighbouring land masses has appealed to Iceland, as it positions itself as the hub or transit point between Europe and North America. The national airline, Icelandair, principally serves to tie together a network of European and North

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<sup>22</sup> For example, Lee Kuan Yew 2000; Elek et al. 1993; Arrow 1997; Milne 1999; and Subramaniam and Roy 2001, respectively. Briguglio et al. (2005:27) call this the “Singapore Paradox”: “the seeming contradiction that a country can be highly vulnerable and yet attain high levels of GDP per capita”.

<sup>23</sup> Fishery has now become the fallback, economic mainstay for Iceland in the wake of its current fiscal crisis. See, for example, Lewis (2009).

American cities with Keflavik as an entrepôt. A key element in its modern economic success in fisheries, tourism and other areas has been this ability to use its constitutional leverage to reach out with its national airline and thus encompass a wider economic space. The Isle of Man likes to see itself as located in the exact centre between Ireland, Scotland, Wales and England, while Malta considers itself the “stepping stone” between Europe and North Africa, and has done well with its trans-shipment and bunkering services.

*Powers over free movement of persons:* Given that smallness increases the disposition toward all-round volatility (Dommen 1980; Easterly and Kraay 2000), the threats of depopulation or overpopulation loom larger; as do the resulting impacts on labour supply and demand, on housing stock surplus or shortages. Acute emigration—and, less often, immigration—is the safety valve readily available in response to all-to-frequent demographic, real estate or employment imbalances. Overall, the problems of human resource planning are particularly acute in small states (Connell 1988:23). A stock of overseas-resident migrants sustains a flow of remittance transfers that constitutes a significant, legitimate and regular provision of foreign exchange (Prasad 2004:51–53). Remittance providers can be depended upon for the provision of cash and/or gifts in kind for a limited time period, after which they may be replaced or refreshed with new emigrants who would kick-start the process once more (Prasad 2003). Such a cycle represents a shrewd income-maximization strategy by a household that functions as a fully-fledged “transnational corporation of kin” (Marcus 1981). Large diasporas in metropolitan cities are also keen consumers of exported local products (such as gourmet foods), as well as long-stay/repeat tourists.

Meanwhile, cognizant of their small size and the risk of rampant inflation caused by high levels of immigration, various small economies have used their jurisdictional powers to enact regulations that effectively limit or screen the number of those who can work, become residents and/or gain citizenship. Places like Åland, Bermuda, Jersey and Malta have put in place mechanisms which limit the access to property by foreigners, often in conjunction with time, language or financial criteria (Kemeny and Llewellyn-Wilson 1998).

*Powers over island branding for niche manufacturing:* Research on small jurisdictions has identified various examples of business success that depend on an entrepreneurial flair that often manifests “glocal” strategies, and the circulation between “home” and “away” of entrepreneurs has appeared as a clear indicator for such a success. Many of those who set up business on small states are “transnationals”, having spent long stretches of time living and working away from their home, and choosing to return after they had identified the clients and markets and had amassed the contacts, education and experience which allowed them a much better chance of being successful, export-oriented entrepreneurs: Fred Sevele of Tonga, currently Prime Minister, or Ken Roberts, CEO of the Employers’ Federation of Fiji, are high-profile examples (James 2000; Baldacchino 1999, respectively). Others have successfully managed to develop and nurture their innovative business ideas after accumulating skill and contacts working with large, often multinational, companies. Others still were even more critically dependent on foreign capital, clientele or expertise to get their own local business going. Among these, there is an important category of entrepreneurs who are not citizens of small jurisdictions by birth but by choice or circumstance: they are resident expatriates or “lifestyles entrepreneurs” (Ioannides and Petersen 2003), lured to the small territory by a variety of ways, and especially by its typically quaint and enticing quality of life (Baldacchino and Vella Bonnici 2005; Baldacchino and Fairbairn 2006).

Meanwhile, in spite of the obvious difficulties associated with competitive export-oriented manufacturing from small states, especially if enisled, there are exceptional examples of success worth showcasing (Baldacchino 2005b, 2005c). Pepper sauces from Trinidad and Tobago, rum from Barbados and Jamaica, decorative glass from Malta, cod liver oil from Iceland, sea plants and kava from Fiji and Vanuatu, and taro chips from Samoa are but a few exemplars of boutique, niche market products with high local value added and which ride on powerful island brands, the brainchild of various entrepreneurs in small jurisdictions.<sup>24</sup>

<sup>24</sup> Fairbairn 2006; Novaczek and Stuart 2006; Prasad and Raj 2006; Punnett and Morrison 2006; see also the Network of Islands for Small Scale Organisational Success (NISSOS) Project at: [www.islandstudies.ca/smallbusiness.html](http://www.islandstudies.ca/smallbusiness.html), accessed on 27 November 2010.

*Powers over rentable assets:* By virtue of being specific jurisdictions in specific geographical locations, small states have every incentive to become “norm entrepreneurs”: creatively fashioning new products and new services that they can sell or lease to international buyers, thus accruing rents. These include aid, licences, stamp duties, customs receipts, land or fishing taxes, leases for military bases, casinos, yacht berths, space tracking facilities, listening posts, trans-shipment services, bunkering, philately, locations for movies<sup>25</sup> and television serials,<sup>26</sup> retirement villas and summer cottages for expatriates, plus other so-called “invisible receipts”.<sup>27</sup> Liberia and Panama are the world’s largest shipping registries by gross tonnage. Macao has overtaken Las Vegas as the world’s gambling capital. The various Scandinavian countries (Denmark, Finland, Iceland, Norway and Sweden) have emerged as world leaders in international diplomacy via the brokering of peace processes (Ingebritsen 2006).

The Internet is providing new opportunities: there are country code top-level Internet domains (of which Moldova’s .md, Nauru’s .nu, São Tomé and Príncipe’s .st and Tuvalu’s .tv are of special interest to international clients). And there is online gambling. Antigua and Barbuda is today the smallest country to successfully litigate a case in the WTO’s 12-year-history when it challenged the United States over its illegal restrictions on Internet gambling sites based overseas and asked other countries to join in seeking compensation from the United States for the latter’s failure to comply with global trade rules (*International Herald Tribune* 2007).

*Powers that usurp sovereignty:* Tapping into international “free riding” and “rent seeking” is so vital that various small jurisdictions have opted not to pursue full sovereignty because their elites feel that such a status would not necessarily enhance but may rather erode their ability to tap largesse from larger states. This pragmatic response is one key explanation for the contemporary popularity of small, sub-national, often island, jurisdictions which cherish autonomy but not sovereignty (Ramos and Rivera 2001).<sup>28</sup> From a SNIJ perspective, there are various plausible reasons for aspiring to an arms’ length relationship—but a relationship nevertheless—with a larger, mainland, benevolent patron. Connell (1994) and McElroy and Mahoney (2000) explain how the small players in these unequal dyads derive substantial economic advantages from the arrangement. These include: free trade with, and export preference from, the parent country; social welfare assistance; ready access to external capital through special tax concessions; availability of external labour markets through migration; aid-financed infrastructure and communications; higher quality health and educational systems; natural disaster relief; and provision of costly external defence. Many small islanders from sub-national jurisdictions look upon citizenship rights as a double privilege: it is a condition which grants the basis for property ownership and employment on their own island, while providing them with a passport for potential emigration and freedom of access to the territory and labour markets of the metropolitan power (Baldacchino 2006b:858). Autonomy without sovereignty may also facilitate tourism development because of easier terms of access and security. Meanwhile, “paradiplomacy” can still be profitably pursued with increasing boldness (Bartmann 2006). Most such special conditions emerge in the context of a history of a relatively benign colonial relationship: typically one dominated by strategic rather than economically exploitative interests. *The Economist* (2003a) has claimed that the island citizens of Aruba,

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<sup>25</sup> The box office hit *Castaway* (starring Tom Hanks) was filmed on Monuriki Island (Yasawa Group, Fiji); the *Lord of the Rings* Trilogy was filmed on South Island, New Zealand; and *The Count of Monte Cristo* was filmed in Malta.

<sup>26</sup> For example, television blockbuster series *Survivor* has been filmed in such locations as Cook Islands, French Polynesia, Guatemala, Malaysia, Panama, Palau, Thailand and Vanuatu.

<sup>27</sup> Dommen 1981; Legarda 1984:43; Baldacchino 1993:40; Prasad 2004.

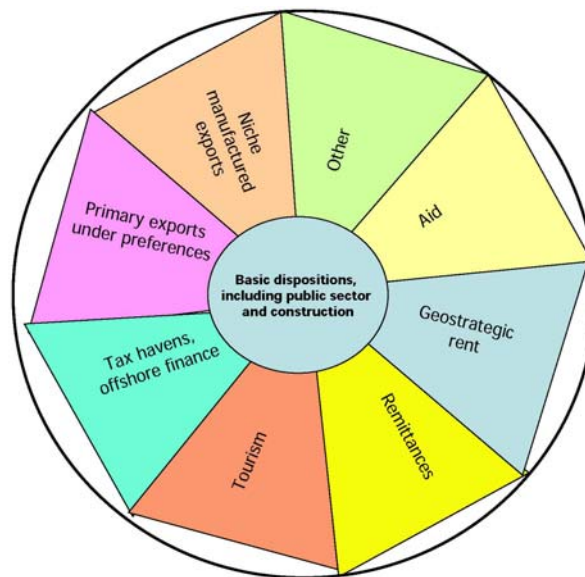
<sup>28</sup> There are some 100 such jurisdictions, most of which are small. Puerto Rico and Taiwan are among the largest. These SNIJs have received 36 times more bilateral aid than comparable independent island states: US\$3,099 per capita (Poirine 1999:843, table 1).

Bermuda and French Polynesia are among the world's top ten richest people: all three are SNIJs, benefiting from customized linkages with the much larger states of the Netherlands, the United Kingdom and France, respectively. Various other SNIJs partake of some form of profitable asymmetrical federalism with(in) a typically larger state.<sup>29</sup>

The configuration of legal capacities outlined above corresponds to the signature of the PROFIT cluster described earlier. These are jurisdictions keenly interested in: "a shrewd immigration and cyclical migration policy; engaging in tough external negotiations concerning the use of mineral, natural, political or other imaginative resources; securing and controlling viable means of transportation; and luring foreign direct investment via very low/no taxes" (Bertram 2006:5). However, the MIRAB and SITE clusters described earlier remain viable in their own right, as long as they succeed in securing revenue flows.

Given the openness of small island economies to events beyond their control, and the likely high impact of any such events on the domestic economy, one should not be surprised to find evidence of dynamism: particular islands mutate as their environments shift. When a longitudinal perspective is adopted, the economies of small states tend to move in and out of a specific cluster. An increase or decrease in tourism; more or less aid provision; the success or failure of a key private industry or subsector (like fisheries or banking), can oblige a small economy to move (often quite swiftly) out of one cluster and into another. This dynamic flexibility and "rapid response capability" (Bertram and Poirine 2007:333) is a strategic (although it could also be a default) response to opportunity, especially necessary in situations where there is hyperspecialization of economic activity at a national level (Baldacchino and Bertram 2009; see figure 1).

**Figure 1: An economic portfolio for small states**



Source: Adapted from Baldacchino and Bertram (2009).

Consider, by way of example, the economic shifting through history of the Caribbean island state of St Lucia, set up as a plantation economy following its discovery by Europeans. Sugar drove the plantation economy for many decades; but was eclipsed by coal (1990–1930); which was in turn overtaken by bananas during the 1960s; tourism then surpassed bananas in revenue in 1993 (*Fodor's Caribbean 2007*, passim). An attempt at low-skill, export-oriented manufacturing fuelled by foreign investment was largely unsuccessful (Kelly 1986). With each (often dramatic) ebb of a specific "growth pole" and the emergence of another, the socioeconomy suffers painful dislocation: unemployment and relative poverty set in among the losers who may fight against the change of fortune but who eventually are

<sup>29</sup> Stevens 1977; Baldacchino 2004; Baldacchino and Milne 2006.

often forced to adapt, draw on social or state supports, switch to what is perceived as the next winning horse, or, as is typical among small islanders, opt for “ex-isle” (Bongie 1998) or at least a period of time overseas.

A similar flexible specialization—in training and (self)employment—is an equally viable strategic response at the individual or household level (Fergus 1991:56). Longitudinal studies demonstrate an agile and entrepreneurial responsiveness by citizens of small states to shifting opportunities in different stages of their lives. There is a deployment of “economies of scope”, of polyvalency, or of “occupational multiplicity”—terms that have emerged following research in primarily Caribbean economies, such as by Lambros Comitas (1963) and Richard Frucht (1967). Being “a Jack, or Jill, of many trades” (Bennell and Oxenham 1983) may not meet the blessing of international observers bred in a context where rigid specialization and core focus is the mantra. Yet: “in small countries, the best may sometimes be defined in terms of flexibility and breadth, rather than depth”.<sup>30</sup>

## Social Policies to Match

The political autonomy enjoyed by many small states in the contemporary political system often translates successfully into the deployment of stronger measures of export orientation, economic liberalization, flexible adaptation and creative transterritorial diplomacy, when compared to like-sized mainland territories (Poirine 1998). These measures typically translate into an ideology of nationwide social partnership and high levels of domestic social capital. Many small states (though not all) have very strong voter turnouts in democratic elections; political scientist Jeffrey Richards correctly put his finger on the “societal homogeneity and particularism associated with smallness; the strong self-conscious feeling of a sense of collective identity asserted against the outside world; the more intimate relationship of state and society” (Richards 1982:170). Less heroically, many citizens in small states just cannot afford not to vote, or to be seen not to (Hirczy 1995).

Yet there are real dangers ahead. Small states may lose or ditch local symbols and local cultural resources, embracing in their stead the enthralling icons of the metropole and its obsession on glamorous consumption. They become “dwarf societies” (Harrigan 1979), proudly mimicking the development policies presumably tried and tested in the metropole. Place succumbs to space, being an object of, and party to, cultural dependency and incorporation. Otherwise, in a condition of conscious incompetence, these symbols tend toward malaise, dejection, even despair; a sense of loss of ownership and loss of control over public policy; of fatalism; of a historical outcome which locates a specific people as creatures or victims, rather than creators or agents, of their predicament. This is a hopeless and disabling script; one of negative energy. It becomes all the more tempting and justifiable when the small state’s jurisdictional capacities experience erosion with the passage of time.

In contrast, the arts and culture of vibrant economies with high social capital assets are glocal. Cultural industries are often equally comfortable both at home and abroad, and are often ingenious vehicles for export promotion. They are expressions of confidence, of assertive intent to seek and tap exogenous markets, often with original products and services. In spite of having similar make-ups and therefore internally competitive, these small societies, manifesting pragmatism, have devised impressive cross-border and regional institutions, which already include regional forums,<sup>31</sup> universities<sup>32</sup> and an emerging regional confederation of small states.<sup>33</sup> They embody a “progressive sense of place” (Massey 1993:66, emphasis in original)—dynamized and rendered vibrant by a people keen to express, manifest and locate it centrally within their *Weltanschauung*, or life-world. A progressive sense of place, Doreen Massey continues, consists in “articulated moments in networks of social relations and understandings” (Massey 1993:67).

<sup>30</sup> Brock 1988:306; Farrugia and Attard 1989; see also Baldacchino and Bertram (2009).

<sup>31</sup> Such as the Pacific Community, the Caribbean Community and the Indian Ocean Commission.

<sup>32</sup> Notably, the University of the West Indies and the University of the South Pacific.

<sup>33</sup> The Organisation of Eastern Caribbean States (OECS), with seven members and two associate members. The OECS has its own currency, central bank, supreme court and has negotiated international agreements.



Judging from the lessons of both success and failure, what are the essential features of “articulated social relations”? A review of the literature and examples of best practice suggest that they should embody as many of the following five characteristics as possible (Baldacchino 2005d):

- i. Transcending geophysical delineations by reaching out to the (relatively large) diaspora of small state citizens abroad: crucial for markets, and the flow of people and ideas, investment and entrepreneurship. The rhetoric of the skills/brain drain also needs to be reined in; we have only ourselves to blame if we cannot hold on to or bring back those who have left, usually for their own good; the real challenge is not to prevent the mobile and able from leaving but to learn how eventually to tap their new skills for local purposes. One needs to cultivate an indigenous glocal elite, one which is proud of its roots yet at ease in both local and global spaces (Courchene 1995; Robertson 1995).
- ii. Ensuring that the administrative apparatus (or the state in a sovereign territory) is the embodiment of the nation. Has this machinery been captured by a comprador faction, leading to public disillusionment, particularly about its redistributive and representative functions? The political institutions inherited by many small postcolonial states lack a foundation in indigenous culture, are guided by elites of questionable skill and are managed by poorly trained bureaucrats who place personal and group interests above those of the state (Palmer 1997:217–227; Srebrnik 2000:65). Partisan politics can also take on damaging, proto-ethnic qualities: as in the case of Fiji, Jamaica or Malta (Baldacchino 2002).
- iii. Fostering a public administration that believes in itself, and is not a victim of low self-esteem or inferiority complexes. A high level of popular confidence in the public service and political institutions is essential. An effective, educated and neutral bureaucracy, one which facilitates the operations of both state and civil society, is a powerful contributor to, as well as a reflection of, high social capital.
- iv. Expanding on the nature of understanding, to incorporate all forms of human and other natural expression; in other words, seeking a holistic sense of place. This holistic vision cannot fail to include a keen environmental sensitivity, or to find expression in art, song and literature.
- v. Embracing an openness to diversity and pluralism, with minimal social class and status barriers and tensions, in order to facilitate a flexible, supple, “learning organization” setting (McClelland 1967).

These characteristics are nothing less than the raw constituents of the “geometry of power” (Massey 1993). They are the manifestations of high levels of “cool” and resourcefulness that can catapult the citizens of small states into the world with bursting confidence in their ability to handle—together—whatever may be in store. It is to these objectives that the social policies of small states should be addressed.

Furthermore, looking at economic activity in and for small jurisdictions per se, one intention should be to foster locally based but high value added and export-oriented entrepreneurial activity. For this to happen, it is important to encourage—rather than dissuade—local citizens to visit and spend an extended period as migrants in the metropole, for education or employment. The policy objective should be directed at the refreshing of a transnational diaspora, enticing citizens from small places to forge links with the metropole *and* maintain links with local life, culture and relations. This is the meaning of “glocalization”: being both global and local in orientation (Connell and King 1999:2; Jolly 2001), exploiting what has been described above as both *roots* and *routes* (Clifford 1997) and developing a “progressive sense of place” (Massey 1993).

Were small state governments to encourage citizens to go away—for reasons that include tapping foreign markets, studying in foreign universities and colleges, working with international firms, learning and practising new languages, meeting potential clients, befriending potential business partners and bumping into potential business ideas—then, the same small state governments may devise appropriate policies to lure such citizens back home, with its promise of a better quality of life. (Similar policies could also be the magnet which attracts expatriates to become localized

entrepreneurs.) But, even if these citizens are not lured back, remittances already constitute an important fiscal transfer from the metropole for many small economies (Prasad 2004). This flow could be complemented by a transfer of knowledge and human capital. Even better, rather than the zero sum game of “brain/brawn drain/gain”, it may be time to switch to a discourse of brain/brawn “rotation” or “circulation” that speaks to a different reality of cyclical mobility, transnationalism and identity (Baldacchino 2006c; *The Economist* 2005b).

Finally, local citizens of small jurisdictions should be critically confronted with the evidence, rather than the myth or the hype, surrounding their size. They should be shown, by means of hard evidence that the paradigm of economic vulnerability, or of its antithesis, resilience—still standard fare in most conventional economics textbooks that consider the challenges of small size—can be transcended (Baldacchino and Vella Bonnici 2005; Bertram and Poirine 2007).

## **For What Kind of Development?**

Meanwhile, the deployment of such jurisdictional powers is usually intended for policy objectives. As long as these speak to basic human rights—basic literacy, access to clean water, the eight United Nations Millennium Development Goals<sup>34</sup>—there is usually general agreement as to their validity and the relevance of their pursuit via appropriate public policy measures. Other key objectives, however, may have ideological foundations, or connect to specific conceptualizations of “the good life”. Thus jurisdiction may be used to increase or cut taxes; to widen or reduce social inequality; to enhance or reduce the role of the state in economic development; and to protect local industries or expose them to transnational competition.

John Galtung (1996:131) reminds us that, in spite of much talk about sustainability, most definitions of development still imply either GNP growth and/or Western models of modernization. Most observers continue to examine and assess the “success” of small (and not so small) states on such criteria. Small states need to remain critical of these, also because they could easily fail to identify key strengths, just because they are not monetized or otherwise difficult to measure. Social networks are strong, scapes are valuable, political activism is high, and reciprocity is a key feature of socioeconomic life. These features—along with healthy environments, vibrant cultures and safe communities—could prove to be very attractive qualities of a way of life that appears to have been lost in many a large metropolis. Jurisdiction needs to be deployed to value, preserve and enhance such qualities.

Jurisdiction also needs to support and make room for civil society to participate in sustaining these features. Given the preponderant role of government in small economies, and the absence of a strong industrial manufacturing sector—Malta, Fiji, Mauritius and Trinidad and Tobago are the main exceptions here<sup>35</sup>—civil society is often represented by community organizations and faith-based/church-affiliated units, apart from significant corporate players in the services sector like hotels or banks (easily the largest private sector employers). Those small states with large primary sectors must contend with a strong, often protectionist, agricultural lobby.

## **Appropriate and Measurable Indicators**

With these ideas in mind, the flexing of the power of jurisdiction by small states, and the extent to which any such strategies make for a diversified economy, can be determined and assessed on the basis of the following seven indicators:

- The small state’s percentage of total imports of goods and services that are made up by:  
(i) merchandise exports; (ii) tourism receipts; (iii) remittances; (iv) bilateral and

<sup>34</sup> [www.un.org/millenniumgoals](http://www.un.org/millenniumgoals), accessed on 27 November 2010.

<sup>35</sup> The largest employer in the manufacturing sector of a small state is often a brewery.

multilateral aid flows; (v) revenues from financial services; and (vi) a residual for “any other income”.

- Powers over free movement of persons: workers’ remittances and compensation of employees, actual value of net receipts from abroad; workers’ remittances and compensation of employees (per cent of GDP); per cent of the first-generation diaspora as a percentage of the resident population of a small state.
- The prevalence of short- and long-term circular migration across time – measured by the percentage of adult citizens who have spent minimum periods of time (for example, 12 months) away for work or education.
- The securing of access by small state citizens to foreign labour markets – via dual citizenship provisions and any other, special access concessions.
- Powers over rentable assets (revenue generated from military or telecommunications bases, royalties received).
- Involvement and impact of small states in international and regional forums (negotiating votes in international and regional forums, or receiving payments through foreign diplomacy);
- Other original “development strategies”, such as trust funds, philately, rent/sale of domain names.

## Conclusion

*Small countries are not a simply-scaled down versions of large countries. They have an ecology of their own. We believe there is a cluster of factors which suggest particular strategies in the small states of the world.*

*Commonwealth Secretariat 1986:5–6; also quoted in Bray 1990:266*

*It has been forcefully argued that small ... economies cannot be simply looked upon as bounded entities expected to attempt and succeed in developing a productive capacity from inherent resources. This is a nationalist fallacy which fails to appreciate that small [jurisdictions] are organic parts of a wider economic system from which, on balance, they derive substantial benefits.*

*Kakazu 1988*

The flow of cash, goods and people across borders is especially lucrative and unavoidable for the smallest territories: where the interface with the world is of much greater significance than the local land area. Successful small states and their citizens are parts of a larger set-piece, a transnational formation of locales, spaces of flows, people, beliefs, values and practices. This cross-territorial meshing creates conditions for the generation of ample doses of both bridging and bonding social capital (Groome Wynne 2007; Putnam 2000). It also makes small states amenable to federative initiatives, especially where they are geographically clustered. At home, small state citizens become experts at “managing intimacy” (Lowenthal 1987:32), living with a ubiquitous state, and containing disagreement, all in the interests of stability and compromise. Partisan politics is most damaging in two-party legislatures, where political parties take on clan characteristics, and those who are not with you are against you. Most criticism and innovation to the small state are suggested and driven by “outsiders”, who have that discretion that allows them to trump inbuilt conservatism and administrative inertia (Sutton 2007:204). They are entrepôt sites, which tend to exploit externally induced change, subordinating it to local advantage, mitigating specialization with nimbleness. Their economic success is part of a deliberate regionalist or internationalist engagement (Warrington and Milne 2007). With their entrenched societal corporatism, small states continue to prosper: not because they have found a solution to the problem of change, but because they have found a way to live with change (Katzenstein 1985:211; 2003:30). It is the awareness of this contextualization that explains the resilience, relative prosperity and sheer existence of small states, just as much as it explains their vulnerability.

The citizens of small states tend to enjoy above average levels of GNI per capita, as well as high levels of literacy, health and life expectancy. But they also enjoy what typically remains unmeasured: high stocks of social capital; family and community bonding; a disposition toward economies of scope and multifunctionality; vibrant democratic participation; a dynamic diaspora; political stability; and relatively large public sectors which promote more egalitarian societies. Note that so-called poorer states may do surprisingly well on alternative indices, and richer states may do surprisingly badly: thus, Vanuatu was ranked 207th out of 233 economies when measured against GDP; but emerged as the happiest nation on the planet in a 2006 survey, while the United Kingdom is ranked 108th on the same survey (BBC News 2006). A stronger appreciation of the pillars of sustainable development—social justice, ecological balance, cultural vibrancy and self-reliance (Nurse 2006)—would also help to raise timely questions as to what “development” is all about.

In summary, this paper has sought to present a more positively critical assessment of the predicament of small states, and how their jurisdictional status and powers can be conceived and converted into economic resources. This is not to escape or shy away from an acknowledgement of real challenges: from the ravages of cyclones and hurricanes, to the snail’s pace of administrative reform; from the threats of drug trafficking and money laundering, to the loss of skilled labour and the looming loss of land with sea level rise. It should, however, make a welcome change to look at the glass as half full rather than half empty. A tightly focused, agency-driven, global research exercise could investigate in more detail how the more successful small societies around the world have risen to the occasion and have overcome any specific historical conjectures and crises.

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