

HANDBOOK ON THE POLITICS OF SMALL
STATES

Handbook on the Politics of Small States

Edited by

Godfrey Baldacchino

University of Malta, Malta

Anders Wivel

University of Copenhagen, Denmark

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Contents

<i>List of contributors</i>	viii
<i>Acknowledgements</i>	xiii
PART I INTRODUCING SMALL STATES	
1 Small states: concepts and theories <i>Godfrey Baldacchino and Anders Wivel</i>	2
2 Small states: surviving, perishing and proliferating through history <i>Matthias Maass</i>	20
3 Small states: politics and policies <i>Dag Anckar</i>	38
4 Small states: public management and policy-making <i>Küllli Sarapuu and Tiina Randma-Liiv</i>	55
5 Small states: challenges of political economy <i>Godfrey Baldacchino</i>	70
6 Small states: challenges and coping strategies in the UN General Assembly <i>Diana Panke and Julia Gurol</i>	83
PART II EUROPE	
7 Small states in Europe <i>Anders Wivel</i>	99
8 The Nordic states: keeping cool at the top? <i>Baldur Thorhallsson and Jóna Sólveig Elinardóttir</i>	113
9 The non-identical Mediterranean island states: Cyprus and Malta <i>Roderick Pace</i>	131
10 Politics of the four European microstates: Andorra, Liechtenstein, Monaco and San Marino <i>Wouter P. Veenendaal</i>	150
11 Small states in Europe as a buffer between East and West <i>Revecca Pedi</i>	168

12	Small states of the Balkans: after Yugoslavia and its ‘third way’ <i>Stefano Bianchini</i>	189
PART III MIDDLE EAST AND AFRICA		
13	Mediation by small states: Norway and Sweden in the Israeli– Palestinian conflict <i>Jacob Eriksson</i>	207
14	Politics and economy in small African island states: comparing Cabo Verde and São Tomé and Príncipe <i>Edalina Rodrigues Sanches and Gerhard Seibert</i>	222
PART IV CENTRAL AND SOUTH AMERICA AND THE CARIBBEAN		
15	Small states in Central America <i>Tom Long</i>	242
16	The foreign policy of South American small powers in regional and international politics <i>Leslie E. Wehner</i>	259
17	Island versus region: the politics of small states in the Caribbean <i>Godfrey Baldacchino</i>	278
PART V ASIA AND THE PACIFIC		
18	Small states in post-Soviet Central Asia: navigating between two great power neighbours <i>Flemming Splidsboel Hansen</i>	294
19	Enlarging Singapore’s foreign policy: becoming intermediary for diplomacy, transportation and information <i>Alan Chong</i>	311
20	Small states, China and the South China Sea <i>Leszek Buszynski</i>	329
21	Small states in the Pacific <i>Jack Corbett and John Connell</i>	343
PART VI BEYOND SOVEREIGNTY? SEMI/ NON-SOVEREIGN SMALL STATES AND TERRITORIES		
22	Small, subnational jurisdictions <i>Gerard Prinsen</i>	362

23	Exploring <i>de facto</i> state agency: negotiation power, international engagement and patronage <i>Eiki Berg and Kristel Vits</i>	379
24	Protodiplomacy: sub-state diplomacy and wannabe states <i>David Criekemans</i>	395
	<i>Index</i>	411

Contributors

Dag Anckar is Professor Emeritus of Political Science at Åbo Akademi University, Åbo/Turku, Finland. His research interests include public administration, small state governance and the behaviour of political parties, with a special focus on small states. His books include *Liberalism, democracy and political culture in Finland* (1983), *Essays on democratic theory* (edited with Erkki Berndtson) (1984) and *Rationality and legitimacy: essays on political theory* (co-edited with Hannu Nurmi and Matti Wiberg) (1988). He served as President of the Nordic and Finnish Associations of Political Science, and has been awarded Honorary Doctorates from the University of Uppsala (Sweden) and the University of Turku (Finland).

Godfrey Baldacchino is Professor of Sociology at the Università ta' Malta, Malta (the world's tenth smallest country, by land area). He also served as Canada Research Chair (2003–2013) and UNESCO co-Chair (2016–2020) at the University of Prince Edward Island, Canada. He is the (co-)author or (co-)editor of 45 books and 140 book chapters and journal articles, some of which explore the characteristics of small (often island) states and territories. Since 2018, he is the executive editor of the online journal *Small States & Territories*.

Eiki Berg is Professor of International Relations at the University of Tartu, Estonia. He has published widely on bordering practices, identity politics, power sharing in post-conflict settings and *de facto* states. During 2003–2004, he served as a member of the Estonian Parliament and observer to the European Parliament. In 2012, he received the National Science Award in the field of Social Sciences for research on identities, conflicting self-determination and *de facto* states.

Stefano Bianchini is Professor of East European Politics and History at the University of Bologna, Italy. He is Rector's delegate for relations with Eastern Europe. As an expert of Balkan issues, he has (co-)edited 36 books and some 150 articles in Italian, French, English and other languages. He was an adviser to the International Criminal Tribunal for the former Yugoslavia (ICTY) in The Hague. He is the Executive Editor of the journal *Southeastern Europe*. His latest book is *Liquid nationalism and state partitions in Europe* (2017).

Leszek Buszynski is Visiting Fellow with the Strategic and Defence Studies Centre at the Australian National University, Canberra, Australia. He previously served as Professor of International Relations at the International University of Japan, and Lecturer at the National University of Singapore. He has published widely on Asia Pacific security issues and is co-editor of the Routledge book series on Asia Pacific Security.

Alan Chong is Associate Professor at the S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore. He has published on the notion of soft power and the role of ideas in constructing the international relations of Singapore and Asia. His articles have appeared in *Contemporary Southeast Asia*, *Pacific Review*, *International Relations of the Asia-Pacific*, *Asian Survey*, *Review of International Studies*, *Cambridge Review of International Affairs* and *Armed Forces & Society*. He is the author of *Foreign policy in global information space: actualizing soft power* (2007) and editor of *International Security in the Asia Pacific: Transcending ASEAN towards transitional polycentrism* (2018).

John Connell is Professor of Geography at the University of Sydney, Australia. His research interests include rural development, migration, decolonization and nationalism, especially in the Pacific. He has published widely on the challenges facing small (and mainly island) developing states. His books include *Islands at risk? Environments, economies and contemporary change* (2013).

Jack Corbett is Professor of Politics at the University of Southampton, United Kingdom. He is the (co-)author or (co-)editor of 6 books and some 60 book chapters and journal articles, some of which explore the characteristics of small (often island) states and territories. Since 2018, he is the Book Reviews Editor of the online journal *Small States & Territories*. He is co-author (with Wouter Veenendaal) of the book *Democracy in small states: persisting against all odds* (2017).

David Crikemans is Associate Professor of International Relations at the University of Antwerp, Belgium and part-time Assistant Professor at University College Roosevelt, The Netherlands and the Geneva Institute of Geopolitics, Switzerland. His research interests include sub-state diplomacy, federalisation and comparative regional foreign policy. He is the editor of *Regional sub-state diplomacy today* (2010).

Jóna Sólveig Elinardóttir is former Member of Parliament (during which time she served as Deputy Speaker and Chair of the Foreign Affairs Committee) and a Senior Adviser with the Ministry of Foreign Affairs, Government of Iceland. Her areas of expertise include international politics, international relations theory, Nordic studies and European Union Studies. She has taught study units about the power potential of small states in the European Union at the University of Iceland, Reykjavik, Iceland.

Jacob Eriksson is the Al Tajir Lecturer in Post-war Recovery Studies at the University of York, United Kingdom. His research interests include conflict resolution, the Israeli–Palestinian conflict, Middle Eastern politics and security and post-war recovery. His publications include *Small-state mediation in international conflicts: diplomacy and negotiation in Israel-Palestine* (2015).

Julia Gurol is a Research Associate and Lecturer at the Chair for Multilevel Governance at the Albert-Ludwigs-University of Freiburg, and Research Fellow at the Centre for Applied Research in Partnership with the Orient (CARPO) in Bonn,

both in Germany. Her research focuses on EU–China relations and European foreign policy.

Flemming Splidsboel Hansen is Senior Researcher in International Security at the Danish Institute for International Studies, Copenhagen, Denmark. His research interests include Russian domestic and foreign policy, Russian national identity, Ukraine, Belarus, the CIS, the Caucasus, Central Asia, EU Eastern Partnership, NATO, OSCE, the Arctic, sanctions and intelligence work. His work has appeared in such journals as *International Politics*, *Europe-Asia Studies*, *Security Dialogue* and *European Security*.

Tom Long is Associate Professor of International Relations at the University of Warwick, United Kingdom, and an Affiliate Professor at the Centro de Investigación y Docencia Económicas in Mexico. He is author of *Latin America confronts the United States: asymmetry and influence* (2015). He has published widely on small states and Latin American international relations. His work has featured in such journals as *International Security*, *International Studies Review* and *International Affairs*.

Matthias Maass is Associate Professor of International Relations at the Graduate School of International Studies, Yonsei University, Seoul, Korea. He previously held professorial positions in Singapore, Hawai'i, France and Vietnam. His areas of expertise include small states and security in Northeast Asia. He is the author of the book *Small states in world politics: the story of small state survival, 1648–2016* (2018).

Roderick Pace is Professor of International Relations and European Studies at the Università ta' Malta, Malta. His interests span Euro-Mediterranean relations, small states, southern European politics and Malta's relations with the European Union. He has authored several book chapters, journal articles, monographs and co-edited works. He is a member of the editorial board of the journal *South European Society and Politics*.

Diana Panke is Professor of Political Science with a Chair in 'multi-level governance' at the University of Freiburg, Germany. She has published several monographs and some 50 journal articles on topics that include international negotiations, international norms, multilateral diplomacy, comparative regionalism, the design of international organizations, small states in international affairs, governance beyond the nation-state and European Union politics.

Rebecca Pedi is Assistant Professor in International Relations at the University of Macedonia, Thessaloniki, Greece, where she runs the Annual Workshop on the International Relations of Small States. Her research interests focus on neoclassical realism, the international relations of small states, and entrepreneurship in international relations. Her writings have appeared in international edited volumes and journals, including *Political Studies Review*.

Gerard Prinsen is Senior Lecturer in Development Studies at Massey University, New Zealand. His areas of research include a focus on the relationships between (former) colonial metropolises and their far-flung ‘sub-national island jurisdictions’. Matters of identity and public policy negotiations are central to his interest in an emerging ‘Islandian sovereignty’ on these islands.

Tiina Randma-Liiv is Professor of Public Policy and Vice-Dean for Research at Tallinn University of Technology, Estonia. She is the author of some 80 journal articles and book chapters, and (co-)author of two monographs. Her research interests include governance of small states, comparative public management, civil service reforms, the impact of fiscal crisis on public administration and transitional public administration.

Edalina Rodrigues Sanches is Research Fellow in Political Science at Instituto de Ciências Sociais, Universidade de Lisboa, Portugal. Her research interests include democratization, political institutions, elections, parties and party systems, with a focus on Africa. Her work has appeared in *Parliamentary Affairs*, *International Politics*, *Electoral Studies* and *Acta Politica*. She is the author of *Party systems in young democracies: varieties of institutionalization in sub-Saharan Africa* (2018).

Küllli Sarapuu is Associate Professor at Tallinn University of Technology, Estonia. Her research interests include public sector coordination, governance of public organizations, and the civil service and public administration in small states. Her work has appeared in several edited volumes as well as in *Public Management Review*, *International Review of Administrative Sciences* and the *International Journal of Public Administration*. She co-edited (with Per Læg Reid, Lise Rykkja and Tiina Randma-Liiv) *Organizing for coordination in the public sector: practices and lessons from 12 European countries* (2014).

Gerhard Seibert is Associate Professor of Anthropology at Universidade da Integração Internacional da Lusofonia Afro-Brasileira (UNILAB), São Francisco do Conde, Bahia, Brazil. He is the author of various book chapters and journal articles. He is the author of *Comrades, clients and cousins: colonialism, socialism and democratization in São Tomé and Príncipe* (2006) and co-editor of *Brazil–Africa relations: historical dimensions and contemporary engagements* (2019).

Baldur Thorhallsson is Professor of Political Science and Jean Monnet Chair in European Studies at the University of Iceland, Reykjavik, Iceland, where he helped set up the Centre for Small State Studies. His research interests deal primarily with small state studies, European integration, Icelandic politics and Iceland’s foreign policy. His books include *The role of small states in the European Union* (2000), *Iceland and European integration: on the edge* (2004) and *Small states and shelter theory: Iceland’s external affairs* (2018).

Wouter P. Veenendaal is Assistant Professor in Political Science at Leiden University, the Netherlands. He previously worked at the Royal Netherlands Institute for Southeast Asian and Caribbean Studies (KITLV), where he studied the six Dutch

Caribbean islands as part of the NWO-sponsored project *Confronting Caribbean Challenges*. In 2016, he acquired a NWO Veni-grant for his research project *When things get personal: explaining political stability in small states (2017–2020)*. Veenendaal's research focuses on politics and democracy in small states. He is co-author (with Jack Corbett) of the book *Democracy in small states: persisting against all odds (2017)*.

Kristel Vits is Doctoral Researcher in International Relations at the University of Tartu, Estonia. Her research interests include bordering practices, identity politics, secessionism, power-sharing in post-conflict settings and *de facto* states, especially the latter's relations with their patron state. Her work has appeared in *Ethnopolitics* (co-authored with Eiki Berg).

Leslie E. Wehner is Reader in Foreign Policy Analysis at the University of Bath, United Kingdom. He was previously Senior Research Fellow at the German Institute of Global and Area Studies, Hamburg (2012–2014). His research interests include role theory in foreign policy analysis, international political economy, emerging powers (BRICS), foreign policies of Latin American states, and regional cooperation in Latin America. His articles have appeared in the *Bulletin of Latin American Research*, *Cambridge Review of International Affairs*, *Foreign Policy Analysis*, *International Studies Review*, *International Politics* and the *Journal of International Relations and Development*.

Anders Wivel is Professor with special responsibilities in the Department of Political Science, University of Copenhagen, Denmark. His research interests include power politics, small state foreign policy and European and Scandinavian politics. His recent publications include articles in *European Security*, *International Studies Review* and *Global Affairs* as well as two books, *The Routledge handbook of Scandinavian politics* (2018, co-edited with Peter Nedergaard) and *International institutions and power politics: bridging the divide* (2019, co-edited with T. V. Paul).

Acknowledgements

Recent years have witnessed a surge of interest in the politics of small states. The euphoria of a hegemonic USA and one effective global superpower that followed the collapse of the Berlin Wall in 1989 was short-lived: had that order come to pass, all the other states in the world could have been easily considered small. But the last three recent decades have instead been characterized by a search for political and economic models that needed to fit a more complex, dynamic, turbulent and uncertain environment riven by new and serious challenges: organized terrorism, mass migration, failed states, financial collapse, tax evasion, populism, Brexit. In this context, political leaders from some of the strongest powers have pointed out and lauded the virtues of small states: these include social cohesion, pragmatic decision-making and the ability to ‘punch above their weight’. At the same time, many small states were struggling to secure not just economic prosperity and social stability but also a measured voice in international fora after advancing to political independence and sovereignty, often after many decades of colonial rule, or as parts of the now-collapsed USSR and Yugoslavia. Consequently, the study of the politics of small states has been reinvigorated with a vengeance. This has resulted in the launch of a new online academic journal, *Small States & Territories*, in 2018 and a growing number of academic articles, monographs and books on various aspects of the topic, albeit often with a narrow focus on one or a very few states.

The ambition of this book is to engage critically with the politics of small states, while wary and cognizant of the contemporary state of international relations. We add to the existing literature on the subject by providing systematic yet detailed discussions and analyses of small state politics around the world. The book presents a ‘state of the art’, global examination of small state politics, while also critically engaging with dogmas, stereotypes and preconceptions about these small states. The results of such a grand review suggest that small states share a number of domestic and international challenges, but they then vary considerably in their capacity to meet, and how to best handle, these challenges. Based on the documented analyses, the book draws a number of lessons for understanding and conducting small state politics.

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trust that the results will be of value to those researching, teaching and learning about small states as well as to those engaged in small states policy and politics.

Finally, a note on the choice of the book's cover. We opted for this graphic since it suggests that the small state is considered, and may consider itself, as a powerless and insignificant pawn in the regional or global chess game of international relations. And yet, the long shadow of a rook suggests that small states can surprise and break out of this mould of hackneyed expectations.

*Godfrey Baldacchino and Anders Wivel
Valletta and Copenhagen, August, 2019*

PART I

INTRODUCING SMALL STATES

1. Small states: concepts and theories

Godfrey Baldacchino and Anders Wivel

INTRODUCTION

Small states are more visible and prominent than at any other point of world history (Hey, 2003, p. 1). The combined effect of the collapse of empires, the rise of nationalism and the strengthening of an institutional international architecture, including a widening of the respect and rule of law, since the end of the Second World War has served as a vehicle for the proliferation of small sovereign states. As noted by Neumann and Gstöhl (2006, p. 3), “small states are simply too numerous and – sometimes individually, but certainly collectively – too important to ignore”. This volume offers a timely, rich and systematic review of the politics of small states. The authors assess the opportunities as well as the challenges of small state politics and discuss problems of marginalization and the strategies that small states deploy in order to influence the fate of their own societies and that of regional and global affairs.

For many of these small states, their fundamental *problématique* has been transformed. Their physical security and territorial integrity is rarely threatened as it was in the past (Løvold, 2004), and ‘extantism’ – once a state, always a state – is alive and well in the twenty-first century (Bartmann, 2002, p. 366): the last attempt to ‘eliminate’ a state was probably the invasion, and subsequent annexation, of Kuwait as the nineteenth province of Iraq in August 1990. And yet, at the same time, the political action space of small states has been restricted in both domestic politics and international affairs. Globalization has proven to be a double-edged sword for small states allowing most of them to boost trade and avoid poverty, but at the same time increasing vulnerabilities and dependency for many as a consequence of unconventional security risks stemming from mass migration, terrorism, money laundering and environmental degradation (Bailes, Rickli, and Thorhallsson, 2014). The increasing number, complexity and detail of international institutions have helped to level the playing field in international affairs by allowing small states a bigger voice and more platforms and arenas where to seek influence; but this development has also restricted their autonomy and applied more pressure on their limited and thinly-stretched diplomatic and administrative resources.

The central aim of this book is to identify the most important characteristics, challenges and opportunities facing the politics of small states today. We identify the historical legacy and explanatory factors influencing small state politics and unpack the costs and benefits of different models for doing politics in small states. The book seeks to answer three general questions: What are the characteristics of the politics of small states? What are the major opportunities and challenges of policy-making and policy implementation in small states? How do small states respond to these oppor-

tunities and challenges? Furthermore, the coherence of the volume is underpinned by a temporal focus on the present and recent past (10–20 years), with a historical contextualization provided only when this is relevant for understanding current small state politics.

The aim of this chapter is to set the scene for the book. We do so in five stages. First, we tackle the perennial problem of defining what we mean by a ‘small state’. While this topic seems to have taken up an excessive amount of space in the literature on small states, we seek a functional and pragmatic definition that allows us to fulfil the aim of the book: to analyse the politics of small states. Second, we start from this definition to draw the contours of the political space inhabited by small states by identifying three dilemmas of small state politics in order to briefly identify some of the challenges that these states share because they are small. The third section explains the structure of the book, while the fourth section sums up the major findings of the book and draws lessons from the analyses of the book to identify a number of promising future research trajectories on the politics of small states before the chapter is concluded.

WHAT IS A SMALL STATE? WHY DOES IT MATTER?

There exists no consensus definition of small states and the borderlines between such categories as ‘micro state’, ‘small state’ and ‘middle power’ are usually blurred and arbitrary (Mouritzen and Wivel, 2005; Raadschelders, 1992). The lack of a consensus definition is not a problem tied exclusively to the study of the politics of small states. In any case, and certainly in the social sciences, consensus on how to define central concepts is rare, and disagreement over how to understand central concepts such as democracy or power has not – and should not – stop us from studying these important aspects of world politics, just as much as it should not hinder us from studying small states (Amstrup, 1976; Baldacchino, 2018). However, debates on how to define and categorize small states have played an excessively dominant role in the study of small states for the past 50 years. On the one hand, these debates have created a “fundamental definitional ambiguity”, which “has hindered theory building [and] complicated comparison” (Long, 2017, p. 144). On the other hand, definitional discussions have provided a fertile ground for a pluralist study of small states and a continuing discussion of the meaning and consequences of smallness for doing politics (Maass, 2009). In that sense, the study of small states can even be viewed as *avant-garde* by preceding and foregrounding more recent discussions on the virtues of eclecticism, and the benefits of mid-level analysis addressing specific and important real-world problems over grand theorizing (Lake, 2013; Sil and Katzenstein, 2011).

Despite the fogginess of the small state concept, few people question that small states exist or that small states share a number of challenges (Archer, Bailes and Wivel, 2014; Baldacchino, 2018; Cooper and Shaw, 2009; Knudsen, 2002). However, the lack of a consensus definition necessitates a brief discussion about how we define ‘small state’ in this book, and why we make this choice. While we reject

any attempt at an essentialist, universal definition of small states, we acknowledge that definitions *do* matter. The manner in which we define small states has both analytical and political implications. As noted by Christopher Browning, “size has generally been connected to capability and influence. Whilst being big is correlated with power, being small has been viewed as a handicap to state action, and even survival” (Browning, 2006, p. 669).

The literature on small states includes many definitions of small size; but this corpus can be largely distilled into three, ideal-type definitions.

Ideal-Type 1: ‘Non-Great’ Powers

First, the simplest way of defining small states is to see them as those states that are not great powers. This ideal-type corresponds well to how a small state is understood in political discourse in most countries, and it has deep historical roots. Traditionally, small states and great powers played very different roles in international relations. During the European Concert (1815–1914), all states except Austria, Prussia, Russia, the United Kingdom and France were small states. The great powers took responsibility for maintaining stability and writing international law, while small states were the rule takers, free of systemic responsibility, but at the same time suffering from a limited political action space, particularly when it came to foreign relations (Neumann and Gstöhl, 2006, pp. 2–5). More recently, permanent membership of the United Nations (UN) Security Council, possession of nuclear weapons, or the deployment of an aircraft carrier have been used as thresholds for great power status (e.g. Handel, 1990, p. 12; Cooper and Scobell, 2014). However, this would relegate Germany to the status of a non-great power, since it has none of these. In contrast, France would be a great power: it has nuclear weapons, an aircraft carrier as well as a permanent seat at the UN Security Council.

Problems with this definition

And yet, would not this be a rather counter-intuitive classification after the recent power shifts in Europe, and including ‘Brexit’, leaving Germany with close to hegemonic status in both economic and political affairs? Likewise, countries such as Spain and Turkey have been viewed as non-great powers (Fox, 1959, 1969). Krause and Singer simply propose a list of nine great powers in overlapping intervals of international world history since 1816: Austria-Hungary, China, France, Germany/Prussia, Italy/Sardinia, Japan, Russia/USSR, the United Kingdom and the United States, and which they claim to identify according to “scholarly consensus” (Krause and Singer, 2001, p. 15). Alternatively, small states may be viewed as those states that are neither great powers, nor consistently striving for middle power status, but this still leaves a small state as a residual category (Neumann and Gstöhl, 2006, pp. 5–6). In sum, neither a great power, nor a small state in the world today, are as self-evident as in the nineteenth century. By characterizing small states as ‘not great powers’, ‘small states’ become a residual or leftover group, which at the same time – paradoxically – constitutes the large majority of states in the world.

Ideal-Type 2: Material Assessment

The second ideal-type focuses on the absolute or relative material capabilities of small states. Small states are states lacking power capabilities, most notably military capability (Rickli and Almezaini, 2017, pp. 9–10) and, as noted by Handel, this resource is related to population size: “[h]istorically, the single most important yardstick for the measurement of military power has been the population size of a given state” (Handel, 1990, p. 13). Military capability permits a projection of state power beyond its territory; it creates the potential for military actions with or against other states; and builds domestic defensive capability or deterrent in case of invasion or attack. Some small states, recognizing their clear inability to project military force, have opted to dismantle their armed forces, or abandon their formation, whittling down their security forces to basic and humanitarian, ‘search and rescue’ operative teams (Bartmann, 2007, p. 299). This definition allows us to identify absolute and relative limitations to small states’ capacity to handle different types of challenges and to create a clear and easily applicable definition of small states, i.e. get a more clear-cut definition than when defining small states as ‘not great powers’.

Problems with this definition

However, defining small in terms of capabilities, i.e. the possession of power resources in absolute or relative terms, suffers from at least two challenges. First, where is the cut-off point between those that are small states and those that are not? For instance, while the World Bank identifies a population of 1.5 million as the threshold, others venture as high as 16 million (e.g. the Netherlands in the EU) or 25 million (e.g. Madagascar in Africa) (World Bank, 2017; Marriott, 1943; Molis, 2006). Likewise, why would we rank, say, the three, five or seven states in Africa with the largest population or GDP as ‘great powers’ and relegate the rest of that continent’s states to the category of ‘small states’? Second, *which* absolute or relative criteria should be used for determining which states are small: gross domestic product (GDP), resident population size, defence expenditure, or something else? The diminishing return of military conquest over the past century has altered which capabilities are important for any state, and small states in developing countries often have larger populations than economically advanced small states in Europe and East Asia (Vital, 1967). Moreover, a focus on material power resources typically leads to a focus on military security, because material resources are so closely coupled to the military survival of the state (Wivel, Bailes and Archer, 2014, p. 7). Even human and economic resources tend to be regarded as ‘latent power’ providing the base for the military superstructure (Mearsheimer, 2014). This is less useful to the aims of this volume, which seek to understand the politics of small states, and not just their alliance choices, military expeditions and/or defence policies.

Ideal-Type 3: Political Constructs

The third ideal-type views the small state as a political construct. To paraphrase Alexander Wendt (1992), size is what small states make of it. According to this view, ‘small states’ are constructed by the perceptions and preferences of the people and institutions of the small state as well as of other states (Thorhallsson, 2006, 2012). This allows us to decouple the concept of small states from materialist, national security considerations, which follow from the power possession definition. Thereby, it potentially provides an optimistic contrast to the rather pessimistic prospects for small state politics as defensively focused on survival and security.

Problems with this definition

Nevertheless, and for all its attraction, were this definition to stand alone, it would also risk overemphasizing the freedom of action and opportunities of small states, turning a blind eye to the inequalities between small states and great powers and between different types of small states. Thus, for a rich, stable and democratic (albeit small) NATO member state such as Norway (population: 5.2 million), opportunities may abound; but for Lebanon, Liberia or Jordan, or even fellow NATO member state Estonia, the challenges emerging from limited capacity and power asymmetry, including turbulent geopolitical neighbourhoods, may be both real and acute.

FOR A SYNTHETIC DEFINITION

Given the limitations of each of these three ideal-types, it is no surprise that there have been various attempts at creating a blended definition of a small state, combining ‘objective’ material criteria with the perceptions and constructions of domestic and foreign elites (Archer and Nugent, 2002; Värynen, 1971). While these combinations allow more nuanced definitions of small states to be proposed, they also run the risk of importing the multiple weaknesses of the ideal-type definitions into a new and more complicated designation. Therefore, we take a different route towards a workable definition for analysing the politics of small states.

First, our starting point is that small states are states. In accordance with modern customary law and the 1933 Montevideo Convention, small states must have a defined territory, a permanent population and a government in control, and are willing to participate in international relations (Maass, 2017, pp. 21–22). Thus, small states are legally sovereign, but their actual *autonomy* may vary. This volume takes legally sovereign states as its point of departure and primary object of study. It uses legal sovereignty as a baseline when embarking on analyses and discussions on variations of the autonomy of territories and regions.

Second, rather than trying to arrive at a universal definition of what constitutes a small state across time and space, we accept as our starting point that being a small state is tied to “a specific spatio-temporal context” (Thorhallsson and Wivel, 2006, p. 654). From this point of departure, it makes little sense to define small states

according to a specific population or other absolute or relative criteria and then apply that definition through time and space.

This leads us to a pragmatic working definition identifying two characteristics of small states and serving as a point of departure for the analyses of this volume. First, small states are states that are characterized by the limited capacity of their political, economic and administrative systems. For this reason, they are prone to experience reduced competition and a monopolistic or oligopolistic arrangement in the marketplace of ideas, in the economy as well as the race for political and administrative office (Armstrong et al., 1993; Murray, 1981). However, they are also well positioned for enjoying the benefits of informality, intense personalization and a less hierarchical society (Baldacchino and Veenendaal, 2018; Baldersheim and Keating, 2015; Corbett and Veenendaal, 2018; Thorhallsson, 2019). Consequently, this volume explores the political effects of limited capacity and the structural distortions of ‘free markets’ and ‘perfect competition’ in small states.

Additionally, small states typically find themselves as “the weaker part in an asymmetric relationship, unable to change the nature or functioning of the relationship on [their] own” (Wivel, Bailes and Archer, 2014, p. 9) as well as “stuck with the power configuration and its institutional expression, no matter what their specific relation to it is” at both the regional and global level (Mouritzen and Wivel, 2005, p. 4). Thus, in external relations, the consequences of limited capacity are exacerbated by power asymmetry, leaving small states to struggle with being price and policy takers overall: with being hard put to manage security threats; with limited diplomatic power when seeking to influence international negotiations and institutions; with a chronic openness to international trade regimes; and with a vulnerability to various other external, economic or environmental shocks (Armstrong and Read, 2002; Briguglio, 1995; Cooper and Shaw, 2009; Thorhallsson and Steinsson, 2017; Värynen, 1971). And so, this volume also explores the effects of power asymmetry for small states.

THREE DILEMMAS OF SMALL STATE POLITICS

The number of small states has waxed and waned over the centuries. Although it is a common assertion that the number of small states is now at a highpoint in world history, this is actually not the case (Maass, 2017, pp. 34–36). Counting from the end of the Thirty Years War in Central Europe (1618–1648) and the Treaties of Westphalia – the yardstick most often used for signifying the beginning of the modern state system – the number of ‘small states’ – defined as structurally irrelevant units of the states system (Maass, 2017, p. 18) – fell from more than 430 to around approximately 150 today.¹ This was due to a combination of successive wars in

¹ In his database, Maass categorizes all states for every year since 1648, identifying both the absolute number of small states and the ratio of small states to large states in the system.

Europe and development of military technologies, making it increasingly difficult for small and autonomous political entities to defend themselves; as well as the voluntary or forced amalgamation of smaller political entities to compose larger states, most importantly Germany and Italy, often with strident appeals to nationalism (Wimmer, 2012).

To many contemporary observers, the first half of the twentieth century – including two world wars and a significant increase in the destructive arsenal of great powers – heralded the comprehensive demise of the small state altogether. As noted by Annette Baker Fox in her classic study of the power of small states, “[d]uring World War II, it was widely asserted that the day of the small power was over. Not only could such a state have no security under modern conditions of war; it could have no future in the peace that presumably one day would follow” (Fox, 1959, p. 1). However, the end of the Second World War also marked the end of the downward trend in the global number of small states, which has since risen by approximately 100, most importantly as a consequence of the demise of empires and the strengthening of the norm of national self-determination. In 1946, Iceland became the smallest member of the United Nations (UN), with a population of 300,000. Today, 23 UN member states each have a resident population smaller than Iceland; and, of the 193 UN member states, more than 100 participate in the informal grouping, titled the Forum of Small States (FOSS), initiated by Singapore in 1992 (Kassim, 2012; see also Iceland UN Mission, 2008).

The politics of small states has changed radically over the past two centuries, creating new challenges and opportunities. In particular, we can identify three pressing dilemmas in small state politics.

The Nationalist/Cosmopolitan Dilemma

Since the mid-nineteenth century, nationalism has played a central role in the creation of new small states, the lingering of old small states (as with the European continental microstates) and occasionally in the (voluntary or involuntary) demise of small states integrated into larger entities: think Zanzibar, Somaliland or South Yemen. This is true for nineteenth- and twentieth-century small state perseverance in the face of the threat of domination and annexation from great powers, as well as in the small states created by decolonization and post-Cold War geopolitics. Yet, for small states, nationalism is a double-edged sword. On the one hand, it is a necessary condition for the survival of small states, creating a unifying socio-cultural fabric and a historical narrative which legitimates the state and unites people under one flag (Anderson, 2006). On the other hand, small states have a strong interest in containing and delegitimizing the irredentist exercise of national interests by the great powers as this may threaten their action space or even their very survival (e.g. Paci, 2015). They tend to do so by championing cosmopolitanism and eschewing isolationist policies (unless forced to do so: think Cuba and Taiwan). Moreover, with the dramatic secession of Tuvalu from already small Kiribati, or of Anguilla from small St Kitts-Nevis, it seems that no state is small enough to prevent internal fission and fragmentation

(Clarke, 1971; McIntyre, 2012). Thus, small states face a dilemma between promoting the national values and characteristics of their own societies at home in order to secure a strong base for national policy-making; and promoting cosmopolitan values internationally to curb encroaching nationalist challenges peddled by outsiders.

The Democratization/Group Think Dilemma

Democratization has transformed the politics of small states (Corbett and Veenendaal, 2018). Small states are sometimes viewed as more democratic than larger states, because small size typically means a short distance between the population and the political elite, and because small states are viewed as more coherent political communities than larger states (Ott, 2000; Richards, 1982; Srebrnik, 2004). However, this is not necessarily the case. Smallness can usher in a lack of pluralism, reduced choice and significant social pressures to conform to dominant ‘codes’ (Baldacchino, 2012; Dahl and Tufté, 1973). Even in the Nordic countries – well known for their tightly knit political communities and egalitarian and consensus seeking politics – divisions between highly educated city elites and rural areas feeling left behind are evident; and have become manifest in the current wave of populist politics. Moreover, small states are prone to small and tightly knit political and economic elites without sufficient counterbalancing coalitions, enhancing the risk of ‘group think’ (Janis, 1982), lack of innovation, but also corruption and personalized politics (Corbett, 2015; Corbett and Veenendaal, 2018).

The Influence/Autonomy Dilemma

The intertwined increase in interdependence and interaction capacity – the capacity for communication, transportation and organization (Buzan, 1993, p. 331) – from the early nineteenth century and onwards has changed the conditions for policy-making within small states as well as the conditions for small state external relations. The invention and subsequent proliferation of transport and communications technologies, including the airplane, the Internet and the World Wide Web, as well as developments in weapons technology leading to a massive increase in the destructive power of the great powers and their ability to fight wars far from home, mean that the threats and opportunities of small states are no longer confined to their geopolitical vicinity, as was the case for the first centuries of the modern state system. Moreover, these developments have been accompanied by an increase in the organizational capacity of the world system and the collapse of progress in multilateral trade agreements, crafting the ‘spaghetti bowl’ character of a ‘new regionalism’ with multiple overlapping agreements (Alter and Meunier, 2009; Menon, 2014). For small states, these developments have contributed to the reduction of interstate warfare since the end of the Second World War, thereby reducing the traditional survival problem of most small states. However, small states now face a more acute dilemma between policies aimed at maximizing autarchy and national autonomy versus policies

seeking to secure international influence; even though small states do not have much choice but to follow the winds of economic liberalism.

The study of small states has grappled with these dilemmas and their effects on small state politics, leading to both optimistic and pessimistic assessments about the present and future opportunities for small states, and their ability to successfully develop their societies. The ambition of this volume is neither to parade small states as sophisticated examples of ‘best practice’, nor to shame them as dysfunctional trouble makers. That would be naively simplistic, unfair and incorrect. At least to some extent, both gloomy and rosy valuations have often been a function of case selection (Wivel, 2016, pp. 93–95). Instead, our ambition is to combine a state-of-the-art overview of small state politics with cutting edge analyses of the present and future opportunities and challenges of small states. The next section explains how we structure the book in order to fulfil this ambition.

THE STRUCTURE OF THE BOOK

The book is organized into six parts. Part I sets the scene and discusses the fundamentals of small state politics. This first chapter develops a framework for the subsequent analyses and underpins the analytical coherence of the book by identifying a shared starting point for how to understand what we mean by a small state by positing the three fundamental dilemmas of small state politics. This chapter is followed by chapters on small states in world history, the characteristics of politics and policies of small states, the public administration of small states, the political economy of small states and small states in the UN.

The following four parts each explore small state politics within a specific geographical region: Europe, the Middle East and Africa, Central and South America and the Caribbean, and Asia and the Pacific. The final section of the book shifts focus from sovereign small states to semi/non-sovereign small states and territories. For these five sections, analytical coherence is assured, with all authors relating to a shared set of analytical questions: What are the most important *domestic* characteristics of these states *as small states* (e.g. social policy, economic policy, political dynamics and public administrative issues)? What are the most important *international* characteristics of these states *as small states* (e.g. relations with great/regional powers, participation in regional/international forums)? How do these small states confirm and/or defy our expectations of small states (as vulnerable targets, policy recipients, weak players, etc.)? What are the most important challenges facing these small states, and how do these challenges align with, or relate to, their small size? How do these small states seek to meet, handle and/or overcome these challenges?

MAIN FINDINGS AND FUTURE RESEARCH TRAJECTORIES

This volume illustrates the diversity of small states: from poor post-colonial island states of Africa and the Pacific, to the dynamic entrepôt of Singapore in Asia, to resilient and rich democracies in Europe. However, despite their self-evident diversity, taken together the contributions to this volume allow us to identify at least three shared characteristics of small states today.

Capacity and Capabilities Matter

The politics of small states are restrained by limited capacity and capabilities. The chapters of this volume show that limited capacity and capability have an absolute dimension, a relative dimension and a relational dimension. First, the public administration, politics and political economy of small states all suffer from absolute limitations in capacity and capabilities (Anckar, 2020; Baldacchino, 2020a; Sarapuu and Randma-Liiv, 2020). Limited competition, personal relations and a small marketplace for ideas as well as commodities creates challenges for economic growth, democratic accountability and administrative efficiency. These challenges are often magnified when small states deal bilaterally with stronger powers or seek to influence international society more generally. They have limited diplomatic capacity and their limited economic and military capabilities places them in a weak negotiation position, especially when there is a real threat of economic or military sanctions. Even in relatively safe spaces such as the UN or the EU, small state policies begin from a position of relative weakness that may be either ameliorated or exacerbated by their relations with middle and great powers. Consequently, as shown particularly in the chapters dealing with small states in the UN (Panke and Gurol, 2020), the Nordic countries (Thorhallsson and Elinardóttir, 2020) and Singapore (Chong, 2020), the willingness and ability of small states to think out and implement coping strategies somehow compensates for their material weakness. The contributions to this book show that small states may actively use their status as small (and therefore non-threatening) as a starting point for influence-seeking in ways that are characterized by caution, flexibility, consensus-seeking and coalition-building, preferably within an institutional setting that presumes some basic rules of the game, and sheltering against the most aggressive types of great power behaviour and security.

Institutions Make a Difference

This points to a second shared characteristic of small states. The right design and management of domestic and international institutions help small states to better face and manoeuvre the challenges ensuing from limited capacity and capabilities. This handbook's analyses of small states in South America (Wehner, 2020), Central America (Long, 2020), Central Asia (Hansen, 2020), East Asia (Buszynski, 2020; Chong, 2020) and Africa (Sanches and Seibert, 2020), as well as the small island and archipelagic

developing states in the Caribbean (Baldacchino, 2020b) and the Pacific (Corbett and Connell, 2020), illustrate how political leadership becomes decisive in cases of weak political institutions. In contrast, strong domestic institutions in Western Europe have underpinned democratic accountability and administrative effectiveness; they have served as points of departure for Nordic influence and nation branding (Thorhallsson and Elínardóttir, 2020). Rather than the rational design of visionary policy-makers, this is the outcome of century-long political developments including an idiosyncratic mix of war, nationalism, social-democracy and liberal democratic ideology and the willingness and ability to absorb these developments and pragmatically adapt to the role of a small state with limited action space, both domestically and in international affairs. A particular set of institutional characteristics pertain to semi/non-sovereign small states and territories (Berg and Vits, 2020; Criekemans, 2020; Prinsen, 2020). Politics in these small territories is often even more personalized than in sovereign small states. Furthermore, politics is sometimes additionally challenged by geographical dispersion, as many of these entities are islands and archipelagos. Wannabe states are logically challenged by their desire to get something (sovereignty), which they are unlikely to get; but some of them have developed ingenious coping strategies, based on cooperation between regional and national, political and administrative levels. Moreover, where they operate within the purview of a larger, often richer, patron state, non-sovereign small states and entities are often more flexible and less vulnerable than sovereign small states and can afford to worry less about security risks. In their institutional set-up, *de facto* states tend to mimic sovereign states, but various paradipomatic initiatives such as representation offices, cultural centres or trade offices and ties between civil societies tend to matter more.

Internationally, institutions provide shelter against external shocks as well as platforms for influence. The UN has underpinned the development and galvanization of the norm of self-determination. It offers influence for small states willing and able to prioritize diplomatic resources, working through regional groups and actively using persuasion strategies to convince third parties (Panke and Gurol, 2020). In Europe, the EU and NATO continue as venues for great power politics as well as shelters and platforms for small states seeking to maximize their interests and influence (Wivel, 2020). In Central Asia, the institutional landscape is relatively densely populated, but institutions such as the dying Commonwealth of Independent States (CIS), the EurAsian Economic Union (EAEU), the Collective Security Treaty Organization (CSTO) and the Shanghai Cooperation Organisation (SCO) remain weak and with little independent power or influence (Hansen 2020). In East Asia, ASEAN is at the same time a vehicle for China to assert its claims on the South China Sea onto the participating small states, but at the same time a venue for these small states to occasionally voice their concerns (Buszynski, 2020).

History Creates a Strong Precedence

Finally, the current political challenges and opportunities of small states are very much the product of history (Masss, 2020). This is most evident in Andorra,

Liechtenstein, Monaco and San Marino: four European microstates which have political institutions more akin to those common in Europe in the Middle Ages or the Renaissance (Veenendaal, 2020). Also, the relatively late colonization of the Pacific small states results in the persistence of ‘pre-modern’ and indigenous cultures and traditions, such as the absence of political parties and institutionalized party systems (Corbett and Connell, 2020). The comparative analysis of Malta and Cyprus is illustrative in showing how small island states in the same geopolitical neighbourhood can follow very different historically contingent paths of political and societal development (Pace, 2020). Small states in Africa in particular continue to bear the costs of a past as colonies. Meanwhile, in contrast, some West European small states – Austria, Belgium, Denmark, Greece, Portugal – were themselves, at some point in their history, colonial or imperial centres. In Central and Eastern Europe, a Communist past continues to influence political culture and institutions. In the Balkans, the added experience of the violent break-up of Yugoslavia left the newly created small states in very different positions, in terms of both domestic politics and future access to membership of EU and NATO (Bianchini, 2020). In addition, recent years have seen a ‘return of history’ with great powers, Russia and China, emphasizing their right to spheres of interest thereby challenging small states in the South China Sea area (Buszynski, 2020), Central Asia (Hansen, 2020) and Eastern Europe and reintroducing the concept of the buffer state (Pedi, 2020).

This handbook’s authors also strongly suggest that small states can actively articulate and/or reconstruct their history in useful ways. Singapore and the Nordic countries are examples of states using their past history in present politics to create strong international brands. These brands are typically rooted in political and strategic cultures such as Swedish and Norwegian cultures of peace and engagement, which has allowed them to take on the role of peace mediators, e.g. in the Israeli–Palestinian conflict (Eriksson, 2020).

New Research Agendas

Our conclusions point to at least two avenues for future research relating the results of this handbook to contemporary scholarly debates. First, a recent wave of scholarship explores the nature and effect of relationality in world politics (e.g. Chamberlain, 2016; Long, 2017; Womack, 2016). This literature shows how “[p]ower asymmetries that favour the stronger state are often combined with asymmetries that favour the weaker one: disparities in intensity of interests, externalities with regard to other relationships, and information about the workings of the other state” (Musgrave, 2019, p. 285). The contributions to this volume show how small states pursue a selection of coping strategies to compensate for material weakness, including allying with other small states or stronger powers, prioritizing resources and organizing smartly. However, the extent to which these strategies allow small states to ‘punch above their weight’ varies considerably. Previous research has shown that, in times of war, it is the combination of small state and great power strategies in asymmetric conflicts that is decisive for the success of small states (Arreguin-Toft, 2005). The analyses of this

volume point to the importance of domestic and regional institutions as well as the historical legacy of the state and its relations with other states. They show also that material weakness can be a strategic asset, allowing small states – as well as semi- and non-sovereign small territories – a bigger action space and easier access to political, economic and political shelter. Future research would benefit from exploring this relationship between history, institutions and absolute and relative material capacity and capabilities in explaining small state success in asymmetric relationships.

Second, the contributions to this volume add to our knowledge about the relationship between power politics and international institutions. Power politics and international institutions have often been studied separately and analysed as opposites, with institutions viewed as a remedy for or antidote to power politics. However, recent research has explored more complex relationships, seeking to understand how power politics shapes institutional change and innovation at the same time as institutions create and limit the action space for particular types of power politics (Wivel and Paul, 2019). The analyses of this volume suggest how small states are no less focused on maximizing interests and power than great powers have traditionally been. However, their influence is typically negotiated and embedded in international institutions. Future research could profitably explore how these insights add to the growing understanding of how small states seek shelter in multilateral and bilateral relationships (Thorhallsson, 2019) and seek to maximize status in attempts to increase security and influence (de Carvalho and Neumann, 2014).

CONCLUSION

“Small states are rarely problematic, except to themselves. The drama that unfolds within is rarely enough to generate outsider interest” (Baldacchino, 2018, p. 4). Small states mostly achieve attention from great powers and the international community, when they are perceived as potentially dangerous or in acute need of aid. However, the contributions to this volume show that small states are illustrative of both the dos and the don’ts of politics. Their citizens may not be amused; but smallness and weakness often make such states quaint and interesting laboratories for the representation of political success or fiasco: being represented as resilient or vulnerable to the effects of climate change is an apt contemporary example of this trend (Gay, 2014).

We seek to usurp such nagging parochialism and stereotyping associated with small states as ‘banana republics’ by offering more scientific and evidence-based discussions of their general characteristics, challenges and opportunities. We activate these general insights in analyses of the politics of small states around the world. The contributions challenge the orthodoxy of those idealizing the small state as well as those viewing small states as inconsequential at best and nuisances to world politics at worst. Small states today may remain restrained by limited capacity and capabilities in pursuing their domestic and international ambitions and are stuck as weak actors in asymmetric relationships, creating dependency and threatening their values

and interests. However, they also benefit from being weak, since this allows them a bigger action space and success in pursuing coping strategies.

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2. Small states: surviving, perishing and proliferating through history

Matthias Maass

INTRODUCTION: SMALL STATE HISTORY AS A STRUGGLE TO SURVIVE

Singapore's founding father and long-time leader, Lee Kuan Yew, understood well the connection between small state 'survival' and its 'relevancy', emphasizing that "[w]e must make ourselves relevant so that other countries have an interest in our continued survival and prosperity as a sovereign and independent nation" (Guo and Woo, 2016, p. 29). This story of small state survival in a world that is hostile and does not much care about any one small state's fate is the analytical focus of this chapter.

The argument is built on a historical observation: over the course of modern world history, the small state's fortune has changed more than once. The small state's fate since about the mid-seventeenth century is one of survival by the hundreds, of perishing and rapid decline to barely three dozen cases, and then the remarkable proliferation, back to about 150 small states, in recent times.

When looked at from the historian's perspective, the picture that emerges is one of the small state as a security taker. Only rarely can a small state shape its own security to an extent that provides true safety and guarantees survival. Instead, small state security and states' chances to survive are determined first and foremost by the state system in which they exist, as history underlines. In the seventeenth and eighteenth centuries, the pluri-lateral arrangement of the European balance of power allowed for a remarkable survival rate of hundreds of small states. The nineteenth century's system of a great power oligopoly, however, was detrimental to small state security and survival. The bipolarity of the Cold War was the framework for unprecedented small state proliferation. Beyond the system's structure, the history of the small state was further shaped by nationalism, integrative at times, disintegrative at others, in the late nineteenth and twentieth centuries, by the emergence and hardening of self-determination during the twentieth century, and the powerful assertion of decolonization in the twentieth century's second half. The system's structure, plus at times equally impactful political dynamics, have together been making up the environment in which the small state's history of termination, survival and proliferation has been played out. The same categories of factors still shape the present and likely future of small state survival. This is, in a nutshell, the main argument of this chapter.

But why bother with the history of small states in the first place? On the one hand, International Relations theory has been constructed without much concern for the small state. As Waltz (1979, pp. 72–73) put it: "[I]t would be . . . ridiculous to con-

struct a theory of international politics on Malaysia and Costa Rica.” Similarly, world affairs and the world’s political history are generally told as the stories of the large and the strong. Theory, research, news or reporting have generally had little to say about the small state. The argument here is that these narratives are not necessarily wrong, but incomplete. The story of the small state not only enriches but actually completes our understanding of international affairs. Put differently, world history is in part – in critical part – also the history of the small state and its saga of surviving, perishing and proliferating. After all, the observation that Africa contains “the small states upon which the ‘great’ powers act” (Dunn and Shaw, 2001, p. 3) is as valid as Waltz’s dismissal of Malaysia and Costa Rica. Thus, the goal here is to ‘mainstream’ the small state in discourses on world affairs, past, present and future (Baldacchino, 2018).

After setting out the definitional and temporal stages, this investigation proceeds chronologically. The exploration of the small state’s fate in the later seventeenth and in the eighteenth centuries is followed by an inquiry into the small states’ increasingly complex but also growingly supportive security environment of the twentieth century, the Cold War, the immediate post-Cold War, and an outlook on the current and likely future security environment in which small states may find themselves.

LOCATING THE SMALL STATE IN STATE SYSTEMS, WORLD HISTORY AND WORLD POLITICS

Placing the small state in ‘world history’, as the chapter’s title states, combines abstraction with the disciplines of History and Geography. The focus is on the small state as a category or particular ‘type’ of state, not only on individual cases or groups of small states. The perspective adopted here prioritizes the international history of the current state system; and the focus is on the history since the hardening of the current state system in the mid-seventeenth century.

Today’s modern state system is unique but certainly not the only state system known in history. Watson (1992) distinguishes between three such systems: (1) the “ancient state systems” (Sumer, Assyria, Persia, Classical Greece, Macedonia, India, China, Rome, Byzantium and the Islamic system); (2) the evolution of a European international society (Medieval Europe, Renaissance Italy, the Renaissance era in Europe, Habsburg’s bid for hegemony, the 1648 Westphalian order, the Age of Reason and balance, European expansion, the Napoleonic empire, and collective hegemony); and (3) a global international society (Westphalia again, the worldwide expansion of the hardened European system, the collapse of European nation-state domination, the age of superpowers and decolonization, and the contemporary international society as the “heir of the past” (Watson, 1992).

All the above systems contained states of different sizes; but the story of the small state in its contemporary form begins in the seventeenth century, with the Westphalian state system. Earlier systems knew of weak, little and small states but, with the Westphalian order, ‘statehood’ was reinvented around sovereignty and

equality of states, and not just around autonomy, and on equality, not hierarchy. Of course, small states remained weak in terms of power, were little and lacking significance in the state system, and stayed small in material dimensions. But, from now on, small states were ‘more equal’ regarding rights and privileges, were governing themselves independently, and were as sovereign as larger states.

All the above is not to deny the self-imposed geographical, cultural and historical boundaries and related challenges that come with framing this issue within the context of the Westphalian state system, the politics it generated, and the theorization it stimulated (Dunn, 2001). Instead, the argument is that the Westphalian states system that emerged in the seventeenth century evolved over 350 years and remains the foundation of today’s international system of states; it is different and distinct enough to warrant its own investigation and thus frames the following study of the small state.

A HISTORY OF SMALL STATE DEATH, SURVIVAL AND PROLIFERATION

The story of ‘small states in world history’ starts in the middle of the seventeenth century in Europe. There, the so-called Westphalian states system emerged and produced the blueprint for the modern sovereign state in a system of equally independent and territorial states. This is not to deny other regions’ historical experiences with ‘international’ organizing of peoples. However, the clearest lineage of today’s international world is traced from what evolved in seventeenth-century Europe. Since then, small states have been part and parcel of the states system. This study is focused on their thriving in the system over time. The focus here is on their well-being in its extreme forms, state death and state creation. Survival has particular immediacy for the small state because only rarely can a small and weak state ensure its own survival, given its limited capacities. Moreover, the small state is structurally easily disposable, and its termination does not change the system noticeably. Niccolò Machiavelli (1985 [1532]) understood this very well, emphasizing the need for the prince to prioritize his principality’s survival over anything else. In short, survival must constitute the top priority for the small state. Thus, it is the pivotal concern in the study below.

Ultimately, it is their struggle to survive that characterizes the history of small states. Over the last 370 years, small states have experienced vast changes in numbers – both up and down – indicating the historical changes in the security environment in which they have been operating. This holds true for the absolute number of small states, as well as for their numbers relative to all larger states. In other words, the fate of the small state over time can be seen in the changes in their absolute numbers, and confirmation comes from corresponding changes in their share of all states, large and small. And this history of the small state over time has been shaped by the systemic environments and their varying permissiveness to small and weak state survival (Maass, 2017a, 2017b). The small state’s history of survival has been playing out in a handful of distinct eras. And these eras are a critical part of the explanatory

narrative of small state survival over time. As such, they will be used to structure the discussion below.

The age of the fairly unrestrained balance-of-power system, from the mid-1700s to the end of the eighteenth century, was followed by the so-called concert system of the nineteenth century. During the 1800s, small states found themselves in a system where the great powers maintained an oligopoly over the balance of power, and later they also had to face the new force of nationalism. In the twentieth century, the history of small state survival was shaped by the evolving strength of collective security and defence, norms and laws, as well as major shifts in polarity. A right to self-determination and the illegality of war began to harden, accompanied by decolonization in the century's second half, all helping with small state creation. The Cold War era's hostile bipolarity offered further protection. More recently, small states experienced the support and protection of a unipolar post-Cold War era. However, today's re-emergence of pluri-polarity – with a handful of superpowers – appears to bring along new security challenges to small states.

SYSTEMIC IRRELEVANCY: CAPTURING THE ESSENCE OF THE SMALL STATE THROUGH TIME

The question of how to define the small state remains important but has proven difficult and is not necessarily clarified by extending it back in time (Maass, 2009). However, 'powerlessness' has been a historically constant feature, whether viewed in absolute, relative or relational terms (Baldacchino and Wivel, Chapter 1 this volume). As small Singapore's former leader Lee Kuan Yew remarked: "[S]mall countries have little power to alter the region, let alone the world" (Guo and Woo, 2016, p. 29).

In light of Lee's observation and this study's systemic orientation, the corresponding definitional understanding of the small state adopted here is of a *systemically irrelevant state*. Such a small state has no significance for the overall structure of the state system in which it exists (Maass, 2017b). This is not to challenge its right to existence, its contribution to world society, or its place in the community of states. 'Irrelevance' is meant strictly in the sense of systemic impact. Such a definition is sufficiently generalized to work seamlessly across time. Key features of the world order, critical to states and statehood, have been changing: from world population to the globalization of trade; with them, the perspectives on and of small states have been changing as well. However, the individual irrelevance of the small state to the overall structure of the system has remained in place across time.

In a similar vein, prominent theories of IR claim that, when all is said and done, small states do not count for much in international politics. Wight (1978, pp. 65–66), of the English School, has observed that small states have had really "no role" in world affairs and attributes this to their systematic marginalization. And neoliberal Keohane (1969) suggests a four-tiered hierarchy of states, ranked according to their relevance to the system's structure; and small states come at the very bottom, given

their systemic ineffectiveness (Keohane, 1969, pp. 292–297). By implication, the structural realism of Waltz and Mearsheimer makes a similar argument (Waltz 1979; Mearsheimer 2001). Its theoretical discourses are focused sharply on great powers and thus ignore small states intentionally (Waltz, 1979, p. 72). Because small states make no difference structurally, they are secondary at best to the great powers, which shape the system. Whether the small state’s definition is lifted from praxis or theory, ultimately it stems from its irrelevance in and to the system of states.

SMALL STATES IN WORLD HISTORY: THEIR STORY OF SURVIVAL

Small State Survival in the Era of Laissez-Faire Balance of Power, Seventeenth and Eighteenth Centuries

Going against the grain of immediate, common-sense assumptions, the historic era of unbridled balance-of-power politics turned out to be rather permissive to small state survival. The rivalries and jealousies of the greater powers regularly allowed small states to seek and secure protection from one powerful state in order to ward off ambitions or threats from another.

From the mid-seventeenth century, when the Thirty Years War came to a close, to the end of the eighteenth century, when the French Revolution broke out, the number of all larger, non-small states remained constant at just under 20 units (Maass, 2017c). The overall structure of the state system during this era of the laissez-faire balance of power did not change much. This state system included hundreds of small states and, although their numbers eroded consistently over the next 140 years, they survived in historically large numbers. Over 420 small states existed when the Peace of Westphalia was concluded in 1648; just over 340 small states still existed when the French Revolution started in 1789 (Maass, 2017c). This loss of 80 small states was no minor change, to be sure; but the vast majority of small states survived, and managed to do so while brute power politics reigned supreme and the balance of power was largely unrestrained by norms and laws.

Small States Bandwagoning in France’s Proto-Hegemony

The Peace of Westphalia in 1648 had assigned sovereignty and equality in principle and before the law to all states, irrespective of size. Now, small states were challenged to master their security autonomously, too. But, to do so, they had to confront the effects of an unbalanced power scenario: France was on the rise and, especially under King Louis XIV and until his death in 1715, it pursued an expansionist policy along the River Rhine (Nussbaum, 1953, pp. 174–175). There, small states were easy targets. In 1681, for example, France annexed Strasbourg – until then a Free City under the umbrella of the Holy Roman Empire of the German Nation – and quickly integrated it into the French state. Such annexations were disturbing but not enough

for other major powers to counteract French expansion. As a result, no counterbalancing act, norm or law was there to protect small states within France's reach.

Without access to the balance of power's dynamics, small states were left to bandwagon. If they submitted to France, they could at least hope to keep their autonomy, however limited, in return. The game was to "serve France" yet without becoming French (Stoye, 2000, p. 199). The predicament of small states, even beyond the River Rhine, was summarized by Brandenburg Elector, Frederick William, who stated that "no prince will henceforth find security and advantage except in the friendship and alliance of the King of France" (Nussbaum, 1953, p. 171).

Small State Survival in a Balanced Equilibrium of Powers

Fortunately for the small states, France's early upper hand did not persist. Instead, it deteriorated in the eighteenth century's second decade and left most of the century to an even equilibrium. Proper maintenance of this re-calibrated balance of power was the primary ordering principle of international politics throughout most of the eighteenth century. With sovereign states in a fairly unencumbered system, national security and state survival became top priorities for all states (Kissinger, 1995, pp. 71–75). In this revived balance of power, small states quickly regained options to bandwagon.

Early in the seventeenth century, the balance of power was already recognized as critical to state security. The 1713 Treaty of Utrecht spoke of a "just balance of power" (Sheehan, 1996, p. 16), making it part-and-parcel of this "system of Utrecht" (Sheehan, 1996, p. 76; Osiander, 1994, pp. 90–165). Maintaining such a fair equilibrium was expected among the major states. Since small states were not 'weights on the scale' to be kept in balance, their security was indirectly bolstered through the balance of power.

Small states did relatively well during the largely unbridled era of the balance of power. After the Peace of Utrecht, about 50 small states were lost before the French Revolution triggered their mass termination at the end of this era (Maass, 2017c). With 340 small and 19 large members, the states system was still largely populated by small states, even at its end in the early 1790s. Moreover, the eight decades of laissez-faire balance of power had seen a steady but measured decline in the number of small states, and no rush of annexations and incorporations of small states by great powers.

The modest loss of small states in this era was due largely to the core dynamics of the extant balance of power system. Small states could lean on larger states to counter threats to the former by highlighting the strategic danger that such threats posed to the larger states themselves. The finely tuned European equilibrium protected many small states as well: not directly and openly, but indirectly through the counterbalancing of great and middle power rivals.

Initially, the constellation was part dynastic, part power equilibrium, with Austria, Great Britain and the Dutch Republic opposed by France and Spain (Anderson, 1961, p. 163). By mid-century, the system abandoned the dynastic tradition completely,

with the so-called Diplomatic Revolution of 1756. In this era's balance of power, any European state, large and small, was free to steer a course that looked only at the European equilibrium.

The one thing that all larger states wanted to prevent was another state's hegemony. What Louis XIV had almost achieved and what Napoleon Bonaparte would achieve for a brief period of time, was the one thing to be avoided at all cost, including war. And as long as properly followed, this dynamic also generated a significant degree of security for the small state. The more the larger states eyed each other with suspicion, the more they looked jealously at each other's ambitions, the more they saw each other as rivals, the more opportunities opened up for small states to seek and secure protection. Thus, the story of the small state during the era of the classic *laissez-faire* balance of power is one of survival in large numbers.

France's Hegemonic Moment and the Transition to the Concert System

During the Napoleonic era, the balance of power was levered out, and the small states were the first to suffer. Many vanished forever. In 1791, on the eve of the French Revolution, nearly 340 small states existed; by 1812, at the height of Napoleonic power and imperial extension, only 75 were left. First, the attraction of populist nationalism and then Napoleon Bonaparte's military genius and imperial designs led to the mass termination of small states. For a moment, France held all the trump cards and the European balance of power was effectively neutralized. As a result, small states had no state, mechanism or structure to appeal to for security. Few managed to switch to bandwagoning quickly enough. As a result, small states were easily mopped up by the French empire and its client states.

Worse yet, when the logic of the balance of power finally overcame France militarily in 1814/15, small states were not rehabilitated at a level even remotely close to the level prior to the Napoleonic era. And with the long-term termination of over 250 small states at the turn of the century, the state system, too, had changed. It had featured a ratio of 18 small states for every one larger state before the rise of France; it had changed to a ratio of less than four small states to every larger state by 1812. The large-scale termination of small states during Napoleon's hegemonic moment was reverted, however, after his defeat in 1814/15.

Small State Death during the Nineteenth Century: A Collective Hegemony of the Great Powers

Not only did small state numbers not recover after French hegemony was beaten back, but they fell much further during the nineteenth and early twentieth centuries. The so-called concert system of this era was in many ways toxic to the small state. Great powers were running international affairs as an oligopoly and thus small states could not rely on one great power to hold the other in check.

There was only a minor recovery in the number of small states with the Treaty of Vienna in 1815 and peace between France and the countering alliance; and a further

modest rise in the number of small states to nearly 100 by 1840; but the numbers would drop again. With the unifications of Italy and Germany, just over 50 small states were left. But the decline continued. The historic low of the number of small states was reached in 1904, with only 35 left. The states system, too, had changed, and was now characterized by an unprecedented 1.35 ratio of small and larger states. And, until the outbreak of the First World War in 1914 and the violent end of the nineteenth-century era of the European concert system, the small states number had risen only marginally, to 42. Historically speaking and viewing small state security through the changes in their numbers, the nineteenth century of collective hegemony of the great powers was by far the worst environment for the small state.

The Nineteenth Century Concert System's Inhospitality to the Small State

The post-Napoleonic system was essentially a "great power tutelage over the rest of Europe" (Elrod, 1976, p. 164). The great powers would form a management circle, cooperating in running international affairs as they saw fit. As the century proceeded, however, great power cooperation transitioned into rivalries and enmities. Either way, the self-declared concert states ran international affairs as an oligopoly of privileged, great powers.

Small states had no voice in this system's creation, lacked a role in its implementation, and held no meaningful place in its operation. The nineteenth century was an era of the great power and the small state was systematically sidelined. For their security, small states could not count on much external help.

Unsurprisingly then, the era of the concert system already began as a major disappointment for the small state. No honest, meaningful effort was made to restore the large numbers of small states that had disappeared under Napoleon (Schulz, 2009, pp. 47–48). Formerly independent Venice was given to Austria, for example. Belgium was denied separation from the Netherlands to better keep France in check. In the new era, small states were seen by the great powers as secondary in their great game and thus undeserving of restoration or protection.

Decisions about small state survival or termination were made by the victorious powers alone, without input by or concern for the affected small states. Small states were thus not only seen as second tier political tier, they barely escaped a legal downgrading of their sovereign equality. Worse yet, a *Zeitgeist* that heralded larger, muscular units, in business and politics in particular, worked against the small state. Increasingly, the small state was seen as petty, outdated, incompatible with modernity, and a hindrance to large and 'masculine' nation-states that were evolving in Western Europe, North America, and later Italy and Germany.

Notable exceptions to the sidelining of small states were the German Confederation and South and Central American independence movements. Regarding the former, 35 small German states (along with two great and two middle powers) came together to collectively oppose any future French threats. For the small states, this translated into enhanced security. First, as a bloc, they constituted more than the sum of its parts. The German Confederation gained structural relevance and thus a rationale to

keep and protect. Second, with Austria and Prussia both involved, the small states could count on their rivalry to protect them from aggression.

In Latin America, independence movements had sprung up already before the turn of the century. European colonizers' grip was declining rapidly. The US was asserting a policy of keeping rising European powers from extending any influence over the Western hemisphere epitomized by the 1823 Monroe Doctrine. In this environment, new small states could emerge. Bolivia, Ecuador, Peru and Uruguay secured their formal independence in the 1820s (Nicolson, 1989, pp. 272–273).

Globally, however, European colonialism and imperialism, later joined by the US and Japan, prevented the emergence of more small states, especially in Africa. Instead of 'exporting' the Westphalian model of the sovereign states and allowing the creation of (large and) small states worldwide, Western colonialism and imperialism took control of territories across the globe and ran them as subordinated lands. Many of today's small states were forced to endure colonization and suppressed autonomy throughout the nineteenth century.

From Bad to Worse: The Post-Crimean War System and Small State Exodus

At the latest after the Crimean War of 1853–56, the concert system deteriorated rapidly. For the small states, things got worse. Any restraint implied in *collectively* managing international affairs, any prioritization of stability over national egotism of the great powers, vanished. In this environment, small states could not count on great powers' animosities to hold them in check. Instead, small states could be used easily as quick and easy fixes to great power disputes (Maass, 2017a). Thus, in 1860, France felt slighted when Sardinia was allowed expansion. The solution was French annexation of Savoy and Nice.

Now, small states' sovereignty was easily and willingly ignored and sacrificed in the name of overall stability. Put differently, small states were readily instrumentalized for structural stability among the European great powers. In their eyes and in their practice, small state security and survival were a distant second to the management of great power aggrandizement and desire to expand.

Without the opportunity to trigger early counterbalancing for their security, small states had no choice but to bandwagon again. At the beginning of the 1880s, Romania had little faith in Russian and Austria-Hungarian regional ambitions cancelling each other out. Instead, Romania opted to bandwagon with the stronger side, Austria-Hungary. In this scenario, without the opportunity to gain security by triggering counterbalancing, only bandwagoning satisfied the "imperatives for immediate security" of the small state (Rothstein, 1968, p. 214; Keohane, 1969, p. 295).

In some parts of the world, nationalism had helped with small state creation. In others, however, small states fell victim by the dozen to new, integrative nationalism. On balance, many more small states were terminated in Italian and German lands than were created in South America and Eastern Europe. Early in the 1860s, Italy achieved national territorial unification, much at the expense of small states. A decade later, Germany was united under Prussian leadership and here, too, a large

number of German small states lost their independence. Critical in both cases was the maturation of nationalist narratives in which Italian and German particularism was to be overcome. Small states appeared old, outdated, standing in the way of progress in the form of the modern, vigorous and muscular great power nation-state.

In sum, the nineteenth century's so-called concert system had declined from willing cooperation among the great powers via reluctant coordination to a hostile circle of ambitious great powers. However, their role as *primus inter pares* never changed and small state security was dramatically undermined. In light of this, it is not surprising that the number, both absolute and relative, of small states in the international system of states reached historic lows, with 35 states and a 1.3 ratio to larger states respectively in 1904. In this era, small states' sovereign independence was fundamentally challenged *and* avenues to enhance security at the structural level vanished, making this international arena indeed a "very unattractive political world" for the small state (Rothstein, 1968, p. 220).

Small State Survival and Proliferation in Twentieth- and Twenty-First Century Systems of Shifting Polarity

The history of the small state in the twentieth century is one of a remarkable recovery from a historic low. Since the Versailles Treaty that ended World War in 1918 and again with the political and economic arrangements that followed the Second World War after 1945, structures emerged and principles hardened that allowed for an impressive revival of the number of small states. This is especially true for the Cold War, when bipolarity kept two superpowers in check and when self-determination and decolonization combined to unleash small state creation at rates never seen before or since. In this sense, the Cold War proved to be a very attractive political world, to rephrase Robert Rothstein's quote above (Rothstein, 1968, p. 220).

The twentieth-century history of the small state needs to be subdivided into three periods: (1) the Versailles settlement, (2) the Cold War, and (3) the long post-Cold War period that has been giving way to a pluri-polar system only recently, during the later 2010s. In these systems, small states have not only survived but proliferated. Their numbers quickly returned to the levels prior to integrative nationalism and plateaued far above nineteenth-century levels, at roughly one third of the seventeenth century's all-time high.

In 1914, the world entered its first global war with 42 small states, but ended it with 54 already: an increase of around 28 per cent. During the interwar years, a handful of small states were lost, and at the end of the Second World War, 50 small states together with 28 larger states made up the international system of states. Both numbers grew during the Cold War, but unevenly. By 1990, at the end of Cold War, the state system contained 130 small states, 144 when the Eastern bloc fell apart, and 150 exist in 2018. Put differently, the number of small states tripled in the seven decades since the end of the Second World War. Today, at the end of the twenty-first century's second decade, these 150 small states exist together with 49 larger states. Since the beginning of the Cold War in the mid-1940s, the relationship of small

versus larger states has changed remarkably, from a ratio of about 2:3 then to 1:3 today, making the second half of the twentieth century an era of particular small state proliferation.

Small States and the Promise of Liberal Internationalism

Much of twentieth-century small state revival is due to the revolutionary changes at the system level. First was Wilsonian idealism, an early attempt to implant core pillars of liberal internationalism in the rapidly globalizing state system. US President Woodrow Wilson pushed for his liberal agenda at the Paris peace negotiations in 1919. His modern vision of the old philosophers' "perpetual peace" (Kant, 1984 [1795]; Saint-Pierre, 1986 [1713]), a "permanent peace" (Wilson, 1917) of equality among states large and small, and of collective security was tremendously appealing to small states. Unsurprisingly, a good number of them joined the new international organization, the League of Nations, which integrated and 'personified' these international transformations.

The creation of the League's collective security arrangement "was a victory for the smaller states" (Briggs, 1945, p. 669); or at least a stage win. It applied constraints on power politics and enhanced small states' broader security environment. The founding principles of the League system – deterrence of aggression, collective action and peaceful conflict resolution – matched the interests of small states to a fault. But when the attention turned to the new arrangement's effectiveness, it proved too ambitious for its time. No other great power lent its full and honest support; and, in the end, even the US abandoned the idea and decided against League membership. Thus, after a modestly promising start of League-centred security during the 1920s, great power aggression and expansion at the expense of the weak and the small returned with a vengeance. In 1931, Japan continued its imperialist streak with the military seizure of Manchuria and, in 1939, Germany coerced Western Europe's great powers into ceding small Czechoslovakia. The outbreak of the Second World War in the same year killed off any remnants of collective security under the League of Nations.

Despite these major setbacks, norms and principles highly permissive to small state security, survival and, ultimately, proliferation had been introduced at Versailles and kept hardening afterwards. The first marker was set in 1928, with the 'General Treaty for Renunciation of War as an Instrument of National Policy', the so-called Kellogg-Briand Pact. Outlawing aggressive war was meaningless in the short term, to be sure, but started to pay dividends as it hardened over the following decades. Small and militarily weak states in particular benefit from an additional legal hurdle to military threats. With the prohibition of aggressive war came the illegality of forceful annexation, further enhancing small state security. These developments led to the "waning of war" (Mueller, 1989) in the twentieth century's second half. Small states were the first to benefit from a norm that made military conquest and outright occupation illegal, morally repugnant, and thus increasingly unlikely. The growing illegality of state termination (Fazal, 2007, pp. 153–228) and the spread of

‘extantism’ (Bartmann, 2002) helped small states in particular to survive despite their systematic shortcomings in traditional security.

At least as determinative to small state history in the twentieth century was the further advance of self-determination since Versailles and its confluence with decolonization. The peace settlement of 1919 already incorporated the principle of self-determination, leading to small state creation in territories of defeated empires. Later, during the Cold War, more empires fell apart and former colonies in the South turned into sovereign states, mostly small states. The principles of self-determination and decolonization, together with the revival of collective identities and creation of new nationalisms in formerly dependent and occupied territories created a “logic of national liberation” (Morgenthau, 1958, p. 173) that contributed significantly to the international acceptance of new (small) states and the permissiveness of (small) state creation during the twentieth century’s second half in particular.

The Cold War Environment and its Permissiveness to Small State Proliferation

With the end of the Second World War, the fortunes of the small state had turned and a remarkable era of numerical recovery commenced. The “take-off” point (Rostow, 1956, 1990) for small state proliferation was reached as the post-war order emerged. The take-off accelerated as the bipolar structure and superpower rivalry combined with hardened legal norms and political standards. Thus emerged an international environment highly permissive to small state security, survival and proliferation.

Part and parcel of an overall permissive international environment of the twentieth century’s second half were its security arrangements. First, the successor to the League of Nations, the United Nations, also embraced the promise of collective security. Unfortunately, in between the two bookends at the beginning of the Cold War and its end – the Korean War of 1950–1953 and the Gulf War of 1990–1991 – collective security was largely neutralized by the two opposing superpowers’ veto privilege at the UN Security Council. However, the second feature – collective defence through two opposing, superpower-led alliances – guaranteed the survival of even the smallest member state. Members of NATO or the Warsaw Pact, large and small, had a full security guarantee against external threats from one of the nuclear superpowers.

Even outside NATO and the Warsaw Pact, the bipolar system and superpower rivalry provided high levels of protection to small states. The logic of a zero-sum game meant that the challenge to even the smallest state could easily turn into an extension of the two superpowers’ stand-off. Regular conflict, through direct superpower involvement or as proxy wars were the violent result which, nevertheless, was critical to overall small state security and survival. This could apply to small state protection even in extreme cases. Thus, when Cuba was receiving nuclear-capable missiles from the Soviet Union in 1962, open aggression and outright invasion was avoided at all cost by the US, in spite of feeling directly threatened. Clearly, the ease with which a great power could use force against a small state, so well described by Thucydides (1972) and so often witnessed in the preceding seventeenth, eighteenth

and nineteenth centuries, had “waned” (Mueller, 2006). In the end, a negotiated settlement left small Cuba’s sovereignty unchallenged.

Beyond traditional, hard security matters, small states proliferation was helped by the era’s attention to underdevelopment and development assistance, not the least of small states. Many newly founded small states found themselves massively challenged financially and economically, but organizational attention to their developmental needs and their “vulnerability” (Commonwealth Consultative Group, 1985) helped them survive. These efforts continued beyond the end of the Cold War. They broadened the agenda beyond its initial focus on development (Kisanga and Dancie, 2007), and pushed for a moving from lamenting vulnerabilities to finding opportunities to enhance competitiveness (Wignaraja, Lezama, and Joiner, 2004), and build “resilience” (Briguglio, 2007; Kisanga and Briguglio, 2004; Kisanga, Crodina, and Briguglio, 2006).

The emergence of so-called microstates, “very small states” (Dommen, 1985, p. 1), notably smaller states than the ‘mainstream’ small state, was a remarkable development of this era. With all the security dynamics just mentioned above, together with growing economic opportunities in a steadily opening world economy, and change of perception by the world community of undesirable and unviable mini-states to deserving new members of the world community, microstates sprang up all over world, from Nauru (1968) in the Pacific, Singapore (1965) in Southeast Asia, Bahrain (1971) in the Gulf, and São Tomé and Príncipe (1975) in Africa, to St Kitts and Nevis (1983) in the Caribbean.

To be sure, fears of a dangerous “Balkanisation” (Lewis, 2009, p. x), objections to creating economically unviable statelets, and a traditional aversion to pursue a “championship of small powers to quixotic lengths” (Temperley, 1925, p. 193) had not been fully overcome. And even for such “diminutive states”, the expectation remained that they “function and . . . deport themselves as individual and collective participants” in the “international environment” (Plischke, 1977, p. 8). But, by mid-century, the world had changed enough to allow many small and microstates to emerge, survive, and even prosper.

The Transition to the Post-Cold War and Further Small State Proliferation

The end of the Cold War was marked by a noticeable increase in the number of small states. The year 1990 witnessed the addition of 14 new, mostly small, states. The imperial superpower Soviet Union fell apart and, all around Russia’s periphery, new states sprang up, from the Baltics to Central Asia, and many of them small. Only Moscow’s control had kept them from independent statehood. Similarly, the tight control of Belgrade had kept Yugoslavia united, but without the rigour of the Cold War system Yugoslavia, too, disintegrated. Ultimately, seven small states emerged, and years of fighting could not stop them from re-doing the Balkan map.

With only one superpower left standing, the world had its “unipolar moment” (Krauthammer, 1991), with the US reigning supreme over an international system highly supportive of the small state. In fact, the promise of a “new world order”

(Bush, 1990) was made in the context of a major military effort to liberate small Kuwait from aggressive Iraq. In 1991, an American-led multilateral force defeated Iraq on the battlefield and pushed it out of the small state. To be sure, Iraq's control over Kuwait's oil and gas reserves threatened the smooth running of the American and global economies. But the US and with it much of the world community was concerned about what such a land grab, if left standing, would mean for the emerging, post-Cold War era. The liberation of the small state Kuwait in 1991 was then at least as much about symbolism as it was about natural resources.

The US not only pushed a normative agenda opposing strong power aggression and highly supportive of self-determination, but also pressed for further globalization and especially global economic integration. The early support for the creation of the International Criminal Court, and the strong backing of the World Trade Organization established in 1995 are marks of America's post-Cold War vision. Protection from aggression, strong international law, and an open world economy shaped an international environment highly supportive of small states.

Further augmenting this favourable environment was, first, the European Union, which had the means and interest to financially support Eastern Europe's numerous small states, and second, global liberal economics. In the globalized economy, lack of size turned from a traditional disadvantage to a possible advantage for small but perfectly sized, nimble states (Alesina and Spolaore, 2003). Global economics not only allowed small states to prosper (like Singapore) or to catch up quickly (like Estonia) but also "reduced [the] cost of secession" (Enriquez, 1999) and thus helped with further small state creation in Africa, Asia and Europe.

Changes at the global level accumulated during the first half of the twentieth century. New norms at least suggested a new era of small state security and survival. During the century's second half, hardened legal norms had reached a tipping point, and in the bipolar stalemate, a decades-long proliferation of small state could play itself out. The international system was characterized by the nuclear superpowers' deep hostility, but it was highly permissive to small state survival and creation. And this dynamic extended into the post-Cold War era, when unipolarity did not turn into hegemony and further small states emerged, even if at a much decelerated pace. After Eritrea and Palau gained independence in 1993 and 1994 respectively, East Timor seceded from Indonesia in 2002 and South Sudan from the Republic of Sudan in 2011.

In sum, a nineteenth century of small state decline was countered by a twentieth century of small state proliferation. Moreover, half the loss in numbers of small states over the previous 250 years was recovered during the twentieth century's second half. Both are due, first and foremost, to major changes that occurred and developments that accumulated at the international level of the state system.

CONCLUSION: A HISTORY OF SURVIVING, PERISHING AND PROLIFERATING

The modern history of the small state is to be found between struggles to survive and opportunities to proliferate. The history of the small state in the modern system of states is neither linear nor constant, but irregular and highly dependent on system-level factors and forces beyond the small state's immediate control.

Critical to understanding the story of the small state during modern world history is an appreciation of the system-level dynamics for small state survival and proliferation. Looking back at history, some historical state systems have been much more supportive of small state survival than others. To begin with, in the largely unbridled balance-of-power system of the seventeenth and eighteenth centuries, small states had easy access to great power rivalries and jealousies which provided cover and security. In this era, small states survived in large numbers, but less by their own doing than by the system's structural logic.

Next, the structural dynamics of the European Concert are central towards understanding the struggles of the small state in this era. The cartel of great powers felt no compulsion to restore the abundance of small states that had characterized the previous system. Moreover, the powerful concert states instrumentalized small states repeatedly in their great power competition. Moreover, the integrative nationalism of the later nineteenth century was the unchecked death knell for many Italian and German small states that had survived for so long. The nationalist imperialism of European, American and Japanese great powers was the last blow, cutting off the opportunity for new, small states in Africa, Asia and Latin America to emerge.

The post-First World War system combined traditional power politics with collective security and enhanced legal structures, most critically self-determination. The latter in particular was instrumental in laying the groundwork for new small states to emerge where empires had imploded. Less than three decades later, a bipolar system developed. Together with the norm of self-determination and decolonization, it proved fertile ground for small state creation on a large scale after 1945.

Small state proliferation also marked the transition into the post-Cold War era. In its unipolar environment, small states emerged where empires and multi-ethnic states collapsed. In many ways, small state creation was the enabler of imperial decline, whether on formerly Soviet lands or Yugoslav territory. For the small state, the post-Cold War world system proved supportive. The trend continued well into the twenty-first century. The unipolar system of the extended post-Cold War period proved equally permissive to small state survival on a large scale and occasional small state creation. The American unipolar leader favoured a liberal-infused system of restrained power politics.

Fairly safe areas for small state proliferation remain to this day. In Europe, Catalonian and Scottish independence is being debated. In the Pacific, French Polynesia, New Caledonia, Guam, West Papua, Bougainville, and even American Samoa have emerged as candidates for small statehood. Their regional security envi-

ronment may indeed allow them to create small states, quite in contrast to the Kurds and Palestinians who are located in highly contested regions.

During recent years, the unipolar system has begun its transition towards a, most likely, pluri-lateral system. Great powers began to reassert their place as *primus inter pares* and reclaimed the option to use force, including military force, in the pursuit of their interests. The US felt justified to invade Iraq in 2003, China has turned combative in the South China Sea, and Russia challenged the small state of Georgia in 2009 and seized the Crimea from Ukraine in 2014. The new pluri-polar system of the twentieth century's second decade is beginning to threaten the small state again.

Overall, today's emerging system does not offer small states a reliable security umbrella. Collective security remains highly unreliable; NATO's collective defence has been cast in doubt; the prohibitions of aggressive war and territorial change by force have been undermined; the liberal economic world order has come under threat. So far, the emerging system is not featuring new or stronger avenues to enhance small state security. But, as the history of the small state in world politics shows, security features at the system level will most likely remain critical for small state security and survival.

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3. Small states: politics and policies

Dag Anckar

INTRODUCTION

This chapter deals in a comparative vein with two separate but still connected aspects of small states politics, namely regimes and productivity. The comparisons that are made are either internal, meaning that sets of small states are compared to other sets of small states; or external, meaning that sets of small states are compared to sets of larger states.

The logic of these comparisons is evident and two-fold. First, if small states, when compared to each other, exhibit similarities rather than dissimilarities, then a case can be made that small size carries explanatory power: when and if small-sized units copy each other in terms of ideology and performance, small size comes across as an important explanatory factor. On the other hand, if the similarities are not there, small size obviously does not count for much in terms of explanation. Second, the comparison of small states to larger-than-small states takes on board the important observation that the political science discipline remains poorer for not utilizing small states to a larger extent as research objects (Rich, 2014). Veenendaal and Corbett (2014) argue that, contrary to received wisdom, democratic development in poor societies is possible and the systematic overlook in studies of democratization and democratic conduct of small-state regions like the Pacific greatly distorts our understanding of democratic transitions. Nevertheless, a study of smallness in and of itself does *not* establish a valid knowledge of smallness and its effects. Needed are efforts to control for the validity of findings by undertaking comparative research in a more systematic fashion, i.e. by comparing small and not-small states (Sartori, 1991). This advice, sadly, has limited followers. Rather, current studies of small state politics tend to appear in the form of studies of one or a few cases.

The preoccupation of this chapter with small states obliges a choice in regards of defining and measuring smallness, which is, of course, an elusive and contested concept (Maass, 2009). In principle, the population investigated here consists of states that at independence were so-called microstates with populations of less than one million. Admittedly, this threshold differs from some other approaches in this Handbook; still, while the choice of the one million threshold is not self-evident, it has its merits and advantages. For one thing, it separates what is small from what is not, and thereby deviates from efforts that classify almost everything under a great-power-level as being 'small'. Importantly: the choice avoids a pitfall which is evident from the many efforts out there to define smallness in terms of qualities that should really be regarded as consequences or correlates of smallness: such as vulnerability, shortage of military and economic power and a lack of diversity of trading

partners. Such attempts conflict with a sound methodological precept which states that definitions of a concept should not include aspects that are about determinants, conditions and consequences of that same concept: when and if this rule is violated, researchers deprive themselves from studying these aspects empirically. The logic should *not* be one of states being small because they are weak and vulnerable; but one of states being weak and vulnerable because they are small. Let it be added that the one million criterion that is used here may be deceptive, as statistical analyses have suggested that the association between smallness and democracy which is evident from examinations of small states tends to weaken and disappear when the threshold that defines smallness is raised from 500,000 to one million resident population (C. Anckar, 2008, pp. 439–440). The finding would perhaps rather have dictated here a strategy like the one followed by Wouter Veenendaal, who in his dissertation on microstate democracy has focused on the diminutive cases of Palau, St Kitts and Nevis, San Marino and the Seychelles (Veenendaal, 2013).

DIRECT DEMOCRACY IN SMALL STATES

Given the fairly common belief that direct democracy is a regime form that is much sensitive to differences in country size, it makes good sense to start this review by commenting on the use in small states of direct democracy devices.

Intuitively, precisely because they are small, small-sized units provide an ideal context for direct democracy. This is for a variety of reasons. Small states exist on a scale that accommodates and encourages a direct participation of people in political life, and the intimacy and nearness inherent in small countries promote a general understanding of local political problems. Furthermore, a small-sized frame of reference works against non-discernible special interests that distort representation, and the possibility of bypassing political parties that is embedded in the idea of direct democracy is enhanced in several small polities (Anckar and Anckar, 2000). On the other hand, however, again intuitively, the belief comes natural that small size actually works against the emergence of direct democracy. This would be because direct democracy appears a superfluous and redundant form of politics in small units: the distances between those who govern and those who are governed are close, consent is fairly widespread, and information aspects of political life benefit less than in larger units from an extended political participation. In sum, therefore: two rather clear-cut conceptions compete for explanatory power. Emphasizing conformity, the one states that it is only natural that direct democracy thrives in small and manageable societies; emphasizing, instead, redundancy, the other argues that direct democracy devices are unnecessary in small societies, which are so easy to access.

There are rather few studies of small states that intervene systematically in this clash between two hypotheses. However, an explorative investigation of the use of direct democracy in microstates that was conducted some 15 years ago (Anckar, 2004a) contains materials that may guide and facilitate interpretation. According to this investigation, the second of the two above hypotheses is more robust and

better substantiated: popular initiatives, be they direct or indirect in nature, are non-frequent in small states; some 40 per cent of the microstates of the world have the constitutional referendum but have not introduced other direct democracy varieties; some 30 per cent of the microstates do not have direct democracy at all; the policy vote institution is found in 10 microstates only out of 42; only four microstates have inaugurated the popular initiative as well as policy votes and the constitutional referendum. The saying that “as the fountain of sovereign authority, the electorate should have the authority to decide when representative decision making should be replaced by unassembled direct democracy” (Zimmerman, 2001, p. 283) may appear appropriate and inherent to the small setting; the truth is, however, that small-sized units take exception rather than subscribe to the ideals and vehicles of direct democracy. Indeed, very few microstates have arrangements for triggering constitutional amendments that involve the citizenry at large (Anckar, 2017).

In his study from decades ago of majoritarian and consensus democracies Lijphart noted “the extreme unevenness of the incidence of referendum” (1984, p. 201), and he reached the conclusion that “the question of why referendums occur more frequently in some countries than in others cannot be answered satisfactorily” (1984, p. 197). And indeed, given the restricted and random use in small states of direct democracy devices, any search for explanatory factors becomes uncertain. However, it would appear that a colonial background factor is of some relevance here. Direct democracy is alien to the Westminster model (Lijphart, 1984, pp. 15–16), which has spread to many former British colonies. Thus, one would expect that former British colonies are less prone than former non-British colonies to introduce and apply direct democracy tools. And indeed, as evident from the above study (Anckar, 2004a, pp. 385–386), this is the case. Out of a dozen small states that endorse direct democracy devices only two, Maldives and the Seychelles, have a British background; on the other hand, of 20 small states with a non-British background, half are in a direct democracy group. Furthermore, other distributions are congruent with the idea of an impact of colonial history. There are three small states that are former US trust territories, Marshall Islands, Micronesia and Palau; all three practise direct democracy, reflecting the widespread state-level use of the popular initiative in the US (Cronin, 1989, pp. 38–59).

INITIAL REGIMES, SMALL STATES STYLE

Dealing with political regimes and regime change, this section of the present chapter walks a well-worn path; indeed, the study of regime change is said to be among the “classical political science questions” (Peters, 1998, p. 179). However, the focus of the study on the case of so-called initial regimes, i.e. the set of political institutions that are established at the time of independence, makes the study less traditional and conventional. Namely, observations in the research literature are that there are surprisingly few studies of why new states establish different forms of political regimes (Lehtinen, 2014). This section, then, adds to a still limited body of knowledge. In line

with the tradition in regime research to observe a key distinction between democratic and autocratic regimes (Siaroff, 2011, pp. 2234–2235), the section makes an effort to identify and penetrate the dividing line in the small states universe between these two main regime types. Two specific research questions are posed and answered: (1) to what extent have small states preferred a democratic as against an autocratic initial regime? and (2) what is the impact of initial regimes in terms of regime endurance: how long, to quote a relevant title from the literature, “does the first rule last?” (Denk, 2015).

The operational solution here to the task of defining a cutting point between democracy and autocracy is to apply the annual surveys since 1972 of the countries of the world by the Freedom House organization. The Freedom House understanding of freedom encompasses two sets of characteristics that relate to political rights and civil liberties. Based on extensive checklists, rights and liberties are rated separately on a seven-category scale for each country and the scales are then merged to produce a three-way classification of countries: entities are “Free”, “Partly Free” or “Not Free”. Concerning the division of countries in democratic versus autocratic regimes, this study, in line with others (e.g. Denk and Silander, 2012; Karvonen, 2008; Lijphart, 1999; Veenendaal and Corbett, 2014), regards “Free” countries only as adherents to the democratic regime formula. One specific feature of the Freedom House data merits attention. Namely, large-N studies of political life are often criticized for using inadequate data that is based on constitutional principle rather than actual political practice (e.g. Foweraker and Krznaric, 2000, p. 765). Avoiding this pitfall, Freedom House does not score countries on the basis of governmental intention or constitution only, but relies also on real-world situations caused by governmental and non-governmental factors. This feature makes the Freedom House methodology suited to the task of encircling and penetrating a regime concept. Most importantly, given the focus of this study, while most global analyses of the conditions for democracy and democratization exclude small states, the Freedom House index is updated on an ongoing basis and includes all states, small and large.

While straightforward enough, the use of the million population criterion still invites complementary comments that follow in part from the reliance in the investigation on Freedom House data. The following specific considerations apply.

A large group of microstates, 24 in number, are problem-free from the point of data availability and validity. All these states secured independence in the years following 1972 and are, in consequence, well covered from independence by the Freedom House data. Dominica, independent in 1978 and St Kitts-Nevis (1983) are examples. However, another group of states, also 24 in number, are independent earlier than 1972 and the initial regime is therefore not examined and evaluated by the Freedom House data, which, as explained, extends over periods from 1972 only. Most of these states, however, like Fiji (1970) or Mauritius (1968), are independent at dates immediately preceding the Freedom House threshold year of 1972, and the task of filling the respective short gaps by means of research and a literature review is feasible. One does not have to rely on Freedom House to be convinced, for instance, that Barbados, independent since 1966, started out as a democracy in the years

1966–1972 (Inniss, 1982), or that Qatar, independent in 1971, established an autocratic regime at that time (Gräf, 2007; Lawson, 1999). One also does not have to rely on Freedom House data to conclude that Iceland, independent already in 1944 from Danish rule, was established at that time as a democratic regime (Árnason, 2007; Petersson, 1992, pp. 7–26). Similarly, Gabon, independent already in 1960 from French rule, immediately embarked on a policy of power conservation and outlawing of opposition (Fleischhacker, 1999, pp. 387–390; Hargreaves, 1999, pp. 223–224).

However, in a handful of cases, independence has been introduced at times which are early enough to disqualify the use of Freedom House data and speak against the very incorporation of the cases in the analysis. Taking into consideration these cases from long ago suggests difficulties and disagreements concerning the identification of states and dates of independence as well as difficulties in terms of access to historical data (Denk and Anckar, 2014, pp. 392–393). Furthermore, the very frame of reference for categorizing democracy and autocracy is so distant and different that any attempt to fit these cases into the same initial regime framework that applies to later microstates is doomed to failure. Clearly, Luxembourg must be disregarded in this research – inspired by the Belgian constitution of 1831 the current Luxembourg Constitution which establishes a constitutional monarchy dates back to 1868 (Grote, 2010, pp. 3–4). The same is true of the Principality of Liechtenstein which became formally a sovereign state in the early nineteenth century (Duursma, 1994, pp. 143–144), and of San Marino which has existed as a separate entity since the foundation of the Papal States (Duursma, 1994, p. 216). Also excluded from analysis are Bhutan, where a theocratic Buddhist political system was replaced early in the twentieth century by a hereditary monarchy (Rose, 1999), and the Pacific island kingdom of Tonga where following the foundation of the new Kingdom in 1820–1845, a traditional system of chiefly rule was replaced in 1875 by the first constitution of the country (Campbell, 1992). These five small places are, in a manner of speaking, remnants from the past and are therefore discarded in the study at hand.

In all, then, 43 (48 less 5) countries are included in this review. They are listed in Table 3.1, which also gives for each country the independency year that is, in most cases, also the year of adoption of the initial regime. Due to population growth, some of these countries have – during later years covered by Freedom House – lost their initial microstate status. One example is Botswana, a microstate in the years 1972–1982 only. Another example is Trinidad and Tobago, a microstate in the years 1962–1975 only. Despite graduating out of microstate status, these countries are included in this review. The reason is simple enough: the review is about initial regimes, and at the time of regime choice the states in question were all microstates. It follows that they are to be regarded as adequate representatives of small states and small state regimes.

The two research questions that were laid out at the beginning of this chapter are answered by means of data presented in Table 3.2. Two sets of data are given. First, percentage calculations are presented as regards the extent to which the small states have embraced democratic versus autocratic regime types: each state is given a percentage value, which is a measure of how frequently the country in question is

Table 3.1 The 43 small states in this study, with year of achievement of independence

Andorra (1993)	Gabon (1960)	St Kitts-Nevis (1983)
Antigua & Barbuda (1981)	Grenada (1974)	St Lucia (1978)
Bahamas (1973)	Guyana (1966)	St Vincent & Grenadines (1979)
Bahrain (1973)	Iceland (1944)	Samoa (1960)
Barbados (1966)	Kiribati (1979)	São Tomé and Príncipe (1975)
Belize (1981)	Kuwait (1962)	Seychelles (1976)
Botswana (1966)	Maldives (1965)	Solomon Islands (1978)
Brunei (1984)	Malta (1964)	Suriname (1975)
Cape Verde (1975)	Marshall Islands (1991)	Swaziland (1968)
Comoros (1975)	Mauritius (1968)	Trinidad & Tobago (1962)
Cyprus (1960)	Micronesia (1991)	Tuvalu (1978)
Djibouti (1975)	Monaco (1962)	United Arab Emirates (1971)
Dominica (1978)	Nauru (1968)	Vanuatu (1980)
Equatorial Guinea (1968)	Palau (1994)	
Fiji (1970)	Qatar (1970)	

rated as democratic. To give an example, a country that became independent in, say, 1975, and has been ranked thereafter by Freedom House each year in the time span 1976–2012, has 37 classifications, and if all the rankings have been in the democracy category, the democracy rating is 100. If the country has not once during the 37 years of classification been ranked in the democracy category, the democracy rating is 0. If the country is ranked in the democracy category, say, 21 times out of 37, the resulting percentage calculation gives this country a democracy rating of 57 ($21/37 \times 100$).

Second, an attempt is made to categorize and elucidate the elements of regime dynamics that stand out. There are two sections in the table: one on regimes that are initially democratic, and one on regimes that are initially autocratic; both sections communicate brief verbal expositions of the regime type in question. While the first four types all have democracy as a point of departure, the first regime in the wake of independence being democratic, the types clearly differ from each other in regards to the following sequences. The first of the four groups is composed of states that have retained a democracy status and are stable democracies. In the second group are states that, shortly after their independence, abandoned the democracy track and have fallen permanently into autocracy. In the third group are states that have likewise turned from democracy to autocracy, but have done this only after a more prolonged democracy sojourn. The fourth group, finally, consists of states that are oscillators between the democracy camp and the autocracy camp. Typically, these states walk a thin line between democracy and non-democracy, situational circumstances mostly deciding their course of development. As evident from the table, the second section repeats the above classifications but now in a reversed order, autocracies replacing democracies and democracies replacing autocracies.

From Table 3.2, two lessons are learned about small states as against larger states. First, small states tend to enter upon independence as democracies rather than autocracies: of 130 newly formed states during the period 1946–2008, 52 (40 per cent) of

Table 3.2 *The small states of the world: quality and stability of initial regimes*

<i>Almost uninterrupted continued existence as democracy</i>
Andorra (100), Bahamas (100), Barbados (100), Belize (100), Dominica (100), Iceland (100), Kiribati (100), Malta (92), Marshall Islands (100), Mauritius (92), Micronesia (100), Nauru (100), Palau (100), St Kitts-Nevis (100), St Lucia (100), St Vincent and the Grenadines (100), Trinidad and Tobago (100), Tuvalu (100)
<i>Rapid decay into autocracy (A)</i>
Seychelles (3)
<i>Relatively long continued existence as democracy, followed by decay into autocracy</i>
Fiji (36), Solomon Islands (61)
<i>Oscillation between democracy and autocracy</i>
Guyana (51), Suriname (53)
<i>Almost uninterrupted continued existence as autocracy</i>
Bahrain (0), Brunei (0), Comoros (0), Djibouti (0), Equatorial Guinea (0), Gabon (0), Kuwait (0), Maldives (3), Qatar (0), Swaziland (0), United Arab Emirates (0)
<i>Rapid development into democracy</i>
Botswana (84), Cyprus (82), Grenada (78), Monaco (80), Vanuatu (84)
<i>Relatively long continued existence as autocracy, followed by development into democracy</i>
Cape Verde (61), Samoa (44), São Tomé and Príncipe (61)
<i>Oscillation between autocracy and democracy</i>
Antigua and Barbuda (57)

the investigated cases emerged as democracies (Lehtinen, 2014, pp. 276–277). The corresponding findings from this study are much different. No less than two-thirds of the 43 small states in this review have opted at independence for democratic governance, and this observation serves to reconfirm a pattern that has come to the fore in several earlier investigations. For instance, an earlier study of regime choices in microstates indicated that, of 36 microstates with a colonial past, two-thirds (24) were in a democracy category (Anckar, 2004b, pp. 217–218). Confirming this proportion, another study from the years 2004–2006 indicated that, out of 41 microstates, 29 were then democracies (D. Anckar, 2008, p. 77). A review article has noted that “a significant feature about many small island jurisdictions has been their ability to maintain democratic political systems” (Srebrnik, 2004, p. 339); the present study, then, adds to the verification of such a proposition. Admittedly, the proposition does not always hold true: not all small states are democracies and specific dangers may lurk in small-sized units that challenge a truly democratic way of life (Anckar, 2010; Baldacchino, 2012; Veenendaal, 2015). Still, the overall picture is persuasive: the likelihood of freedom and democracy increases with a decrease in the size of political units (Colomer, 2007, p. 215).

Second, small size fosters stability. Two main clusters of small states are identified; both include states that have remained faithful to the choice of their initial regime format. In the larger of these clusters are 18 states that have, since independence, retained a democracy perspective over the years. Also, close to this cluster, are five more states that have entered independence as autocracies but have soon internalized a democratic regime form. This confirms the observation that democratic regimes

tend to become instigated as a consequence of regional and sub-regional diffusion (Lehtinen, 2014, pp. 123–143). The small island states of the Caribbean and Pacific regions are well represented in this group. Most members of the group have, since independence and up to now, maintained flawless democracy records at a maximum (100 per cent). Malta and Mauritius are two exceptions in the margin; but it is good to remember that Mauritius is the only African state to have been free of major political strife since independence (Royle, 2001, p. 182). In the second of the two larger clusters are 11 states that have, since independence and without exception, retained an autocratic regime form – this confirming the observation that countries with a dominant Muslim religious orientation are rather foreign to democracy (Anckar, 2011, pp. 51–61; Lehtinen, 2014, pp. 102–109). Arab countries are well represented in this group. All in all, of 43 states, 29 are paragons of continuity and stability. In addition, a handful of other states have followed the same pattern rather closely.

In addition, findings from Table 3.2 offer a venue for a comment on patterns of regime endurance. One relevant belief in this genre is that democratic regimes in newly established states are unstable. Newly established states usually face many challenges; gradually, however, one would believe, the challenges and difficulties are overcome. One would expect political institutions to become stable over time, identity crises and conflicts to be solved, issues regarding territory and citizenship to be settled and undemocratic legacies to fade away (Denk and Anckar, 2014, p. 388). A relevant hypothesis, therefore, is that the likelihood of democratic failure, meaning the collapse of an initially democratic regime, decreases with increasing years as a democratic state.

However, upon reflection, an opposite theory is perhaps equally plausible, which states that democratic failure may occur, if at all, only after a prolonged time of democratic effort. According to this belief, first waves of democratic enthusiasm and support for democracy are gradually over-shadowed by feelings of disappointment and disillusionment, as the democracy framework proves unable to implement offered value sets and to secure a just and even development of society. When and if this happens, a return to earlier models of autocracy and stringent leadership may appear tempting. Such a political climate may also open doors for agitators and ruthless leaders who understand and take advantage of the situation. In short, the essence of this theory is that democratic failure happens in established democratic rather than newly democratic contexts.

Of the two theories, the first has gained more support in the empirical study of democratic endurance. Relevant findings are that there is indeed a negative relationship between length of independence and democratic failure, and that the length of democratic rule has a positive impact on democratic stability (Denk and Anckar, 2014). The review here of small state behaviour does not question this overall validity of the first theory: in that sense the expansion of the research field to include small states does not alter what is already known. Importantly, however, the specific look at smaller states reveals that these states cherish regime endurance and stability to an unusually high degree, and therefore stand out as a group of their own in debates concerning early or late democratic failure. In fact, democratic failure is an almost

unknown condition in the world of small states. In the data at hand, there is only one case of rapid democracy decay, namely Seychelles, where a semi-presidential system of government, introduced at independence in 1976, was abandoned already in 1977 after a coup that installed a new constitution and a socialist one-party regime. A political and constitutional return to multiparty politics then took effect in the early 1980s (Thibaut, 1999, pp. 775–778). Against this one case of early democratic failure are two cases of late failure. One is Fiji, tormented since the late 1980s for many years by violent unrest and constitutional instability (Lal, 2007; Lawson, 1996, pp. 37–76); the second is the Solomon Islands, which experienced ethnic violence during 1998–2003 that triggered a formal request by the Solomon Islands Government for outside help, manifested in 2003 by the arrival in the islands of Australian and Pacific Island police and troops. Three more cases, Antigua-Barbuda, Guyana and Suriname, represent patterns of oscillation that are difficult to interpret; one observation about Antigua as well as Guyana as of 2010 is that there has been political change from one party to another since independence (from A to B), but there has been no political change-back (from B to A) or even change to another political force (Ghany, 2013, pp. 30–31).

Srebrnik (2004, p. 339) commented: “Maybe we will never be able to isolate scientifically that elusive independent variable that seems to make islands more conducive to democracy, even if one exists”. Given that most islands are small or very small, this wonder is certainly valid for small states also. Anyhow, the search for one decisive variable may in some exceptional cases be successful, like in Samoa, accepted as a democracy only when in October 1990 the citizenry voted in a plebiscite to reform the electoral system which had prevailed since independence in 1962 and which restricted the candidature for parliamentary office and the franchise to bearers of traditional chiefly titles (Lawson, 1996, pp. 148–151; Meleisea, 1987, pp. 220–228). In most cases, however, as evident also from findings reported here, the search must be for several variables and even combinations and chains of variables rather than for one crucial explanans. Small states tend towards democracy and stability and it is likely that the two conditions are not strictly associated but rather emanate from constellations of different sources and variables, external conditions perhaps being in the foreground in efforts to understand democratization, and internal conditions being important factors in understanding tendencies towards endurance and immobility. More research should be devoted to such questions. The many ideas and suggestions for developing comparative small state research that were put forward decades ago by Dahl and Tufte (1973) still resonate today.

ON POLITICAL PRODUCTIVITY

While the above sections of this chapter have dealt with selected aspects of the process of policy-making, the focus in the following section is on policy analysis, i.e. the contents of policy, the focus turning from system environments and inputs to system outputs and outcomes (Easton, 1965a, 1965b). Intuitively, one would expect

that the output and outcome performances of small states remain in most cases inadequate and modest. Small states, for obvious reasons, do not command vast resources in terms of money, manpower and knowledge: they are poorly equipped to manage the task of creating a competitive economic space. Admittedly, because they are small, small states do have a potential for developing a specific sort of political resourcefulness, for managing a rapid policy development and for enjoying the advantages of a structural openness (Baldacchino, 2000, pp. 70–74). But still, the thought that inputs to small systems are as a rule followed by modest outputs and outcomes seems a reasonable point of departure for any attempt to measure and analyse the performances of small states.

This section deals primarily with 40 microstates, as listed in Table 3.3, with data that compares their efforts to manage and maintain a satisfactory political productivity. The table builds upon a fairly simple idea, which makes use of available country-wise and relevant rankings of the countries of the world, higher individual rankings implying a better performance than lower rankings. Obviously, rank figures are, for a variety of reasons, less than ideal and precise comparative measures; interpretations that are based on rankings therefore need to be cautious and moderate. This being said, however, it is also true that rankings worldwide offer relevant approximations of distances and proportions and are helpful in identifying group formations as well as evident deviations from group patterns.

Table 3.3 has five columns. The first represents microstate rankings in the field of general economic performance; the measure that produces the ranks is the conventional GDP per capita (PPP). Data is supplied by the United Nations Department of Economic and Social Affairs; they reflect the situation in the year 2018 and are published from the CIA World Factbook in that year. The second column and respective rankings is about the quality of national health systems in the countries of the world, with data drawn from the World Health Organization (WHO) World Health Report, published in the year 2000. Later versions of this same review have not been consulted because they do not exist: WHO no longer produces such a ranking table. The third column registers a composite measure, the Human Development Index, developed by the United Nations Development Programme (UNDP), which combines indicators of life expectancy, educational attainment and income into an index of development and modernization (Human Development Index, 2017). A fourth column registers a ranking of countries in terms of the above mentioned Education Index; data is again drawn from the UNDP (Human Development Reports). Finally, a fifth column gives an average rank for every microstate, based on the ranks from earlier columns. Missing data has, to some extent, rendered compilations difficult; the cases to which such failings apply are marked in the table by the letter combination NA (not available). Given the topic of this study, it is unfortunate that data is not accessible for several small states, most notably in regards to the Human Development Index: here, data is missing for Marshall Islands, Monaco, Nauru, San Marino, Tuvalu and the Vatican.

From Tables 3.3 and 3.4 follow three main observations. First: the small size factor is not in itself decisive in determining the level of productivity. If size were

Table 3.3 *The small states of the world: rank positions of microstates in five policy areas*

Countries	Policy Areas				Composite Rank
	Economy	Health	Human Development	Education	
Andorra	27	4	32	37	25
Antigua and Barbuda	70	86	62	61	70
Bahamas	73	94	58	51	69
Barbados	89	46	54	59	62
Belize	128	69	103	54	89
Bhutan	125	124	132	136	129
Brunei	10	40	30	30	28
Cape Verde	135	113	122	123	123
Comoros	172	118	160	159	152
Djibouti	154	157	172	170	163
Dominica	112	35	96	93	84
Equatorial Guinea	53	171	135	144	125
Fiji	120	96	91	88	99
Grenada	100	85	79	79	86
Guyana	128	128	127	121	126
Iceland	23	15	9	13	15
Kiribati	169	142	137	133	145
Liechtenstein	1	NA	15	18	11
Luxembourg	5	16	20	21	16
Maldives	84	147	105	103	109
Malta	39	5	33	39	29
Marshall Islands	156	141	NA	NA	148
Micronesia	156	123	127	124	132
Monaco	3	13	NA	NA	8
Montenegro	90	NA	48	51	63
Nauru	111	98	NA	NA	105
Palau	94	82	60	60	74
St Kitts-Nevis	68	100	74	73	79
St Lucia	103	68	92	97	90
St Vincent and the Grenadines	114	74	99	91	95
Samoa	141	119	104	106	118
San Marino	19	3	NA	NA	11
São Tomé and Príncipe	158	133	142	142	144
Seychelles	64	56	63	71	64
Solomon Islands	167	80	156	157	140
Suriname	102	110	97	100	102
Tonga	142	116	101	100	115
Tuvalu	152	136	NA	NA	144
Vanuatu	161	127	134	131	138
Vatican	NA	NA	NA	NA	NA

Table 3.4 Percentage and number (N) of microstates ranked along five dimensions among the 50 and 100 highest in the world

Dimension	Among 50 highest	Among 100 highest
Economy	18 (N=7)	46 (N=18)
Health	24 (N=9)	59 (N=21)
Human Development	21 (N=7)	53 (N=18)
Education	21 (N=7)	62 (N=21)
Average	21 (N=8)	54 (N=21)

decisive, most small states would somehow clump together and their internal differences in terms of performance would be largely negligible. This, however, is not the case. Some small states perform very well indeed, whereas other small states have poor records. The differences are conspicuous. The gap between on one hand, say, Iceland, ranking in positions between 9 and 23, or Liechtenstein, ranking in positions between 1 and 18, and, on the other hand, Samoa, ranking in positions between 104 and 141, or São Tomé and Príncipe, ranking in positions between 133 and 158, is striking, to say the least. Furthermore, it is not the case that small states have either very good or very poor performance profiles: for example, a closer look at the rank positions in Table 3.3 with regards to the HDI reveals a scattered, variegated and disintegrated pattern. Data is missing for six small states; of the remaining 34, four – Brunei, Iceland, Liechtenstein and Luxembourg – are in the position interval 1–30; six small states are in the 31–60 interval; four in the 61–90 interval; nine in the 91–120 interval; eight in the 121–150 interval; and three – Comoros, Djibouti and Solomon Islands – in the 151+ (or worst) interval. Small states are everywhere and at all levels.

Second: yet, the differences between small states are not random, but form a distinct pattern. Some states perform consistently well over sectors whereas other states consistently perform poorly. In all, disregarding NA-cases, Table 3.3 is made up of 183 individual classifications, nine of which denote top positions among the 10 highest and 28 of which denote positions among the 30 highest rankings. A total of eight countries are ranked at least once in the 10 best-category: Andorra, Brunei, Iceland, Liechtenstein, Luxembourg, Malta, Monaco and San Marino. With the exception of Brunei, which has “one of the highest levels of per capita income in the world” and being at the same time “a sultanate with no democratic procedures” (Hass, 1999, p. 145), the countries are well-established European democracies, two being islands and five being landlocked states. The same countries make up the list of countries qualifying once or more for the 30-best category. The conclusion is, therefore, that about one-fourth of the world’s small states manage very well, and consistently so, in terms of policy performance. Almost all of these countries are also, as evident from Table 3.2, mature and stable democracies. On the other hand, data that captures the ‘worse than 130’ category emanates from such African countries as the Comoros, Djibouti and São Tomé and Príncipe, as well as such Pacific island states as the Solomon Islands and Vanuatu. Close to this group are Equatorial Guinea, Marshall Islands and Tuvalu. In spite of such modest placements, four of

these eight countries are democracies. In sum, then: of well-to-do small states, almost all are democracies; of less-than-well-to-do small states, a good portion still flaunt democratic features.

Third: differences exist not only between states, but also between policy areas. Findings are reported in Table 3.4; they indicate, however, that the differences are fairly marginal. Small states are at their weakest on the economy dimension, less than half of the states having positions among the 100 highest and at their strongest on the health and education dimensions, more than half of the states being amongst the 100 highest positions. As evident especially from the list of states among the 50 highest positions, however, the outcomes do not differ much and again suggest that it is in the main the same group of small states that perform well and repeatedly. The performances in terms of education and learning are of special interest. Admittedly, the nature and extent of the links between education and democracy are by no means fully researched today (Lipset and Lakin, 2004, p. 168); however, relevant findings from earlier studies and reviews are that education is in fact of vital importance, literacy perhaps being even the central factor in the modernization process (Hadenius, 1992, pp. 86–91), and that larger portions of microstates than of other states show high literacy ratings (Anckar, 2002, p. 221), these two observations, then, when combined, sketching out an explanation why smallness is apparently conducive to democracy. The present analysis, however, does not substantiate such an explanatory pattern. The question whether or not small states perform better in the education area than in other areas is by evident margins answered in the negative: of the 34 cases for which data is available, two-thirds (23) do not stand out as successful promoters of education policies. Of course, it may well be that the method for establishing patterns that is used here is too clumsy and unwieldy, obscuring rather than disclosing information. Be this as it may, observations and interpretations from other and more specific sources seem to suggest that individual small states have engaged successfully during independence in purposeful efforts at education and schooling. One random example out of a multitude is about staffing figures relating to a new secondary school system in Barbados: whereas in 1976 the percentage of trained graduates was 15.4, the corresponding share increased 10 years later to 40.1 and increased again 10 years later (1996) to 56.9 per cent. Corresponding figures in regards to graduates were 26.2, 51.7 and 64.1 per cent respectively and in regards to trained teachers 57.3, 78.3 and 80.6 per cent respectively (Shorey and Rose, 1996, p. 128).

CONCLUSION

A much-quoted and by now classic remark from the democratization literature reads: “The more well-to-do a nation, the greater the chances that it will sustain democracy” (Lipset, 1959, p. 75). Over the years, this Lipset hypothesis has been tested on numerous occasions and by the use of various data and methods, the results perhaps being less than fully convincing but still, for the most part, in line with expectations. This chapter is one additional link in the chain of research that supports, albeit not in

an unreserved vein, the Lipset formula: well-to-do countries, be they large or small, tend towards democracy.

This is a rule with few exceptions, and it should be noted that several small states, confirming the view that the quality of institutions and governance in small economies surpass those in larger ones (Read, 2018, pp. 395–396), are in this group of successful well-to-do entities. However, differences between large and small come to the fore when the triggering policy factor is no longer there and the comparison becomes one between less successful large and small entities. Now, as demonstrated also in other recent research on democracy and modernization (Anckar, 2018, pp. 440–442), non-modernized larger states are non-democracies, but the situation is much different in regards to small non-modernized states. Of these, an evident majority remain in the democracy camp, this meaning that several small countries combine rather poor policy performances and very satisfying democracy scores. Examples of countries in this category are: Barbados, Belize, Kiribati, Marshall Islands, St Kitts-Nevis and Tuvalu. In future research, detailed case studies of these countries and others are called for to advance our understanding of the web of policies and conditions that have made possible this somewhat improbable blend of successful politics and less successful policy.

In line with findings in this chapter, Elkins and Ginsburg (2011, p. 17) report that the watchword of constitutionalism in the English-speaking Caribbean “is one of stability” and that “this is a region in which most constitutions remain intact from the initial independence era, albeit with modest revisions”. Moreover, also in line with findings here, constitutional stability “has gone hand in hand with democratic stability” (2011, p. 17). Given that one finds in that particular region several small and democratic states, it appears an important task for future research to find out to what extent such observations are helpful in bringing about at least a partial understanding of why small size spells democracy. The above expressions convey an impression that Westminster-inspired constitutional principles and ideas were rather imposed on, rather than accepted freely, by the former colonies; case studies of the constitution-building processes in the former colonies are therefore called for to clarify the mechanisms of introducing satisfying democracy standards. Furthermore, the research should aim at revealing the extent to which the states in question have initiated, or have been forced to initiate, rigorous thresholds that place obstacles to constitutional reforms that conflict with Westminster-style democracy conceptions. One example of several provided by Elkins and Ginsburg (2011, p. 15) concerns the small archipelago state of St Vincent and the Grenadines, where in 2009 a proposal for rather far-reaching constitutional reform was blocked at the ballot-box: the proposal failed to achieve at referendum the requisite two-thirds majority required for ratification.

Importantly, the observations in this chapter may to some extent follow simply from operationalization. The threshold used for defining ‘small’ has been a population of no more than one million; other operationalizations are possible and in use. A recent *Handbook of small states* refers to five different lists of small states, featuring in all 58 countries and making frequent use of a population threshold of up

to 1.5 million (Briguglio, 2018, pp. 2–3). Most probably, findings of the impact of smallness will vary in accordance with the yardstick applied for defining smallness; for instance, the validity of the finding here that small states exhibit flawless regime stability and have not experienced democratic failure may be questioned in research that applies other indicators of ‘small’, comparing, for instance a group of states with populations of one million, to a group of states with 1.5 million, a group of states with 5 million, and so on. As already noted here, given particular points of departure and particular assumptions, it may even be that the threshold of one million people is somewhat high and therefore misleading and should for exploratory reasons at least be reduced to 500,000.

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4. Small states: public management and policy-making

Küllli Sarapuu and Tiina Randma-Liiv

INTRODUCTION

Small is often taken to be beautiful. Small states are frequently evaluated based on popular myths that equal small scale to charm, ease or non-complexity. Just like myths, such beliefs are often far from the truth and mostly function to offer comfortable ways of disregarding the wide variety and controversy of the actual world. In practice, the daily life of small states is hardly simple and quaint. In the introductory chapter to this book, Baldacchino and Wivel (2020, pp. 7–10) outline three pressing dilemmas that characterize small state politics: finding the balance between a national and an international focus, maintaining the plurality of opinions instead of falling to social conformism, and keeping national autonomy in the era of globalization and international interdependence. None of these dilemmas has an easy way out or can be resolved with simple choices. A closer look at the domestic governance of small states reveals an even more detailed picture of conflicting demands: small state leaders face dilemmas in balancing the condition of small scale with the need to support the same functions as large states; in managing the limits of specialization with a simultaneous need to develop in-depth policy expertise; in matching the pressures for formalization with the need to preserve flexibility and informality; and in upholding the principle of democratic decentralization with the concurrent need to maximize the use of limited resources (Randma-Liiv and Sarapuu, 2019). In short, small states have to live with a number of ‘governance paradoxes’ that derive specifically from their size and lead to unavoidable trade-offs in choosing appropriate response measures.

Nevertheless, the distinctive characteristics of small scale have not yet been well conceptualized, and there is still little systematic knowledge on the exact impact of state size on public administrations and public policy-making. The existing research on the governance of small states has not moved much further from simply describing the pressures on small state governments. Comparative studies seldom include the size of states among their explanatory variables, and knowledge on the impact of size on the functioning of politico-administrative systems is still modest (Veenendaal and Corbett, 2015). Compared to the academic debate on small states in international relations or international political economy, the discussion on the domestic governance of small states is much less elaborate.

Still, a few substantial matters emerge from the existing research. One of the most important ones relates to the conceptualization of size from the public admin-

istration perspective. Unlike the discipline of political science that tends to rely on relative definitions of ‘smallness’ for analysing the opportunities and challenges of small states in international power relations (Maass, 2009; Thorhallsson, 2006; Thorhallsson and Wivel, 2006), the public administration perspective, with its interest in the internal matters of governing, takes a more absolute stance and concentrates on the limited size of population as the key defining feature of small states. There are good reasons for that. Although the financial and material resources of small states are usually also limited, their key constraint from a governance perspective is the shortage of human resources and the special social ‘ecology’ that comes with it (Sarapuu, 2010). A small population has an impact on the functioning of government, the private sector as well as the non-governmental sector in terms of capacities, limits to specialization and a small client base for various products and services. The small size of the social field leads to a particular social ecology composed of a closely knit community with highly personalized relationships, informality of interactions, intertwining of political and administrative roles and personalization of jobs (Benedict, 1966; Bray and Packer, 1993; Farrugia, 1993, p. 221; Lowenthal, 1987; Randma-Liiv, 2002; Sutton, 1987).

It is difficult to assess the exact effect of population size: small states come with an enormous diversity (Baker, 1992, p. 5), and due to ‘combinatory complexity’ (Nielsen, 1999), many other variables, such as culture, geographical location, area, wealth, historical background and institutional fidelity, influence the functioning of their public administrations. Nevertheless, the understanding that scale does make a difference, and that population size is a core determinant of scale is shared by different disciplinary perspectives on small states (Ingebritsen et al., 2006; Lowenthal, 1987; Maass, 2009; Raadschelders, 1992; Sarapuu, 2010). Consequently, several scholars suggest that states should be conceptualized on ‘a continuum of size’ (e.g. Bray, 1991, p. 13; Bray and Packer, 1993, p. 91): they can be expected to have certain characteristics and organizational patterns the more one goes down the scale, based on the size of their population. The smaller the population gets, the more likely are the states to present common institutional ‘small state characteristics’ in public governance, regardless of their other traits. So, when examining the strategies and behaviour of states in the international arena, we can expect the administrative capabilities of ‘small powers’ (Ingebritsen et al., 2006; Thorhallsson and Wivel, 2006) to be more strongly influenced by special small state constraints the more their population decreases.

This chapter seeks to unpack these constraints and opportunities. The existing knowledge on small administrations contains studies on small states within the EU decision-making structures (e.g. Panke, 2010a, 2010b; Thorhallsson, 2000), small developing island states (e.g. Baker, 1992; Barrett, 1986; Chitto, 2011; Farrugia, 1993) and studies on specific policy issues in a small state context (e.g. Bacchus and Brock, 1987; Bray and Packer, 1993; Crossley, Bray, and Packer, 2009; Crossley and Sprague, 2014; Larmour and Barcham, 2006; Lutterbeck, 2009). An important contribution to small states’ literature is a recent quantitative study on the effects of country size on performance of national governments (Jugl, 2019). However, the

literature does not offer a systematic framework for analysing the special qualitative context of policy-making and implementation in small states. Consequently, the chapter proceeds with an effort to provide an overview of the core characteristics of small state public administrations, the limitations and opportunities that come with them and their impact on small state governance.

In structuring the discussion, we rely on Pollitt and Bouckaert (2017), who indicate the five core components of public administration systems that have been at the centre of public management reforms in the last decades. These are: budgetary systems, personnel systems, public sector organization, performance measurement, and openness and transparency (Pollitt and Bouckaert, 2017, pp. 76–77). These are the crucial components of public management that shape the functioning and results of the public sector and are addressed in the quest for administrative capacity, efficiency and effectiveness. We focus on the four core components most affected by smallness in the form of limited human resources: public sector organization, performance management, personnel management, and openness and transparency. Budgetary systems, the most technical part of public management, is less affected by limited human resources and therefore largely beyond the scope of this chapter. Under each of these four topics, we discuss the special characteristics of small states, their challenges and opportunities. The chapter concludes with a discussion of the impact of smallness on public management and policy-making.

PUBLIC SECTOR ORGANIZATION

The proper structure of public administrations and the best way to organize public functions has been a core concern of recent international public management reforms (Pollitt and Bouckaert, 2017). Various reform endeavours have built on the perception that contemporary public sector structures are failing to tackle complex societal problems. Better ways for balancing specialization with coordination, and hierarchical structures with network or market-based approaches, have been sought. However, the burden of organizing for independent statehood is probably even heavier on small states and presents small state decision-makers with several dilemmas. Lowenthal (1987, p. 37) claims that small state governments are both meddlesome and burdensome. By and large, the functions of small and large states are similar, and there are certain functions that a state has to fulfil regardless of its size (Baker, 1992, p. 7). All states need to address their security and international relations, their economic, environmental, education and health policies as well as their systems of justice. A complete abandonment of core state functions is not an option. Delegating the provision of public services to other states, for example in the fields of education or health, would come with a demand for in-house competence, transaction costs and unintended side-effects (e.g. brain-drain) (Randma-Liiv and Sarapuu, 2019). A small client base for public services makes it difficult for public administrations to enjoy economies of scale. Consequently, small states face the challenge of mobilizing

limited administrative resources to deal with a wide range of public problems, and this has implications on the organization of their public sectors.

First, there is a strong pressure to prioritize in organizing the public functions in small states (Bray, 1991). In light of limited resources, the tasks cannot be dealt with in as much depth as would be desirable, and with regard to certain functions, a decision may have to be made not to undertake them at all. Some functions in public administration are less common in small than large states, including, for example, planning, inspection and guidance (Bray, 1991, pp. 42–49). Some government activities may be eliminated and some others scaled down (Kersell, 1987). Every decision to promote activities in the public sector addresses a trade-off between public service excellence and competition for scarce resources with private enterprises (Warrington, 1992, p. 229). The pressure to prioritize is also reflected in the foreign policy and diplomacy of small states, where a limited number of goals are pursued and activities are directed to the spheres of vital interest (Hay, 2002; Thorhallsson, 2000, pp. 91–93).

Second, the small size of public organizations puts limits to the division of labour. In combination with finite resources, both human and financial, the small scale limits specialization and pushes public institutions towards multi-functionalism (Bray and Packer, 1993; Farrugia and Attard, 1989; Randma-Liiv, 2002). Since public service provision is gripped by diseconomies of scale, the number of clients is limited, and public sector organizations may fall short of necessary competence, there is a constant pressure in small states towards centralization of various state functions, exacerbating the trend towards multi-functionalism further. The multi-functionality occurs both on the level of individual officials and entire public organizations. Small states tend to have more multi-functional ministries, as the grouping of functions gives them a scalar advantage by providing internal access to a wider range of skills and permitting more efficient use of resources (e.g. technical support staff) (Bray, 1991, pp. 40–41). On the individual level, public servants have to cope with multi-grade and multi-disciplinary duties (Randma-Liiv, 2002, p. 377). One senior small state official is often in charge of several policy issues or phases in the policy cycle, which in larger countries are catered for by separate units (Farrugia, 1993; Hay, 2002, p. 220; Thorhallsson, 2000, p. 81). Multi-functionality facilitates getting the ‘big picture’ on policy problems, but it comes with the cost of constraining the development of in-depth expertise and higher competition for attention and resources between different public functions.

Third, small state administrations tend to rely more on flexible and informal structures than their counterparts in larger states. The interaction between administrative units is often characterized by the lack of machinery for formal coordination and heavier reliance on informal communication (Raadschelders, 1992, p. 28). Small states are likely to have fewer government organizations, hierarchical levels and positions, and less distance between executives and lower levels of organizations, which is why the coordination process is often faster and more flexible than in large states (Hoscheit, 1992, p. 274; Thorhallsson, 2000, pp. 82–83). Such informality and flexibility allows small states to cope with the constraints of scale, to prioritize

on a running basis, and to devote resources to the issues in need of instant attention. On the other hand, the reliance on informal work arrangements and the tendency to adapt structures to people and situations make it more difficult to apply hierarchical and standardized organizational practices. Consequently, coordination and communication problems are typical of small state public administrations, especially in less salient policy issues.

PERFORMANCE MANAGEMENT

Governments worldwide are under pressure to improve their performance in pursuit of more efficiency and effectiveness, and in order to maintain or revive their citizens' trust in public institutions. Using private sector management practices in the public sector has led to fostering a 'performance culture' and an increase in the use of various performance management tools in government (Van Dooren, Bouckaert, and Halligan, 2010). At the same time, performance management does not always lead to better performance and may even result in pervasive effects (Bevan and Hood, 2006; Pollitt and Bouckaert, 2017). A recent quantitative study by Jugl (2019) shows that public service performance increases with size and that the smallness of a country limits effectiveness due to missing economies of scale. Whereas the size of a country systematically affects public service performance, which could hardly be changed, we will here focus on the special environment that small states face when developing their performance management and accountability systems.

Multi-functionalism affects the performance of public servants in two contrasting ways. On the one hand, it enables officials to develop a picture of the organization or a programme as a whole and be more flexible and adaptive compared to their colleagues in the large states. On the other hand, the multiple tasks of public servants can become obstacles to their overall performance. The necessity of sharing time between different duties and regularly shifting attention from one task to another, as well as the need to develop adequate levels of knowledge and skills simultaneously in various areas, tends to weaken the area-specific expertise of officials (Farrugia, 1993). As argued by Benedict (1966, p. 32), the specialist in a small country must be a Jack (or Jill) of all trades with the risk that s/he is a master (or mistress) of none. Multi-functionalism also has consequences for performance management *per se*. Several distinguished authors of performance management (Bevan and Hood, 2006; Talbot, 2007) have drawn attention to the problem that the multiplicity of objectives, and thus multiple performance criteria, make the goals of both individuals and organizations vague, difficult to follow and hard to evaluate. As multi-functionality of both individuals and organizations is a characteristic of small states, this presents a substantial challenge for effective performance management.

Furthermore, small governments are likely to face specific problems with management and control of specialists, since the expertise in a particular policy sector may be concentrated within a limited number of people, often only one or two individuals within a state (Randma, 2001; Sarapuu, 2010; Sutton, 1987) who develop a 'monopoly

of expertise', leading to accountability problems (Baldacchino, 1997, pp. 73–76). The institutionalization of performance management tools requires expert knowledge from the evaluators of performance. If there are only a handful of specialists in a particular field in the whole country, nobody is available locally with a strong professional base to evaluate how good the professional is. Several authors (Boyce, 1989, p. 5; Bray and Packer, 1991, p. 89) argue that, in some instances, this allows individuals (and whole professional units) to get away with poor performance and inappropriate behaviour (the so-called 'terror of specialists' or 'pseudo-expertise'). Moreover, as one of the 'soft' tasks of performance evaluation is to give feedback to an individual and to raise his/her motivation and self-fulfilment, improper evaluation may lead to dissatisfaction, as the professional feels that his/her knowledge and skills are not adequately valued.

The most important challenge of small states in relation to performance management is the particular 'social ecology' of small societies reflected in highly personalized relationships and informality of interactions. The notion of 'small state ecology' dates back to Benedict (1966), who noted that the main criteria of size for 'societies' was the number and quality of role-relationships: in a small society, individuals interacted with each other over and over again in different roles and in a wide range of social situations. Parsons (1951) has characterized such role-relationships as 'particularistic', where relations extend over a considerable time-span and the roles involved are usually ascribed (rather than achieved). Benedict (1966, p. 26) argues that the standards of judgement in 'particularistic' role-relationships depend on *who* persons are rather than *what* they do. They contrast with 'universalistic' relations, where the judgement is impersonal and based on more or less fixed standards and criteria of achievement, instead of lineage, clan or dynasty (Benedict, 1966).

Lowenthal (1987, pp. 38–39) offers the term 'managed intimacy' to describe the particularistic social relations prevalent in small states. As the social field is small, every relationship carries several interests and may have long-term consequences. Therefore, inhabitants in small states 'learn' to get along, whether they like it or not, with people they will meet in various contexts over their entire lives. Lowenthal (1987) argues that this is why small state inhabitants become 'experts' at muting hostility, deferring their own views, containing disagreement, and avoiding dispute in the interests of stability and compromise (see Boissevain, 1990 on the Malta experience). In large societies, it is easier to criticize people whom you most likely will not meet again; but in small states two people may have a long shared history and expect to meet in unpredictable ways in the future. Deferring one's own views may lead to a problem: once the conflict explodes, it is likely to be strong and to last for a longer period. This explains why Benedict (1966, p. 33) claims that the affectivity of predominantly particularistic relationships can also be negative.

Consequently, the special social ecology and particularistic relations provide a performance management problem for small states. The core principles of performance management are based on the universalistic model. However, in a small-scale society where relationships tend towards particularism (Benedict, 1966, p. 27; Richards, 1982, p. 158), clear lines of accountability are difficult to maintain. The smaller the

society is, the more particularistic are the social relations and the more challenging it is to follow universalistic criteria in performance management. People in small societies tend to develop either strong positive or negative relationships with each other; these last over a long time and may influence the entire performance management process and, most of all, the establishment of impartial performance evaluation practices. Giving too positive an evaluation to incompetent public servants or weak top officials may be resorted to in small states due to the need to manage intimacy and to avoid worsening the interpersonal relations. Managers who give their subordinates negative rankings still need to meet these individuals regularly in other professional and social settings (Farrugia and Attard, 1989, p. 75). Only larger institutions are able to introduce proper control and evaluation instruments, because it is in the larger organizations that the manager does not know individual employees well enough personally so that s/he can use impersonal mechanisms of evaluation (Edwards, 1979). In the closely knit environment of small states, it remains questionable to what extent formal and impartial performance management tools can be implemented.

PUBLIC PERSONNEL MANAGEMENT

The quest for a well-performing public sector – and, more broadly, for good governance – has brought public personnel management to the centre of attention of politicians, senior administrators and academics. Modern governments depend to a great extent on the work of public servants (Peters, 2018). Public sector decision-makers are looking for new approaches to inspire performance, accountability, motivation and integrity in the public service. Scarce human capital in small states does not undermine the importance of people. On the contrary, public service plays a crucial role in small states, since it is among the biggest and most influential employers (Bray and Packer, 1993). The shortage of highly qualified human resources in small states means that the government competes for the best and the brightest with the private sector and with international employers. Public personnel management in small states faces particular challenges in regard to job design, recruitment and selection, training and development, and career management.

In small systems, it is vital to use all available skills, since the pool of human resources is limited (Bray and Packer, 1991; Chittoo, 2011). The traditional approach to job design relies on concrete structuring of organizational tasks, which puts the focus on formal positions and makes it difficult to fully utilize individuals' strengths and competencies. However, in a small state context, it may be more desirable to define positions around the skills, knowledge and abilities of individuals rather than to design ideal jobs for people who may not even exist. For example, Murray (1981, p. 194) claims that specialists in small states are sometimes recruited according to rather vague criteria and are left to determine their own duties as they see fit. As individuals usually play multi-functional roles, it is possible to invent novel ways of grouping different tasks together. Consequently, individuals in small states can be not only role-takers but also role-makers (Randma-Liiv, 2002). This gives individual

job holders great responsibility and 'ownership' over their jobs, offering extensive room for manoeuvre. However, a job description written by and for a single person who does a particular job can be biased and shaped to fit the person, not the job in general. According to the traditional model of public administration, such a personalized approach constitutes 'bad' administration. However, in small state practice, this can be an accepted practice.

The possibility that positions are tied to particular individuals may cause problems in recruitment and selection. It is very difficult to match candidates' skills and knowledge with (sometimes missing or inadequate) requirements for a position.

In addition, there can be a shortage of qualified people competing for a job. Skills and knowledge accumulate easier in large systems and, therefore, staff competencies can be better matched to the greater variety of tasks. Mismatches between people and jobs in small systems can lead to career development problems for individuals, expensive turnover, lower productivity, and a shortage of capable managers in organizations (Slavenski, 1986).

In both small and large states, there is a serious danger of appointments being influenced by personal connections. As a result, the traditional values of merit in public service selection and promotion, as well as the overall trust in the government, may be adversely affected. As Weber (1978, p. 975) put it:

. . . bureaucracy develops the more perfectly, the more it is 'dehumanised', the more completely it succeeds in eliminating from official business love, hatred, and all purely personal, irrational, and emotional elements which escape calculation.

The possibility of recruitment decisions being influenced by personal relationships is greater in small states because of the higher level of particularism and due to the interrelatedness of role-relationships. Bray and Packer (1993, p. 87) claim that, in order to avoid the influence of personal connections on recruitment decisions, ministries in small states often establish very detailed procedures for recruitment and promotion and may rely on them even more rigidly than their colleagues in larger states. Despite such measures, the universal application of merit principles can be challenged in small states. Due to the limits of domestic labour, individuals may be offered employment even when they lack qualifications and aptitudes for the jobs they are expected to perform (Farrugia and Attard, 1989, p. 60). Appointment practices may not follow the formal merit principles widely accepted in large developed public services, for example by exempting employees from formal recruitment procedures by resorting to 'temporary' appointments or other methods to avoid merit testing (Farrugia and Attard, 1989; Randma, 2001). Due to the shortage of qualified human resources, small administrations may find it useful to have more flexible recruitment policies, allowing fast and 'elastic' appointments of people who do not necessarily have all the qualifications required for the position. Although this may prove practical for small state reality, it may also open a window for patronage.

The small size of the labour force has implications also for the education and training of civil servants (Bacchus and Brock, 1987; Bray and Packer, 1993; Chittoo,

2011; Crossley, Bray, and Packer, 2009; Farrugia and Attard, 1989). The limited number of professionals in the public service makes it economically inefficient and academically impractical to provide specialist curricula in particular policy fields (such as health policy or social policy) in higher education institutions. Similarly, diseconomies of scale and the small number of specialists to be trained makes the cost of specialized and/or advanced in-service training courses very high (Bray, 1991). Due to the scarce demand, small states are likely to have a limited market for private sector training providers, lack of country-specific textbooks and case studies, and a shortage of high-quality trainers to share their knowledge.

In addition, specialists in small countries are more likely than their colleagues in large public services to lack the professional interchange and stimulation which is provided in large countries by associations, publications, conventions and so forth (Bray and Packer, 1993). Consequently, the specialists in small states tend to live “in a condition of professional loneliness” (Selwyn, 1975, p. 141). Rare specialists can be lonely on the one hand but domestic stars on the other hand. To become an expert of a narrow field in a small state may not require special education, years-long experience and continuous self-improvement. In contrast, it is possible to become a ‘domestic champion’ as a result of short-term focusing on a specific topic. In the context of limited institutionalized training opportunities, the knowledge and skills of public servants become dependent on their motivation and commitment to self-development, the creativity of their employers in search of relevant training opportunities, and on international collaboration in the provision of public service training.

With regards to career management, in the traditional public administration model, the structure of the organization itself constitutes an organizational career, where officials move upwards on predetermined ladders. In such a model, the public service career is a long-term organizational reward accruing from commitment and effort for deserving members. This refers to ‘linear careers’ based on vertical upward mobility corresponding to stable internal labour markets and resulting in lifetime employment in the public service. While the relevance of such a ‘linear career’ is increasingly questioned in the contemporary world (Lægneid and Wise, 2015), it is especially difficult to apply in small systems which have fewer levels in their hierarchies and fewer advancement opportunities than large systems (Randma, 2001). Accordingly, many people may reach the peak of their careers very quickly and then plateau. This results in ‘dead-end’ jobs for public servants, which, in turn, may cause dissatisfaction and lack of motivation among individuals (Stout, Slocum, and Cron, 1988). This is one of the factors leading to brain-drain from smaller organizations to larger ones, and from smaller states to larger ones. The employees of large organizations have stronger tenure than those in small organizations (Bielby and Baron, 1983; Wholey, 1990): small governments are thus more likely to provide for horizontal and cross-sectoral rather than vertical mobility. It can be argued that the smaller the public service, the smaller the opportunities for a lifetime career within it and the more likely that individuals change their jobs and careers a number of times during their lives.

OPENNESS AND TRANSPARENCY

A traditional problem of governance centres on the optimal balance between formal and informal governance. The classical values of public administration – such as transparency, predictability, neutrality and equality – assume formalization. Safeguarding the respect for these values demands rules and standardization. However, the everyday reality of small states – in the form of higher personalism, close social relationships, the need to prioritize and multi-functionality – steers small administrations away from rigid rule-following and towards adopting informal working procedures and flexibility. The implications are double-edged: on the one hand, the reliance on informal means of communication may result in a failure to record decisions and the reasoning on which those decisions were based (Selwyn, 1975), with subsequent problems of transparency, barriers to control and accountability, and institutional amnesia. Furthermore, in a situation where public organizations are ‘multi-functional’ in their very nature because of the need to cope with different and possibly conflicting considerations and values (Christensen et al., 2007, p. 7), the public organizations of smaller states can be characterized as ‘double multi-functional’. If multi-functional organizations give public servants opportunities for discretionary judgment and a degree of freedom in assessing what considerations to emphasize (Christensen et al., 2007, p. 7), then double multi-functionality increases this room for manoeuvre even more and results in problems of transparency and accountability.

On the other hand, it is expected that the small scale of a state balances the aforementioned problems, as it brings decision-makers closer to the people, making them more representative, responsive and accountable (Veenendaal and Corbett, 2015). It is anticipated that small size makes administrative processes more personalized, and government officials take on individual responsibility for their community. People in small states are more or less known to each other so that ministers, high government officials, influential businesspersons or politicians can be more easily accessible, either formally or informally (Bacchus and Brock, 1987; Bray and Packer, 1993; Sutton, 1987). That should make the system more transparent. However, the evidence from practice shows that small states’ reality is not necessarily so conducive to democratic governing (Larmour and Barcham, 2006; Veenendaal and Corbett, 2015). The same social characteristics that are expected to make governing more responsive and accountable may lead to personality politics overriding other considerations, patron–client relationships, corruption and despotism (Baldacchino, 2012; Corbett and Veenendaal, 2018). Public servants and politicians can be subordinated to lobby groups or influential individuals, leading to severe accountability problems and the ‘capture’ of the state (see, e.g., Hampton and Christensen, 2002 on small island tax havens). There may be a high impact of interest groups on policy-making, especially if there are few strong industrial sectors in the country, while the limited possibilities for specialization in the market and society may lead to a shortage of capable partners to cooperate with (Sarapuu, 2010). Small societies may lack a critical mass of institutionalized interest groups that could balance each other in the political discourse

(Larmour and Barcham, 2006). This may lead to the domination of those who are the loudest, the richest or the closest to the politicians: a politico-economic collusion of elites that seeps through structures and institutions and can go largely undetected.

CONCLUSION

Contrary to popular myths, governments, politicians and administrators in small states must routinely deal with contradictory pressures and face complex paradoxes, from which they do not have an easy way out. Governing small states is different from large states, quantitatively and qualitatively. Scarce human resources and a special social ecology lead to a limited scope of activity, multi-functionalism, reliance on informal structures, constraints on steering and control and higher personalism (Sarapuu, 2010). These traits of small states make an imprint on public policy-making and implementation. The politics-administration dichotomy is even more difficult to maintain in smaller states than in large ones, and more tolerance towards movement between the administrative and political spheres is common (Farrugia, 1993, p. 222; Hay, 2002, p. 221; Randma-Liiv, 2002).

Informal communication, crossing both vertical and horizontal as well as administrative and political boundaries, makes a small government apparatus a comprehensive informal network (Bacchus and Brock, 1987; Bray and Packer, 1993; Sutton, 1987). While formally set institutional procedures dominate large systems, more informal and personal relationships shape policy-making in small states. Factors that may facilitate cooperation may also obstruct and complicate it. 'Personification' of policy-making may put great personal pressure on officials (Chittoo, 2011) and ultimately lead to avoidance of decision-making (Sutton, 1987). A less institutionalized policy-making system allows for a higher degree of personal intervention and a corresponding ad hoc approach to policy-making (Sutton, 1987). Although ideas and standpoints can be communicated more easily and quickly, necessary decisions and actions can simultaneously also be modified, adjusted and sometimes blocked by personal interventions (Farrugia, 1993, pp. 222–223). Reliance on informal networks may contribute to adaptability, but also lead to systematic underestimation of formal coordination and control.

Altogether, the combination of high personalism, multi-functionality and informality implies that individual political and administrative leaders can have a major impact on public policy-making and implementation in small states, both for good and for bad. In small states, civil servants are more influential policy-makers than their colleagues in larger states due to their expert power in substantial policy areas. Small state civil servants often initiate, design, implement and eventually evaluate policy changes. Individual (frequently mid-level) civil servants may carry unique expertise, whereas both their administrative and political superiors may be short of the respective knowledge in order to effectively steer them. Neither political parties nor the parliament are likely to have a critical mass of people in order to develop substantial competence in a wide range of policy areas. Specialized civil servants

hold expert power indispensable to their country, leading to blurred lines between administering and political decision-making and to potential problems of accountability. Due to fewer ‘veto points’ in small compared to large systems, the experience, knowledge, skills, values and preferences of individual senior civil servants may exert a major impact on government performance. The management capacities, integrity and personal example of both political and administrative leaders are crucial.

The existing research on the governance of small states still offers a limited systematic understanding of the impact of state size on public management and policy-making. There is considerable room for further studies and developing the generalized theoretical knowledge on the operation of small administrations as well as their opportunities and challenges in dealing with complex policy problems in the contemporary global environment. Among other issues, there is the need to elaborate on the interaction of politics and administration in small systems, the design and operation of core executives, governance of informal networks, management of expertise, and the impact of multi-functionalism on public policy-making and service delivery in small states. With regard to several of the issues mentioned (e.g. multi-functionality or informal coordination practices), the small state context offers a perfect environment for studying phenomena of general theoretical interest.

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5. Small states: challenges of political economy

Godfrey Baldacchino

INTRODUCTION

The smaller the state, the more dominant the role of the state in the local economy. Hence, even in circumstances where liberal economic theory is assumed to be best suited to suggest and inform development trajectories, what actually unfolds is often more akin to political economy (Bertram and Poirine, 2007). Creating and sustaining gainful employment, and producing goods and services, in small states are critically determined by political decisions in response to regional or global market conditions over which the small state itself may have little or no influence. Domestically, the state looms large as a significant actor: whether as a major – and typically, by far the largest – employer in its own right; as a facilitator and gatekeeper for inward investment; and as the allocator of scarce resources (such as land titles), contracts and licences to service providers, often in oligopolistic or monopolistic circumstances which distort competition (e.g. Baker, 1992). The private sector is often concentrated in one or a few economic sectors that are export-led, and may expect, and benefit from, special concessions or subsidies from the state. In addition, other small state citizens may work in the informal economy or in small and micro enterprises that are family run, usually servicing the small domestic market. A sizeable diaspora resident abroad may support the local economy with remittance transfers, or as tourists who tend to come on repeat visits and stay with relatives and friends when they do so.

SMALL STATES: THREE CATEGORIES

The focus of this book is *small* states, and therefore the critical consideration is the impact and effect of small size on economic and political behaviour. As discussed in the introduction (Baldacchino and Wivel, 2020), it is neither possible nor advisable to come up with a strict definition of what is a small state.

This chapter prefers to deal with a particular type of small state: that with a resident population of less than one million. This decision, however, leaves out other small states included in this volume (such as the Baltic and Nordic countries), with resident populations from just over one million (Estonia, Cyprus) to around eight million (Sweden). In my defence, I choose the world's smallest states for analysis here as 'extreme' cases; allowing us to detect more glaringly small state challenges which other, not-as-small states tend to experience as well but less severely. Selecting the

states by absolute population size rather than relative or relational criteria makes sense if we want to know about the political economy of small states, because a small population will typically result in a number of shared challenges: small market size, absence of economies of scale, lack of domestic competition and a small elite in the private sector, often intertwined with an equally small political and administrative elite.

There are today 39 states with a resident population of one million or less. This comprises just over one-fifth of the total membership of the United Nations (currently at 193). This family of the very smallest of sovereign states is likely to feature within any collection of small states (except those that may be region-specific). Its members fall within quite distinct geopolitical clusters (See Table 5.1).

The largest sub-group – 20 states, so just over half the total – consists of *archipelagos*. These jurisdictions must contend with the issue of ‘islandness’ (e.g. Hall, 2012) but also territorial fragmentation, which complicates infrastructure and investment. The provision of adequate transportation and other social and economic services to outlying islands will be critical towards the maintenance of populations on such islands and thus stave off domestic migration, if not wholesale depopulation, to capital island/cities.

Five additional small states are single island units: their whole population is settled on one, single island. All of these have a small land area, and therefore typically high population densities; except Iceland, with its sprawling land mass.

Another country – Brunei – forms part of another, larger island (Borneo). It therefore shares characteristics with other island territories, with the added complication that it must contend with neighbouring states – in this case, Malaysia and Indonesia – with whom it needs to get along, although relations are typically strained.

These 26 small *island* states are located largely in the Caribbean Sea and in the Indian and Pacific Oceans. As many as 20 of these entities are former British colonies, thus inheriting particular civil service, parliamentary, linguistic and legal traditions. Such island units must deal continuously with the issues of isolation and connectivity, perhaps also of peripherality with respect to trade routes, as well as internal fragmentation (in the case of archipelagic, multi-island jurisdictions), and where the viable transportation of people and goods can be critical to their economic and even demographic survival.

The second category of small states tends to be distant from seas and oceans. Six other small states are *landlocked*: their ongoing, often complementary, relationships with their neighbour/s have a significant impact on their economic status and performance. All six of these states but one (Bhutan, in Asia), are European buffer microstates with a long history of autonomy: Andorra, Liechtenstein, Luxembourg, San Marino and the Vatican. Practically all of these have idiosyncratic and special relations with one or more of their neighbouring states.

The remaining seven small states come in a third and final category: they are *small coastal continental states*, perched on the coasts of four continents: Belize, Guyana and Suriname off Central and South America; Djibouti and Equatorial Guinea off East and West Africa respectively; and Monaco and Montenegro off South-West

Table 5.1 Distribution of the world's 39 small states with a population of less than 1 million by geopolitical status and their economic implications

No	Type of small state	Names	Economic challenges
5	(Single) island states	Barbados, Dominica, Iceland, Nauru, St Lucia	Isolation, peripherality, diseconomies of scale
20	Archipelago states	Antigua & Barbuda, Bahamas, Cape Verde, Comoros, Federated States of Micronesia, Fiji, Grenada, Maldives, Malta, Marshall Islands, Palau, Samoa, São Tomé and Príncipe, Seychelles, Solomon Islands, St Kitts-Nevis, St Vincent & the Grenadines, Tonga, Tuvalu, Vanuatu	Isolation, peripherality, diseconomies of scale, fragmentation
1	State that is part of another, larger island	Brunei	Relations with island neighbours
6	Landlocked states	Andorra, Bhutan, Liechtenstein, Luxembourg, San Marino, The Vatican	Transportation, connectivity, diseconomies of scale
7	Coastal states	Belize, Djibouti, Equatorial Guinea, Guyana, Monaco, Montenegro, Suriname	Relations with mainland neighbour/s

and South-East Europe respectively. These also need to deal with and survive along much larger neighbours; but may have the option of engaging in both land-based and seaborne trade.

ECONOMIC FORTUNES OR HANDICAPS

The discourse surrounding the economic fortunes of small states has been driven by a long-standing debate as to whether, on one hand, their presumed vulnerabilities are chronic, inherent and directly consequent on their small size, in which case they are a given (Briguglio, 2018); or else, whether small size also brings opportunities that may even not be enjoyed by larger jurisdictions (Bertram and Poirine, 2018). The openness to trade, capital investment, expertise, tourist flows, and so many additional inputs from abroad that are obligated by the inherently small domestic market are seen as powerful contributors of vulnerability, from which there is no escape. “Anything, from cotton and linen to machine parts and, in some cases, specialised knowledge, has to be imported” (Eriksen, 2018, pp. 128–129); although there are exceptions: beer is a notable one (Baldacchino, 2010). Such vulnerability can result from: the size and frequency of exogenous shocks (observed or anticipated); exposure to shocks; and the ability to respond to shocks (Guillaumont, 2010). For their foreign policy goals to be pursued and possibly secured, active policies of regional integration and ‘pooling of sovereignty’ are necessary (Kurecic, 2017) and seeking ‘shelter’ in the shadow of the great may be inevitable (Griffiths, 2014; Thorhallsson, 2018). And yet, the same commitment to openness can be seen to make for a more flexible polity, a more elastic and responsive (and hence more resilient) economy,

and a more multi-functional society, able to switch economic focus successfully (albeit not necessarily painlessly) (Baldacchino, 2011, 2015; Katzenstein, 1984, p. 257; Kurecic, Luburic, and Kozina, 2017; Thorhallsson, 2010, p. 376).

Boon or bane, small states have to contend with the various implications of their size when it comes to ‘doing business’. We are dealing here with a limited land area (although possibly a large ocean area) and finite resources; and there are limited domestic markets and client bases. The indivisibility of various public goods, services and administrative structures add to the costs of governance per capita (Brown, 2010). Local consumers may have clear preferences for imported metropolitan goods, rather than locally made commodities. In the case of island jurisdictions, the physical isolation may imply that significant transport costs come into play in order to access distant alternative markets or source raw material, especially for manufactures (Armstrong and Read, 2003; Bray, 1992; Briguglio, 1995; Srinivasan, 1986). Even where small states nurture good quality and competitive products, and even command competitive niches, there may still be difficulties in securing effective research and development capability, skilled human resources, suitable terms for financing and/or appropriate technology. This is a scenario that small states share with many, just as small, sub-national jurisdictions (Armstrong et al., 1993; Dolman, 1985; Doumenge, 1985, p. 86; Encontre, 1999; Fischer and Encontre, 1998; Payne, 1987). The absence of economies of scale, the existence of tight, clannish and stubbornly networked communities, the obligation to export or perish, and a ubiquitous (often meddling) government, in their various combinations and with their various implications, prove challenging to the economic prospects of small states. No wonder that the ‘development’ agenda of various small states has been held hostage by a paradigm of vulnerability since the 1990s. Nevertheless, a recognition of resilience has now, mercifully, become mainstream and has provided a welcome reprieve from an excessively fatalistic and deterministic discourse (Briguglio, Cordina, and Kisanga, 2006; Briguglio et al., 2006).

ECONOMIC ASPECTS OF ‘DOING’ POLICY

When discussing the economic aspect of ‘doing policy’ in small states, we need to consider at least four, interlocking sets of policy issues. They have serious implications on the nature of politics.

The Virtues of Being Small

First, is *how to make a virtue out of smallness*. Having an economy that is inevitably open to the wider world may be construed as evidence of a structural weakness (Srinivasan, 1986); but opportunities do come along with the challenges. When wealth is defined in GNI or GDP (at purchasing power parity) standards, many small states score exceptionally well. Small (and mainly island) jurisdictions actually perform economically *better* than larger (and mainly continental) states (Armstrong

and Read, 2004; Armstrong et al., 1998, p. 644; Easterly and Kraay, 2000, p. 2015). The world's smallest states show considerable resourcefulness in spite, or because, of the very real challenges of their predicament. The creative endeavours of their residents, facilitated by an adroit public policy that is quick to respond to market signals, spawns economic and investment opportunities that can translate into private sector employment and decent livelihoods. Small state ingenuity (at national, sectoral, household and individual levels), coupled with strategic investments, the support of the island diaspora, and perhaps some dashes of good fortune and serendipity thrown in, have led to a suite of (sometimes unlikely or controversial) products and services being developed, marketed and sold or rented. These include 'citizenship and residence by investment' schemes; top-level Internet domain names; place-branded foods and beverages; electronic gaming; niche manufacturing; medical tourism; higher education services; flag registers; processed fish products; offshore finance; detention services; trans-shipment hubs; and, now, blockchain and blue/green growth initiatives (Baldacchino, 2015; Bernal, 2018; German, 2018; Onguglo and Eugui, 2018; Prasad, 2004). There is much more to small state survival than subsistence farming, aid, remittances and public sector workfare (Dana, 2015). Few may be ready to admit this; and politicians, with an obligation to transmit assurances of governing, planning and being 'in control', admit this least of all. Instead, life in small states is more likely to be a scramble to exploit one economic niche or opportunity, then another, moving as nimbly as possible from one to the next, as one dries up and (hopefully) another presents itself, and doing so while seeking to build a more diversified economy and so not having all one's proverbial eggs sitting dangerously in the same basket (Baldacchino, 2011; Baldacchino and Bertram, 2009; Guillaumont, 2010).

Market Concentration

Second, small economies exhibit *market concentration*: they tend to generate export sales from a narrow range of products or services: cash crops (bananas, sugar, tea, nutmeg, cocoa, sugar) but also mineral resources (oil, gas, phosphate, nickel), and tourism and financial services (insurance, gaming, offshore company registrations). In the absence of such commercial activity, small state livelihoods may otherwise depend on the transfer of (bilateral or multilateral) aid and/or remittances from abroad. Given the small size of the economy and society, any successful economic sector can achieve market dominance fairly quickly. Economic success translates into a mixed blessing. It renders the small economy dangerously sensitive to and dependent on the fortunes of just one sector, which typically rest on forces beyond the small state's purview. At the same time, that same sector assumes greater political clout and leverage in the corridors of local power, acting as a champion of protectionism and as a brake on liberal economic policies (Brito, 2015; Meilak, 2008; Ridderstaat and Nijkamp, 2016; Streeten, 1993). Additionally, a boom in one economic sector squeezes profitability in other sectors: it siphons investment and labour away while also placing upward pressure on the exchange rate, rendering the other sectors less

able to export competitively (Corden and Neary, 1982; Jayaraman and Lau, 2018). This phenomenon is known as ‘Dutch disease’, traced to the appreciation of the then currency of the Netherlands, the guilder, after a surge in foreign exchange inflows which came about after the discovery of commercially exploitable North Sea oil and gas in the 1960s (Seers, 1964).

Imperfect Competition

Third, there is the domestic small state economy to contend with as well. Here, the defining feature may be *market failure*. In larger jurisdictions, large numbers of service providers – human or corporate – can be presumed to compete actively for market share and profitability: they need to offer good quality services at competitive prices to attract and hold on to consumers. Such scenarios of ‘perfect competition’ are however untenable in many aspects of the economics of small states (even though they continue to serve as the basis of their economics textbooks at their schools and university classrooms). The small domestic markets of small states simply do not and cannot support multiple companies producing the same goods and services (Briguglio and Buttigieg, 2004). Power and influence, economic as much as political, tends to be concentrated in the hands of single (hence, monopoly power) or a few (hence, oligopoly power) individuals, institutions or organizations (Gerring and Zarecki, 2011; Richards, 1982). National airlines, universities, banks, media outlets, Internet service providers, ferry companies and water and electricity firms tend towards a convergence of political and business elites, possibly with state involvement as shareholder or sole owner (e.g. Mayo, Pace, and Zammit, 2008; Puppis, 2009). These economic sectors tend to be dominated by one (or a few) service providers, often operating in conditions of regulated prices; but, also, if these are private providers, of guaranteed profit margins over a period of time and which make the upfront financial outlay worthwhile (Baldacchino and Veenendaal, 2018). Indeed, in a small state, a privatized monopoly provider may create more problems than it solves (Pirota, 2001, p. 44). The alternative could very well be not to offer such services at all; but such a prospect does not jive with small state political elites bent on nation-building initiatives.

Economies of Scope

Fourth, within the public administrations of small states, there are critical mass requirements and indivisibility constraints but without economies of scale (Sarapuu and Randma-Liiv, 2020). This means that the public servants of, say, Tuvalu or Liechtenstein must manage the full functions of the public administration of a sovereign country; as much as the public servants of Germany or India. Obviously, they have to maintain a similar reach and scope, but with much less personnel and resources. The trade-off is, on one hand, to broaden the portfolio of incumbents, obliging a disposition towards *economies of scope* and multi-functionalism (Farrugia, 1993; Farrugia and Attard, 1989). Thus, for example, Tuvalu has only two

ambassadors; Germany almost 100. And so, while German incumbents can focus energies on specific countries, those of Tuvalu must do so while also ‘monitoring’ the rest of the world (Panke, 2012).

On the other hand, there is a natural resort and disposition towards flexible specialization, so ‘experts’ may need to broaden their specialism to generate sufficient demand in their area of expertise and competence (Poon, 1990; Sultana, 2006, p. 31) or even migrate inter-sectorally throughout their careers (Baldacchino, 2011, 2019). This strategic response to environmental variables often flies in the face of the inherent disposition of the small states’ educational systems, and those of larger countries with which they must deal, to nurture specialists (Bacchus and Brock, 1987; Bray and Packer, 1993). Economies of scope and ‘polyvalency’ replace economies of scale as survival algorithms (Bennell and Oxenham, 1983, p. 24). After all, even if specialist techniques are required, there is typically not enough work for an individual, or company, to earn a living through the specialization alone (Bray 1991, p. 512; Njie and Fye, 1991, p. 48). “Small countries certainly need the best; but, in small economies, the best may sometimes be defined in terms of flexibility and breadth, rather than depth” (Brock, 1988, p. 306).

DISCUSSION

It is clear that the privileged status that many small states held under the regimes negotiated in successive rounds of the General Agreement on Tariffs and Trade (GATT), allowing preferential access to the metropolitan markets of former colonial powers (and particularly France and the United Kingdom), is now a closed history chapter. This has given way to a neoliberal and ‘free trade’ regime driven by the World Trade Organization (WTO) where competitiveness drives access to markets. Here, larger players with a stronger economic heft command economies of scale and so can provide the cheapest products. Small states compete by seeking to move up the quality chain, justifying their more expensive offerings via careful ‘place branding’ and niche marketing (Baldacchino and Khamis, 2018). Small states can also specialize, as well as build strong competencies, within specific sectors or a narrow range of services where, generally, there are few economies of scale to be reaped. For example, the seven countries and territories with the largest flagged merchant navies in the world are all small: Panama, Liberia, Marshall Islands, Hong Kong, Singapore, Bahamas and Malta, in that order (Van Fossen, 2016).

As may be expected, larger players do not take being outmanoeuvred by small states lightly. The competitiveness of small states in being able to offer low tax services has been shamed and criticized by larger states, fearful of an exodus of tax revenue; even though some larger states perform similar practices ‘onshore’ (Eden and Kudrle, 2005; Persaud, 2001; Vlcek, 2008). The ‘residency’ or ‘citizenship by investment’ schemes put into place by small states have been slandered by the same for being allegedly abused by criminal gangs and other shady interests; although, again, larger states themselves offer such services (Shachar, 2018). Even where the

relevant authorities have found in favour of small states when larger countries have sought to ring-fence certain trade practices in breach of WTO rules, larger states have still managed to secure their positions. A case in point are the ramifications of the case won by Antigua & Barbuda against the USA – both members of the WTO – when the latter prevented its citizens from gambling on Antigua-based game platforms (Cooper, 2009).

The final straw may come with climate change, which impacts especially heavily on small island and coastal states (Pelling and Uitto, 2001). The 2017 hurricane season in the Caribbean brought to life the palpable threats to small island state survival (Stephenson and Jones, 2017). Many of these jurisdictions have taken initiatives to bolster their credentials as green/blue growth locations – such as setting up marine protected areas – and have been applying for various financial tools to help adapt to, or mitigate the effects of, climate change (Wilson and Forsyth, 2018). It is ironic indeed that small states of late have gained some visibility and sympathy, even some ‘dark, voyeuristic tourism’ (but little else) as victims of the Anthropocene, through hardly any fault of their own (Farbotko, 2010). Their developmental aspirations may now be hijacked and dictated by the availability of climate-related international finance (Baldacchino, 2018; Baldacchino and Kelman, 2014).

CONCLUSION

This chapter has offered a synthesis of the (at times contradictory) arguments which highlight the (mainly economic) vulnerabilities and opportunities faced by states because they are small. They may not be game controllers, not even game changers, in the international economy; but small states have tended to survive fairly well, even by deploying unorthodox policies. Hence the alignment of political and economic strategy.

Small states have proliferated and many have prospered since 1945, capitalizing on a rule-based international order. They have sought to exploit US–USSR super-power rivalry; they have benefited from the ‘chequebook diplomacy’ between China and Taiwan (e.g. Yang, 2011); and more recently they have gained attention as ‘laboratories’ for climate change finance. Bartmann (1992) described “a world made safe for small states”, at the same time that the USSR collapsed and ushered in an epoch of US hegemony and, optimistically, an ‘end of history’ (Fukuyama, 2006). However, with the advantage of hindsight, we now know that this was a hasty and misguided conclusion. Moreover, with the election of President Trump in the US; the Brexit debacle in the UK, and resurgent populism in most of Europe, post-Second World War multilateralism is increasingly under threat. Military incursions – as in Georgia (2008) and Crimea (2014) – have occurred with impunity, rewarding the perpetrator, and emboldening it and any others who may be seeking similar adventures. When and if large powers seek to pursue self-interest at the cost of undermining global institutions, then small states are in for a rough ride (Ng, 2018). Small states prefer to cooperate with other states and look for institutions and international rules in order

to ensure their safety and security (Bartmann, 2002, pp. 361–365; Burton, 2013, p. 218). Will their strength in numbers allow small states to marshal and secure observance to multilateral globalism? As ominous clouds gather, we will need to watch this space closely.

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6. Small states: challenges and coping strategies in the UN General Assembly

Diana Panke and Julia Gurol

INTRODUCTION

International cooperation between states can take place on an ad hoc basis or via institutional arrangements, such as international organizations (IOs) or international regimes (Alvarez, 2005; Barnett and Finnemore, 1999; Farer and Sisk, 2010; Fearon, 1998; Keohane, 1988; Young, 1989). IOs are principally open to all states and are often composed of both bigger and smaller states. Bigger states are often the focus of scholarly attention and are frequently regarded as being successful on the international level (Beeson, 2006; Gaddis, 1994; Keohane, 1984; Levy, 1982; Mankoff, 2011; Waltz, 1959); and so, we tend to know less about the conditions under which smaller states are successful in international arenas (for exceptions, see Goetschel, 1998; Hey, 2003; Ingebritsen et al., 2006; Katzenstein, 1985; Panke, 2010; Steinmetz and Wivel, 2010). Small states often operate on smaller budgets and, consequently, their ministries have limited capacities to develop national positions concerning issues on the negotiation table of IOs and smaller delegations at IO headquarters. This chapter explores whether the limited capacities render the effective participation of smaller states in international negotiations more difficult and whether this applies to all stages of an IO policy cycle equally: that is, agenda setting, negotiations and decision-taking (Baldacchino and Wivel, 2020). More specifically, this chapter sheds light on the following question: Which challenges do small states face in the United Nations General Assembly (UNGA) and how do they cope with them?

The number of IOs today is considerable and has been growing ever since the end of the Second World War (Barnett and Finnemore, 1999; Hurd, 2011; Martin and Simmons, 2001). However, not all IOs are so strongly based on the principle of the sovereign equality of states *qua* states as is the UNGA (Panke, 2013c, 2017). Here, all states have equal rights and obligations across agenda setting, negotiations and the passing of UNGA resolutions, and votes are not weighted according to the size of countries (Brazys and Panke, 2017b; Dreher and Jensen, 2007, 2013; Holloway, 1990; Keohane, 1969). Thus, formally, Kiribati carries the same weight as Russia, China, India or the United States. Such a formal equality between states is strongly institutionalized in the design of the UNGA (Panke, 2017); yet, in practice, states differ significantly in their behaviour (Alker Jr., 1964; Holloway, 1990; Iida, 1988; Kim and Russett, 1996; Manno, 1966; Panke, 2013c, 2014c; Smith, 2016). States also differ considerably in terms of their size; some are very small, such as Tuvalu, Palau or Micronesia, while others are more than a hundred times larger, such as

Argentina, Indonesia or Turkey. Thus, the UNGA is an interesting context to explore the challenges small states face in international negotiations. On the one hand, all are formally equal; on the other hand, the differences in size between the states are enormous.

This chapter sheds light on the challenges small states face in the UNGA and how they seek to cope with them. The first section elaborates on coping strategies that smaller states can use in order to operate successfully and actively in the UN context. This encompasses prioritization and selective engagement, working through groups, and using non-capacity intensive strategies such as persuasion. The remainder of this chapter examines which challenges small states face in the UNGA policy cycle in the agenda setting, the negotiation, and the voting stages and discusses how they can cope with these challenges. It reveals that small states differ in their activities across the different stages of the policy cycle and that not all small states are equally active or successful in this context. Agenda setting is a capacity-intensive matter and smaller states that work through regional groups tend to be more active in proposing UNGA resolutions than smaller states that work for most parts on their own. Yet, when small states use coping strategies and prioritize a resolution, concentrate their available capacities on this issue and use persuasion-based approaches to garner support from third-party states, they can also turn into successful agenda-setters. After agenda setting, the content of draft resolutions is discussed in the UNGA committees, which also requires diplomatic capacities if states seek to attend all meetings for all UNGA resolutions. Therefore, smaller states struggle to be active concerning all issues on the UNGA agenda in a given session. Thus, prioritization strategies are essential, and, when combined with either working through groups or engaging in persuasion strategies, can lead to success. Compared to agenda setting and negotiating the content of a resolution, the final stage in a policy cycle, the passing of a resolution in the General Assembly, requires fewer capacities. Nevertheless, many of the smaller states participate less often in voting than larger and better-resourced ones. Thus, prioritization can have negative side effects if smaller states that placed no priority on a resolution remain absent when the issue is called to a vote.

SMALL STATE CHALLENGES IN INTERNATIONAL NEGOTIATIONS AND COPING STRATEGIES

Which challenges do small states face in the negotiations beyond the nation-state and how do they cope with them? Reviewing the literature on small states reveals a series of challenges that smaller states face when acting on the international level. For instance, International Political Economy (IPE) research has illustrated that having smaller markets and more limited market power can be disadvantageous in international trade negotiations (e.g. Ingebritsen et al., 2006; Katzenstein, 1985; Lee and Smith, 2008; Thorhallsson, 2011).

Smaller states have fewer financial means and therefore usually also fewer diplomats and attachés posted in missions to negotiate for their country in IOs.

Staff shortages reduce the chances for negotiation success for such countries since time-intensive negotiation strategies (e.g. serial bilateral lobbying) cannot be systematically applied and the time an individual diplomat has to prepare for the negotiation of an average issue is much more limited the more issues an individual has to cover (Panke, 2010, 2013c).

In addition to having smaller national delegations available to participate in international negotiations, smaller states can also face staff shortages in the ministries back home, such as the Ministry of Foreign Affairs (MFA) or line ministries. This is important since national positions do not naturally exist, but rather need to be formulated by the state (Mo, 1995; Moravcsik, 1997; Panke and Risse, 2007; Putnam, 1988). Smaller ministries at home can lead to delayed instructions for international negotiations, inhibiting the diplomats posted abroad to negotiate effectively for their country in IOs or in situations in which diplomats do not receive a national position at all which they could voice in international negotiations (Panke, 2013a).

Another challenge that small states might face is being subject to power-based negotiation strategies of larger actors. The vote-buying literature argues that official development donors can exert pressure on development aid recipients by requesting voting loyalty in exchange for aid (Alesina and Dollar, 2000; Brazys and Panke, 2017a, 2017b; Dreher, Nunnenkamp, and Thiele, 2008; Eldar, 2008). Thus, while unable to buy voting support themselves; small states would *de facto* lose autonomy over their negotiation and voting pattern should vote-buying indeed take place systematically. Moreover, smaller states cannot use their economic or political leverage to the same extent as larger states in order to offer side payments to third-party states in exchange for support on a specific issue (Mattila, 2004).

The challenges that states with tight budgets and slim delegations generally face in international negotiations also apply to the UNGA. Yet, compared to most other IOs, the UNGA is even more challenging for small states. This is because the workload in the UNGA is onerous: on average, the UNGA passes some 320 resolutions per session, which can be very taxing on diplomats (Panke, 2013c). This is compounded by the fact that the negotiations tend to be concentrated between September and December of each year. In order to manage such a large number of resolutions in such a short time-span, negotiations take place not only in the General Assembly, but also in six UNGA committees. In addition, resolutions are often discussed in parallel, which makes it especially difficult for members of smaller delegations to attend all meetings.

In sum, in the UNGA, small states face the multiple challenges of a high workload due to the high number of UNGA resolutions on the negotiation table at any given time, the high number of member states with massive capacity differences, as well as large actors and the possibility that they might engage in vote-buying. Can small states possibly cope with these challenges? The literature on small states in international negotiations has pointed out that small states face disadvantages but at the same time can engage in coping strategies (Archer, Bailes, and Wivel, 2014; Arter, 2000, S. 679, 683; Björkdahl, 2007; Browning, 2006; Hey, 2003; Ingebritsen et al., 2006; Katzenstein, 1985; Lee and Smith, 2008; Magnette and Nicolaidis, 2005;

Steinmetz and Wivel, 2010; Thorhallsson, 2006a, 2006b, 2011; Tiilikainen, 2006). The most important coping mechanisms involve selective engagement, regional groups/coalitions, arguing and framing.

Following all issues on the UNGA agenda is work-intensive. States with capacity shortages are well advised to set priorities and engage selectively rather than seek to cover all resolutions and doing so to an equal extent. Prioritization is a strategy by which a smaller state can save resources (time, staff, administrative support) on items on the IO agenda that are less important to the state and redirect these resources to those resolutions featuring high on a country's priority list (Habeb, 1988; Laffan, 1998; Laffan and O'Mahony, 2008; Maes and Verdun, 2005; Panke, 2013c; Pruitt, 1991). Instead of acting alone, small states can benefit from working through groups, such as regional groups or issue-specific coalitions. Groups allow for a division of labour amongst their members: for instance, by dividing who is following which meetings and who is speaking on behalf of the group in which arena (Ahmia, 2012; Iida, 1988; Ingebritsen et al., 2006; Panke, 2013b, 2014b, 2014d; Vincent, 1970). Groups and coalitions are also useful to provide leverage in international negotiations (Delreux, 2013; Kissack, 2010; Panke, 2017; Panke, Lang, and Wiedemann, 2015; Smith, 2013). A third coping strategy relates to the selection of negotiation strategies that are not power and capacity intensive. Arguing and framing, by which states seek to persuade others based on good and plausible reasons, require less economic and political power than bargaining or vote-buying and fewer capacities than serial bilateral lobbying (Fearon, 1998; Müller, 2004; Panke, 2013c, 2015; Steinberg, 2002).

SMALL STATES AND THE TABLING OF RESOLUTIONS

Which challenges do smaller states face in the agenda setting stage of the UNGA policy cycle? According to Chapter VII of the UNGA's Rules of Procedure, the UNGA member states are responsible for submitting draft UNGA resolutions (United Nations General Assembly 2008). This is called 'sponsoring' (Peterson, 2008; Rai, 1977).

Sponsoring resolutions requires not only an interest in a particular topic, a definition of the problem and/or the status quo, and ideas of the aims and objectives to be achieved, but also usually a factual, legal, and perhaps even an economic, political, social or scientific analysis of the status quo and possible changes (Panke, 2013c). Moreover, resolutions can only be passed in the decision-taking stage of the UNGA policy cycle if either consensus is achieved or if at least a majority of the yes votes support the resolution. Accordingly, states sponsoring resolutions need to reach out early on to other states in order to obtain their support. This usually involves convening sponsorship meetings in which all participating states negotiate over the wording of the draft resolution before the draft resolution is formally tabled. In other words: sponsorship is capacity-intensive and therefore poses a challenge to smaller states.

Figure 6.1 illustrates that states differ in how active they are in UNGA agenda setting (the dotted line indicates the number of UNGA resolutions each state has

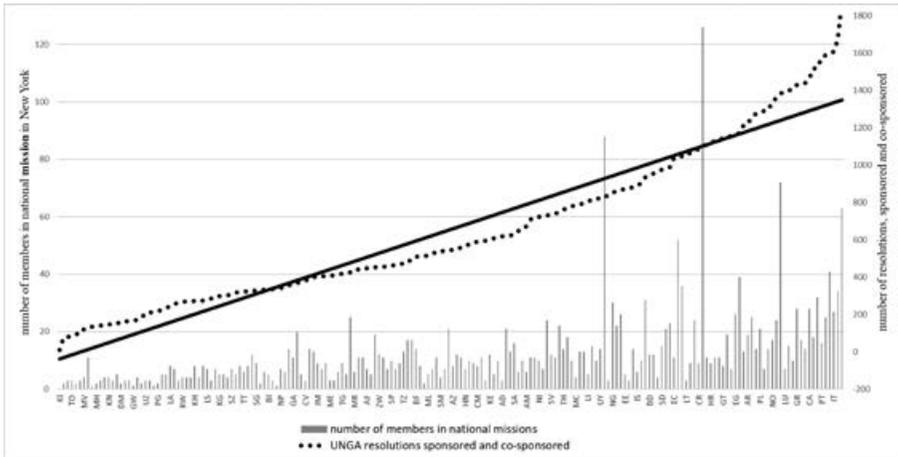


Figure 6.1 Total number of sponsored and co-sponsored UNGA resolutions, 1999/2000–2009/2010

sponsored and co-sponsored in the period between GA sessions 99/00 and 09/10). The sponsorship activity of states is plotted against their size (here captured by the number of staff members in the national missions in New York). As the solid line indicates, states sponsor and co-sponsor more UNGA resolutions, the larger their national missions are. On one end of the spectrum is Kiribati, with 11 resolutions in total; and, on the other end, is Germany with 1,897 (co-)sponsored resolutions. This indicates that not all small states use coping strategies to the same extent, since some smaller states, such as Portugal (population: 10 million) or Finland (5.5 million), are better able to cope with the challenges associated with tabling resolutions in the UNGA than other, much smaller states, such as Kiribati (population: 114,000) or the Maldives (420,000). To shed light on small states’ coping strategies at play, this chapter uses the examples of Malaysia (population: 32 million), Ireland (4.7 million) and the Netherlands (17 million).

As mentioned before, small states have different coping strategies to shape resolutions at stake according to their own position. One example for a small state, which managed to set the agenda of the UNGA and table a resolution despite its small size, is Malaysia. During the 51st session of the General Assembly in 1996, and together with other co-sponsoring states, the country pushed through an International Court of Justice (ICJ) follow-up resolution on nuclear weapons (Panke, 2013c), which re-emphasized the weight of the ICJ’s statement of 1994 that no circumstances permit the use of nuclear weapons (Hippler Bello and Bekker, 1997). The follow-up resolution responded to the critical stance of the USA, UK, France and Russia that the initial UNGA resolution did not include the second part of the ICJ’s advisory opinion, which revealed disagreement within the Court on the question whether extreme cases of self-defence might justify the use of nuclear weapons. Facing the opposition of the P5 states and their allies, Malaysia pushed even harder to put this

topic on the agenda of the following UNGA session. To counter the bargaining power of the USA, UK, France and Russia, who demanded an expansion of the resolution and the inclusion of the critical second part of the advisory opinion, Malaysia engaged in a bargaining and arguing strategy. Accordingly, it argued that the tabled resolution should only focus on certain parts of the preceding ICJ advisory opinion, namely those on which the judges agreed (Panke, 2013c).

A further example of small states ‘punching above their weight’ (Edis, 1991) is working through regional groups or coalitions. This increases their chance to set certain topics on the agenda. One example is the human rights resolution on Myanmar, which reports on the state of democracy and human rights in the country, criticizes shortcomings observed on the ground, and welcomes positive changes, should they occur (Panke, 2013c). Since this resolution takes into consideration the current developments in Myanmar, it differs slightly in content every year. The resolution was first tabled in the Third Committee of the General Assembly in December 1991 by the Netherlands. With the resolution, the EU member states reacted to the military junta’s brutal crackdown on nationwide demonstrations and to the nullification of 1990’s election results (Kaspar, 2016). The strategy, which helped to put Myanmar’s human rights record on the UNGA’s agenda, was coalition building (Panke, 2013c). When the resolution was first tabled, the Netherlands held the EU Council Presidency, but later on other small European countries such as Ireland in 1996, updated the content of the resolution and set it on the UNGA agenda again. Being small-sized states in the UN context, the Netherlands and Ireland used the office of the EU Presidency to set the agenda and to gather a group of supporting EU member states. Thereby, the resolution was soon recognized as being EU-sponsored and 17 additional states joined it.

SMALL STATES AND NEGOTIATIONS OVER THE CONTENT OF RESOLUTIONS IN UNGA COMMITTEES

After (co-)sponsors have drafted a resolution and tabled it, negotiations formally start in the UNGA (Peterson, 2008). In the negotiation stage, smaller UNGA member states face a series of challenges as well. Before a resolution moves to the assembly level, negotiations take place in one of the six UNGA committees – Disarmament and International Security Committee (DISEC), Economic and Financial Committee (ECOFIN), Social, Cultural and Humanitarian Committee (SOCHUM), Special Political and Decolonisation Committee (SPECPOL), Administrative and Budgetary Committee, and the Legal Committee – as well as in informal settings (e.g. receptions, coffee breaks, lunches, dinners or other bi- or multilateral meetings). In these formal and informal negotiations, state diplomats have the opportunity to voice national positions and push them, based on different negotiation strategies, such as arguing, framing, bargaining, vote-buying and lobbying. In order to influence the content of UNGA resolutions, states need to actively participate in the formal negotiations but also need to be prepared to use informal venues to talk other state

actors into supporting a specific UNGA resolution or a specific item in a resolution. Thus, states need sufficient capacities in the ministries in their respective capitals to construct national positions and to translate them into good negotiation instructions (e.g. speaking points with legal and factual analysis to support a point, scientific insights), on the basis of which national diplomats can seek to exert influence in UNGA negotiations. Capacity limitations back home translate into challenges for smaller states in international negotiations, since diplomats cannot articulate their country's position with respect to a specific UNGA resolution as long as they do not know what this position is. In addition, states need to have sufficient capacities in the missions in New York, since a workforce is required to attend the discussions and engage in negotiation strategies in formal and informal venues. Accordingly, states with smaller diplomatic missions in New York face challenges in covering all the negotiations taking place in these different settings (Panke, 2013c). Bilateral lobbying is especially capacity-intensive and therefore hardly feasible for smaller states on a broader scale. Finally, the more administrative support and the more legal, scientific and political support diplomats receive, the more elaborate their negotiation strategies can be. Moreover, the more likely it is that their argumentative and framing strategies will win support for their respective positions. Thus, smaller states need to develop sound and compelling persuasion-based strategies and have to do so with fewer resources than their larger counterparts. International negotiation literature shows that, next to such persuasion-based strategies, bargaining and perhaps vote-buying are most important (Björkdahl, 2007; Deitelhoff, 2009; Deitelhoff and Müller, 2005; Elgström and Jönsson, 2000; Fearon, 1998; Johnstone, 2003; Mo, 1995; Panke, 2015; Payne, 2001; Pruitt, 1991; Risse, 2000).

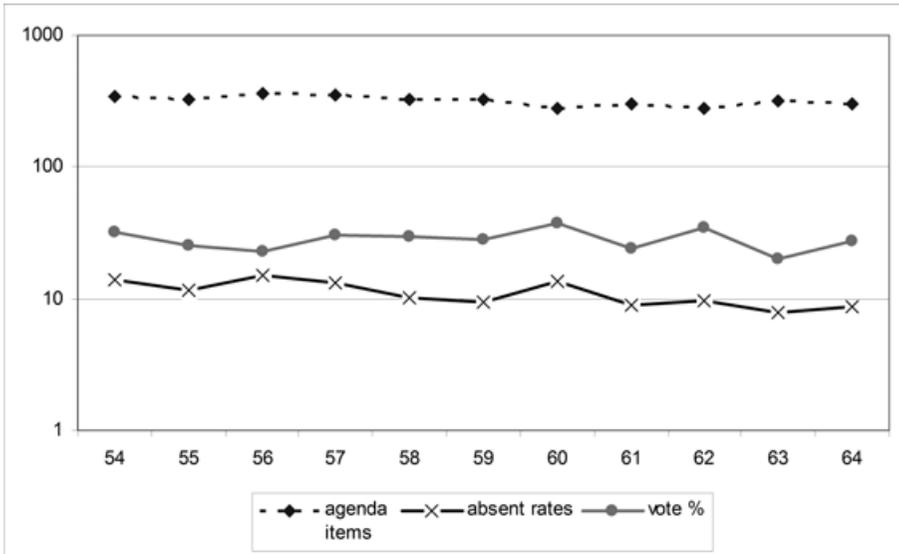
Such strategies pose additional challenges to smaller states, since they work best when the states in question possess economic or political power and when they are important development aid donors and such strategies are therefore not available to small states in general (Archer, Bailes, and Wivel, 2014; Ingebritsen et al., 2006; Lee and Smith, 2008; Panke, 2013c). Illustrative examples for the challenges that small states meet in the negotiation process are again the ICJ follow-up resolution on nuclear weapons and the Myanmar human rights resolutions (Panke, 2013c). In the beginning, quite a number of states opposed the ICJ follow-up resolution. In addition, Malaysia as the main sponsor faced high pressure from all P5 states except China. Moreover, as a small state within the UNGA, Malaysia itself did not possess enough financial and humanitarian resources to participate actively in the UNGA meetings and the informal negotiation venues for all the resolutions on the UNGA agenda. With just ten diplomats plus the ambassador, Malaysia could not cover all UNGA resolutions on the negotiation table in a given year with equally strong attention. Instead, it had to prioritize and to concentrate its few resources on issues at stake that were deemed of high importance to the country. The ICJ follow-up resolution on nuclear weapons was clearly one of the main priorities of Malaysia in the UNGA and the country devoted most of its resources to this issue accordingly. Thereby, it managed to pass the resolution without many changes. Two additional strategies supported the Malaysian endeavour. Firstly, some of the co-sponsoring states – mostly

states from the Non-Aligned Movement – lent their staff to defend the resolution during the meetings, increased their bargaining leverage and thereby displayed collective strength against the powerful opponents. Furthermore, Malaysia engaged in an arguing and framing strategy where it framed the tabled resolution in the context of other treaties and resolutions, such as the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and referred to real-world developments. By applying this non-capacity intensive strategy, Malaysia won the support of all those states that had supported the referenced treaties. Consequently, the resolution passed and has been introduced annually since 1997, enjoying “cross-regional support” (Government of Malaysia, 2015).

The second example of approaches to negotiations by smaller states in the UNGA is the Netherlands and Ireland, which tabled different versions of the resolution on Myanmar in 1991 and 1996 respectively. Both lead countries opted for selective engagement and placed high priority on the resolution. Thus, the Netherlands – and especially smaller Ireland – concentrated most of their negotiation efforts in the UNGA in the respective years on the Myanmar case. On this basis, they engaged in argumentative strategies, communicating the state of democracy development and human rights affairs in Myanmar in 1990 and 1995 to the other UNGA members in order to foster support for the resolution. In addition, both countries used their EU membership in order to divide the lobbying work amongst the group members and outreach to all states that might become critical by not supporting the resolution (Panke, 2013c).

SMALL STATES AND DECISION-TAKING IN THE UN GENERAL ASSEMBLY

Once the discussions in an UNGA committee end, the respective UNGA resolution is moved to the Assembly level in order to be passed. While this is possible on the basis of majority voting, in practice most UNGA resolutions are passed by consensus without formal voting taking place (Peterson 2008). If explicitly requested by at least one UNGA member state, voting takes place and each state has one vote. Thus, each state can opt for ‘yes’, ‘no’ or press the ‘abstention’ button. In addition, there is a fourth option, which is not to participate in the voting stage at all and to remain absent (Panke, 2014a). Compared to the two preceding stages in the UNGA policy cycle, voting poses fewer challenges to smaller states since the capacity requirements are more limited. In order to participate in the voting stage, it is necessary that diplomats attend the General Assembly meeting and know what the position of their country is. Compared to committee discussions and informal negotiations, there are fewer GA meetings, thus they require less staff capacity than the preceding stages. In addition, since line and foreign ministries back home have had additional time to develop a national position concerning a resolution when it has reached the decision-taking stage compared to the agenda setting stage in which being swift is essential, the decision-taking stage poses less of a challenge to smaller states.



Source: UNGA Reports.

Figure 6.2 *Workload, voting and absent rates (logarithmic scale), 1999/2000–2009/2010*

Between 1999/2000 and 2009/2010, states voted on 994 occasions (see Figure 6.2). As the participation-rate on average is 89 per cent, that means states were absent in 11 per cent of all the voting occasions. Absenteeism is neither rare nor equally distributed across UNGA member states (see Figure 6.3): states differ in the extent to which they do not participate in voting on UNGA resolutions, and a country’s share of remaining absent increases the smaller a country’s national mission in New York. This indicates that, despite requiring fewer capacities, some smaller states nevertheless struggle to participate actively in this stage of the UNGA policy cycle.

Why do states cope differently with the challenge of actively participating in UNGA voting? Are there specific coping strategies at play to counteract these challenges, or do some strategies bring about absenteeism?

The narrative examples have shown that specific coping strategies such as selective engagement, building alliances or interest groups, and framing and arguing to a certain extent do indeed counteract the challenges that small states face when participating actively in the UNGA’s agenda setting and negotiation phases of policy-making. For example, Malaysia managed to table the follow-up resolution to the advisory opinion of the ICJ on the legality of the threat or use of nuclear weapons, which was passed with 137 to 24 votes, 25 abstentions, and 7 non-voting in the first voting occasion in 1996 (Refworld, 1996). Similarly, Ireland and the Netherlands used all three small state strategies – prioritization, working through groups and

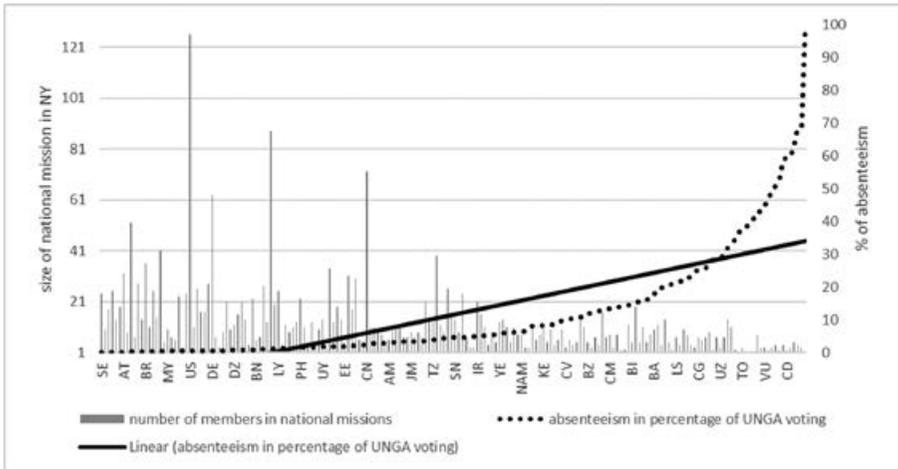


Figure 6.3 *Absenteeism by member states, sessions 54–64*

persuasion – in order to set the Myanmar resolution on the agenda and persuade the other states in the UNGA to support its passing.

However, the necessity to prioritize and concentrate their few resources on the issues which a small country regards as important leads to high negotiation activity for those resolutions but can leave few, if any, diplomatic and other resources for many of the other resolutions also discussed in the UNGA. Accordingly, many but not all of the smaller states tend to neglect issues that are less important. This contributes to a higher tendency towards absenteeism from smaller states (Panke, 2014a).

CONCLUSION

The UNGA is an organization that formally operates on the notion of sovereign equality, which implies that each state has equal rights no matter how large or small it is. In line with this notion, this chapter has illustrated that the main challenge smaller states face relates to their more limited number of diplomats posted in New York. Smaller states' diplomatic missions are considerably understaffed in comparison to the missions of larger states and usually receive less administrative support as well. This usually also applies to the line ministries and foreign ministries at home. As a result, diplomats from smaller states tend to receive fewer and less detailed negotiation instructions from their respective capitals, placing an even higher workload on the missions in New York, with ambassadors at times having to infer or adopt a 'national position' on a resolution on the fly. With all these factors combined, smaller states can often neither attend all the meetings underway nor fully prepare for any such meetings due to a lack of time, expertise and manpower. Therefore, on average, it does not come as much of a surprise that smaller states tend

to be less active in setting the agenda, negotiating the content of resolutions in the committees, and passing the resolutions in the GA than their larger counterparts are. However, not all smaller states behave in the same manner. Usually smaller states are more active in the first two stages of the policy cycle, if they engage in coping strategies. This encompasses selective engagement or prioritization, working through groups and using non-capacity intensive negotiation strategies (persuasion) instead of resource intensive ones (such as vote buying). However, selective engagement – where smaller states only follow the resolutions that they regard as highly important for themselves – can have consequences for the active participation in the last stage of the policy cycle. Smaller states' prioritization of some resolutions can lead to non-voting for those resolutions that are dismissed as less important.

What unfolds at the UNGA also provides lessons for small state challenges and opportunities in other contexts. In all IOs in which the institutional design grants all states the same formal rights concerning agenda setting, negotiation and voting regardless of size, small states face challenges similar to those in the UNGA. For instance, the International Labour Organization, the Conference of Disarmament, or the Food and Agriculture Organization are contexts where small states compete with larger states under conditions of formal equality. In these IOs, small states would therefore benefit from a combination of coping strategies similar to those used in the UNGA, namely: selective engagement or prioritization, working through groups, and using persuasion-based strategies.

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PART II

EUROPE

7. Small states in Europe

Anders Wivel

INTRODUCTION

Most small states in Europe are relatively safe and relatively rich compared to small states in other regions in the world. In general, their political institutions are resilient, the likelihood of civil war and revolutions is low, and they tend to score highly on indexes of human development and freedom. Despite recurring crisis, regional institutions, most importantly the European Union (EU) and the North Atlantic Treaty Organization (NATO), are strong and stable and have seen membership grow over the past decades, adding to an already comprehensive institutionalization of Europe. In many ways, Europe seems to have overcome the “solitary, poor, nasty, brutish and short” characteristics of great power politics which have long dominated international relations and which have served as a constant in small state policy-making since the establishment of the modern states system by the Peace of Westphalia in 1648. The aim of this chapter is to unpack the conditions for small state policy-making in Europe and to identify patterns of small state behaviour in the region. Small states remain the weaker parties of asymmetric relationships (Baldacchino and Wivel, 2020), but the nature of these relationships and the state capacities decisive for navigating successfully in these relationships have changed radically since the end of the Second World War.

The argument proceeds in five steps. First, I identify the universe of small states in Europe showing that one important but sometimes overlooked characteristic of Europe is that it is essentially a region of small states. Second, I unpack the conditions for small state policy-making in Europe and show how these conditions continue to change, while being subject to three historical megatrends affecting both the scope and content of how small states navigate the European political landscape. Third, I analyse the patterns of small state policy-making in Europe, identifying three separate clusters of small states with overlapping yet distinct patterns of behaviour. Fourth, I discuss ongoing changes in the balance of power and the institutional balance in Europe and how these changes test small states. Fifth and lastly, I conclude the chapter by summing up and identifying current challenges and opportunities for small states in Europe.

IDENTIFYING EUROPE’S SMALL STATES

Small states and Europe are both contested concepts subject to considerable political and academic debate with maximalist definitions including the area from the Atlantic

to the Urals (Wæver, 1989). Understandings of what constitutes Europe have been subject to political contestation for centuries. These struggles continue today in debates over membership of European and Euro-Atlantic institutions, e.g. potential NATO or EU membership for Georgia and Ukraine (and even in debates over Israeli participation in the Eurovision Song Contest). This chapter follows a conventional geographic definition of Europe delineated by the Mediterranean Sea to the south, the Atlantic Ocean to the west, the Arctic Ocean to the north and the Ural Mountains, Ural River, Caspian Sea, Caucasus Mountains, the Black Sea and the Bosphorus Strait to the east (National Geographic, 2014), but excluding the two large countries divided by these geographic borders: Russia and Turkey. This leaves 44 countries in Europe, with Germany having the largest population of more than 82 million inhabitants and the Holy See/Vatican having the smallest population of around 800 inhabitants.

Few states aim to be ‘small’ and “[w]hilst being big is correlated with power, being small has been viewed as a handicap to state action, and even survival” (Browning, 2006, p. 669). Some studies of European small states eschew the question altogether by arguing that size is essentially a social construct (Hanf and Soetendorp, 1998; Thorhallsson, 2006). Other studies apply an inclusive definition of small states, going far beyond the World Bank threshold of a population of 1.5 million (World Bank, 2017). One definition includes all European states that are not essential for the nature, internal dynamic and external power projection of Euro-Atlantic institutions, i.e. all European states with the exception of Germany, France and the United Kingdom (Mouritzen and Wivel, 2005, pp. 25–28). Another expert on small states in Europe argues that European small states are those with a population of “significantly less than 40 million inhabitants” (Bunse, 2009, p. 11). Other definitions are more intuitive and use the Netherlands – with its current population of around 17 million – as the threshold between great powers and small states, the Netherlands being the largest of the small states (Grimaud, 2018, p. 16; Neumann and Gstöhl, 2006, p. 6). In accordance with the introduction to this volume, this chapter adopts a pragmatic view of the small state as the weaker member of an asymmetric relationship. I apply the definition proposed by Panke and Gurol (2019, p. 3) whereby a small state is a state characterized by smaller populations than the average member state of the unit in question. When applied to the unit of Europe, with a population of around 610 million based on UN 2017 data (Worldometers, 2019), the average country size is a population of 13,584,856, leaving 35 countries in the category of European small states, of which 20 are EU member states. The 35 sovereign states are, in ascending population: the Holy See, San Marino, Liechtenstein, Monaco, Andorra, Iceland, Malta, Luxembourg, Montenegro, Cyprus, Estonia, Latvia, Slovenia, North Macedonia, Lithuania, Albania, Bosnia and Herzegovina, Moldova, Croatia, Ireland, Norway, Slovakia, Finland, Denmark, Bulgaria, Switzerland, Serbia, Austria, Belarus, Hungary, Sweden, Portugal, Czech Republic, Greece and Belgium. Essentially, this makes Europe a continent of small states; a characteristic reflected in the soft and regionally circumscribed foreign and security outlook of the EU mirroring the traditional approach of small states to external affairs (Pedi, 2019; Toje, 2011).

THE TRANSFORMATION OF SMALL STATE ACTION SPACE IN EUROPE: SECURITY, PROSPERITY AND INFLUENCE

The nineteenth-century literature on European small states, heavily influenced by the geopolitical thinking of the time, viewed small states as an anomaly in international affairs: they survived despite their perennial weakness. This situation was perceived as a potential problem for what was considered the ‘natural’ working of the balance of power (small states resisted the ‘laws’ of growth and created instability). Small states were at the mercy of the great powers and therefore an object of pity (Amstrup, 1976, pp. 163–164). Small states at the time were rule- and policy-takers subject to the interests and whims of the great power rule- and policy-makers. The 1814–15 Congress of Vienna sought a long-term peace plan for Europe after the French Revolutionary and Napoleonic Wars by recognizing a special and privileged role for five great powers: the United Kingdom, Prussia, Austria, Russia and France, acting in concert to maintain stability and avoid great power conflict (Neumann and Gstöhl, 2006). Small states had little choice but to accept this *de facto* cooperative hegemony between the Big Five; but they also benefited from stability, allowing them to free-ride on the security order supplied by great power cooperation.

During the first half of the twentieth century, the European continent was the main battleground in two world wars. The increased destructive power of the great powers underpinned the perception that the creation and perseverance of small states were basically functions of the interests of individual great powers in their geopolitical neighbourhood (Fox, 1959; Wivel, Bailes, and Archer, 2014). However, at the same time, political developments pointed in a different direction. The German invasion of Belgium in 1914 created “an international commitment to small state security”, which became even more pronounced in speeches and proclamations after the war (Maass, 2017, p. 163). The Paris Peace Conference after the First World War saw the establishment of new small states such as Austria, Hungary, Czechoslovakia, Iceland, Ireland, Finland, Estonia, Latvia and Lithuania. In outlining his proposal for a post-war peace settlement in January 1918, US President Wilson argued that a “general association of nations must be formed under specific covenants for the purpose of affording mutual guarantees of political independence and territorial integrity to great and small states alike” (Wilson, 1918, Point XIV). This general association, the League of Nations, consolidated and institutionalized inequalities between great powers and small states (as the United Nations does today by awarding five great powers a permanent seat and the right to veto in the UN Security Council). However, it also offered, at least for a time, the promise of international order, common rules for great powers and small states (and the middle powers in between), a forum for negotiating peace and a platform for small state influence, which European small states, and the Nordic countries in particular, took advantage of (Amstrup, 1976, p. 164; Gram-Skjoldager, 2012).

The post-1945 European order seemed at first to offer few prospects for the future of the European small state. The preferred interwar strategy of many of the region’s

small states had been to avoid entanglement with the great powers by pursuing a strategy of neutrality. However, both the prelude and aftermath of the Second World War was a hard lesson in the dangers of this strategy, leaving small states exposed and subject to great power dominance, absorption and subjugation, not least from Nazi Germany and the Soviet Union. Moreover, the war itself had demonstrated the gap in war fighting capability between the small states and the great powers. However, the post-war order soon offered European small states answers to their three most pressing problems: security, prosperity and influence.

First, the problem of national security. From the Peace of Westphalia until the end of the Second World War, European states struggled for security and survival. Although the Cold War and post-Cold War orders did not eradicate small state security challenges, they gradually transformed the challenges of most European small states from a survival-problem to an influence-problem (Løvold 2004). The Cold War (1945–89) created a stable order for European small states protected from invasion from hostile great powers by bipolarity underpinned by a nuclear balance of terror (Maass, 2020). In Western Europe, the permanent deployment of more than 300,000 US troops during the Cold War, 250,000 troops in West Germany alone (Kane, 2004), effectively overlaid the region's own security dynamics, which had put small state security at risk for centuries (Buzan et al., 1990). The creation of an American 'empire by integration', with the United States as a liberal hegemon, underpinned the development of the region, not only by troop deployment but also by institutional development. The Organisation for European Economic Co-operation (OEEC) – since 1961 the Organisation for Economic Co-operation and Development (OECD) – was established in 1948 and NATO was established in 1949. These organizations enhanced stability and predictability of relations among European states. At the same time, they allowed West European states to develop their own brand of societal models without interference (Lundestad, 1998). For instance, Denmark, Sweden and Norway developed social democratic welfare states and advocated (and branded their own countries as) a third way between capitalism and socialism, while remaining under US protection. This was illustrative of the leverage enjoyed by small West European states as a consequence of superpower antagonism. Small NATO members – such as the Netherlands, Denmark and Norway – openly challenged NATO deterrence policies. Austria wrested concessions from Western allies, fearing Austrian rapprochement towards the Soviet Union after the Second World War; and Malta was in a similar position after gaining independence in 1964 (Maass, 2017, p. 185). Soviet interventions in Hungary in 1956 and Czechoslovakia in 1968 illustrated to the small states in the Communist bloc that they did not enjoy as wide an action space as Western European small states, although the policies of Yugoslavia and Albania illustrated some leeway for Eastern European small states as well.

Second, the problem of prosperity. Small states have small economies subject to political decisions responding to international markets and the political-economic decisions of larger countries over which the small state has little or no influence (Baldacchino, 2020). Small states suffer from "supply constraints" in terms of fewer resources and entrepreneurs, a more restrained capital base and a smaller labour

force; as well as “demand constraints” in terms of a small domestic market and the absence of economies of scale and therefore less resource efficiency (Griffiths, 2014, p. 48). Together, these challenges result in economies that are more vulnerable and less resilient than those of larger states.

Two developments brought some reprieve to these challenges for Western European states during the Cold War. First was the liberalization of international trade and the elimination of trade barriers such as tariffs and quotas through both bilateral agreements and seven rounds of negotiations on the General Agreement on Tariffs and Trade (GATT) since its establishment in 1947. Second was the creation in 1957 and subsequent widening and deepening of the European Economic Community (EEC), which gave small member states a much bigger market as well as voice opportunities in negotiations over Western European political-economic developments and a shelter against financial and economic turmoil. The small states in Eastern Europe were not as directly exposed to international markets but suffered from corruption, lack of efficiency and state interference. The Council for Mutual Economic Assistance (COMECON) functioned as a forum for economic cooperation and for economic support from the Soviet Union to weak member states but without a functioning market.

Third, the problem of influence. As noted in one study of European small states, “[s]mall size is frequently equated to a lack of power to influence policy outcomes” (Bunse, 2009, p. 11). The growth in the number and influence of international institutions in the post-war international system, and in post-war Europe in particular, created new avenues for small state influence. And so, for example, the number of intergovernmental organizations (IGOs) peaked in the last years of the Cold War, with 378 IGOs in 1985, up from 37 in 1909 and 123 in 1951 (Union of International Associations, 2015). IGOs performed two functions for small European states. First, they provided shelter from both security challenges and economic turmoil (Thorhallsson, 2018), thereby supplying small states with the stability and predictability that they have historically craved but been unable to achieve (Jervis, 1978, pp. 172–173; Maass, 2017). Superpower hegemony with a strong interest in the region guaranteed both military and economic stability through the institutions of the Capitalist and Communist blocs. Security and economic shelter reduced the survival problem that had for centuries been the focal point in the foreign policy of small states. This allowed small states to direct their attention at more offensive goals, such as influencing the international realm in the long term. Second, IGOs offered platforms for influence, both regionally and globally. Small European states were much better equipped than small states from other regions to take advantage of these platforms. They were richer, allowing them to divert resources to international diplomacy. Through centuries, they were socialized into the diplomatic practices of international negotiations by participation in international conferences and peace negotiations of the European international system, which had gradually expanded to the rest of the world. Many European small states were old states with resilient state structures developed over centuries and strong domestic institutions creating a solid base for seeking influence internationally. Finally, the political and strategic culture

of European small states differed considerably from small states in other parts of the world. Some of them – like Greece, Austria or Denmark – had at some time in their history been imperial centres in Europe dominating a considerable part of the region, while others – like Portugal or Belgium – had been colonial powers. Thus, in contrast to the experience of subjugation and marginalization dominating the political and strategic culture of Third World small states being subject to European colonialism, many European small states approached the international realm with confidence, experience and a sense of entitlement.

The end of the Cold War served mostly to strengthen the security, prosperity and influence of small European states. The collapse of the Communist bloc created ten new small states in Europe as a consequence of the break-ups of Yugoslavia, Czechoslovakia and the Soviet Union: Montenegro, Slovenia, North Macedonia, Bosnia and Herzegovina, Moldova, Croatia, Serbia, Slovakia, Czech Republic and Belarus. NATO and EU expansion secured security and economic shelter for most Central and Eastern European small states. The 1992 Treaty on the European Union built on the 1986 Single European Act (designed to create a single European market and codify foreign policy cooperation), simplifying EU decision-making and creating a political and economic union with a common currency and strengthened cooperation on such areas as migration and defence. In 1991, NATO's first post-Cold War strategic concept transformed the rationale of the alliance from defence against military threat to stabilizing Europe and this development was further strengthened in the 1999 strategic concept emphasizing the role of the alliance as peacekeeper and peacemaker inside and outside Europe (Rynning, 2005).

These developments reconsolidated and expanded the institutional shelters for small states in Europe in the first decades after the Cold War, but they also created a new set of challenges for Europe's small states. First, they created an external imbalance between expanding Euro-Atlantic institutions and Russia, which contributed to a reterritorialization and remilitarization of security in Eastern Europe effectively closing the window of opportunity for states like Sweden, Finland, Belarus, Moldova and Serbia to join NATO (should they wish to do so) and exposing other small states, most notably the Baltic States, to new security challenges. Second, within the EU, the creation of the European Union created an imbalance between those states putting emphasis on strengthening the effectiveness and decision-making power of the EU (most importantly Germany and France) and those states more concerned with protecting national sovereignty (most importantly the United Kingdom). This contributed to the decade-long (self-)marginalization of the UK, culminating in the June 2016 referendum that kick-started the tortuous process for the UK to leave the EU (Brexit). Consequently, the development of the EU is now even more than previously dependent upon Germany and France. Finally, widening and deepening Euro-Atlantic institutions created two simultaneous developments: the individual small state now faced a more difficult time furthering its interests and getting the attention of the great powers (because of increased competition from other small states) and at the same time it was expected to contribute more actively to the produc-

tion of collective goods underpinning the wealth and security of Europe. Thus, small states faced the combined risk of marginalization and overstretch.

For this reason, taking the lead on selected issues, creating expertise within selected niches and proving effective in contributing to the solution of shared problems have become even more important for influence-seeking small states working hard to prove their value to and forging strong relationships with middle and great powers. Some – like Norway or Denmark – have primarily succeeded in creating strong bilateral relationships with the United States and branding themselves as good allies in NATO. In addition, Denmark and Norway cooperate with fellow Nordic NATO member Iceland and the two neutral Nordic small states Sweden and Finland in Nordic Defence Cooperation (NORDEFCO), a functionalist and pragmatic attempt at making effective use of Nordic defence capabilities without violating the overall commitments of the five countries. Denmark is also part of the French-led European Defence Initiative (E2I) along with other small states Belgium, Estonia, Finland and Portugal (as well as Germany, the Netherlands, Spain and the United Kingdom). The E2I allows states able and willing to cooperate outside existing institutional structures to share intelligence, anticipate future challenges and plan operational cooperation. Other small states have actively built strong bilateral partnerships in the EU, either with stronger powers (e.g. Hungary's partnership with Poland or Portugal's relationship with Spain) or with other small states (e.g. the Swedish–Finnish, Greek–Cypriot and Estonian–Latvian relationships), while yet others have had little success in forging any partnerships (Austria, Bulgaria, Croatia, Ireland, Slovenia) (European Council on Foreign Relations, 2018).

Taken together, the many crisscrossing partnerships and coalitions inside and outside the EU and NATO illustrate an increasingly fluid structure of more or less institutionalized relations between Europe's small states and their big and small cooperation partners. Whereas the foreign policy action space of the region's small states was previously primarily defined by the institutional affiliation with the great powers through EU and NATO (Mouritzen and Wivel, 2005), the framing and understanding of the challenges and opportunities of small states by small states themselves is becoming increasingly important (Kovačević, 2019).

CLUSTERS OF SMALL STATES IN EUROPE: INSTITUTIONAL AFFILIATION, POLITICAL OUTLOOK, PROSPERITY AND COMPETITIVENESS

Small European states share a position in international affairs that compares favourably with small states in most other regions of the world. However, significant variations among small European states exist in terms of institutional affiliation, outlook on the role and function of Euro-Atlantic institutions and economic capacity and competitiveness.

Given the institutionalization of regional politics in Europe, one way of identifying clusters of small states is on the basis of their institutional affiliation with EU and

NATO. Many European small states are members of both organizations: Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Greece, Hungary, Latvia, Lithuania, Luxembourg, Portugal, Slovakia, and Slovenia. Austria, Cyprus, Finland, Ireland, Malta and Sweden are only members of the EU, while Albania, Iceland, Montenegro and Norway are only members of NATO. The Holy See, San Marino, Liechtenstein, Monaco, Andorra, North Macedonia, Bosnia and Herzegovina, Moldova, Switzerland, Serbia and Belarus are not members of either of the two organizations. However, after resolving a long-standing dispute with Greece over the name of the republic, North Macedonia in 2018 began accession talks with the EU and in 2019 signed the accession protocol into NATO. Bosnia and Herzegovina is the only other country with a NATO membership action plan. In addition to North Macedonia, Serbia, Montenegro and Albania are all candidate countries in the process of integrating EU legislation into national law, whereas Bosnia and Herzegovina and Kosovo are candidate countries not yet fulfilling the requirements for EU accession.

In sum, NATO and/or EU membership is the default solution for small states in Europe. Small states not members or prospective members of any of these organizations are either states with distinct political, economic or ideational interests already sheltered by relationships with neighbouring states and therefore with little to gain from membership (The Holy See, San Marino, Liechtenstein, Monaco, Andorra and Switzerland) or states left in a geopolitical buffer zone between 'the West' and Russia, with little chance of membership of either body any time soon (Moldova, Belarus).

A second way of identifying clusters among European small states is to look at their political outlook or visions for the role and functions of Euro-Atlantic institutions (Wivel and Thorhallsson, 2018). One cluster is comprised of Atlanticist, liberal and intergovernmentalist countries, mostly in Northern, Central and Eastern Europe. The Baltic States, Norway, Iceland and Denmark constitute the core of this cluster; but Sweden, Finland, Ireland, Austria and Switzerland may be included (despite their non-aligned security policies). Most Central and Eastern European states, although less politically liberal than the Northern European states, also share this Atlanticist predisposition and an intergovernmentalist approach to the EU focusing on its ability to create a European market space. These states generally favour free trade and are sceptical of grand European ideas and increased supranationalism, in particular in the realm of national security, because they fear that this will compromise either their relationship with the United States (Norway, Iceland, Denmark, the Baltic States, Central and Eastern Europe) or their non-aligned status (Austria, Switzerland, Sweden, Finland, Ireland). To be sure, this is a diverse group of small states defined as much by their opposition to (sometimes imagined) developments towards a less Atlanticist and supranational Europe as by their shared outlook. Thus, they define their vision of Europe reactively against (mainly French) ideas of a more integrated and independent Europe. These ideas are supported by a cluster of small Europeanist and largely protectionist small states such as Belgium, Cyprus, Greece, Malta and Portugal.

A third identification of clusters may be based on prosperity and competitiveness. Small states are among the richest and poorest countries in Europe and may be divided into a rich cluster of North European states and a poor cluster of Central and East European states, with the Mediterranean states and the Baltic States in between. According to World Bank estimates, Luxembourg, Switzerland and Norway are the three richest countries in the world as measured in GDP per capita. Ireland, Iceland, Denmark and Sweden are in the world's top 10 as well; these together are the seven richest countries in Europe (the Netherlands being number 8). At the same time, Moldova, Albania, Bosnia and Herzegovina, North Macedonia, Serbia and Montenegro are the six poorest countries in Europe (Romania being number 7) (World Bank, 2017). These rankings correlate largely with competitiveness and are therefore unlikely to change anytime soon, although individual states may move up or down the ranks (Schwab, 2018).

The three different ways of identifying clusters show that small European states cannot be viewed as a group with common interests across policy areas. There are few behavioural characteristics shared by all small states in the region. However, three patterns can be identified. First, small states in Europe all tend to seek shelter from stronger powers and/or international institutions (Thorhallsson, 2018). Second, the more exposed to Russia, the more reluctance towards an independent Europe with a reduced role for NATO and the United States; i.e. the stronger support for a military security shelter backed by US military might. To these states, the 2008 Georgian–Russian war and the 2014 annexation of Crimea by Russia demonstrated that the EU's soft diplomatic and economic power “was badly calibrated to geopolitical realities, delivering sometimes *more* power than acknowledged and thus upsetting the geo-economic constellations, while at other times failing to match a militarised crisis” (Wivel and Wæver, 2018, p. 318). Third, the less competitive and prosperous, the stronger the support for a strong economic shelter in the EU. To the less prosperous and competitive small states in Southern Europe, the experience of a German-led coalition of Northern European countries demanding strict austerity measures in the 2008–13 economic crisis illustrated the need for strong institutions able to mediate and cushion the deep political and economic divisions in Europe rather than leaving it to the economic hegemon to set the rules of the game.

REBALANCING EUROPEAN ORDERS: CONSEQUENCES FOR SMALL STATES

Despite their differences, European small states share two challenges stemming from changes in the political order of the region. The changes have been ongoing since the early 1990s, but they have increased in intensity since the late 2000s.

First, the balance of power in Europe is changing. The United States and the United Kingdom are likely to play a less prominent role in the future of the region, whereas the influence of Germany and France is increasing. This is less a consequence of differential growth rates than the product of different European policies of the four

powers that have dominated Europe since the end of the Cold War. US President Obama's 'pivot to Asia' initiated in a *Foreign Policy* article by then Secretary of State Hillary Clinton sought to rebalance US political attention away from Europe and the Middle East and towards the Pacific (Clinton, 2011). This was followed up by President Trump's 'America First' policy stressing the obligations of Europeans to contribute more towards covering the costs of security and stability in their own region. Since the election of Prime Minister Margaret Thatcher in 1979, the United Kingdom has increasingly emphasized national interests, e.g. in its continuous focus on rebates and exemptions in its relations with the EU, while cherishing a 'special relationship' with the United States. This relationship initially gave the UK an important role as bridge-builder between continental Europe and the US superpower, but the combined effect of the end of the Cold War, the terrorist attacks on New York and Washington DC in 2001 and the growing power of China has diverted US attention away from Europe and increased the number of issues where Europe and the United States tend to disagree over ends as well as means. Moreover, with the UK's decision to leave the EU, France has increasingly rivalled the UK as America's 'go-to guy' in Europe. Finally, a resurgent Russia has remilitarized European security and re-articulated irreconcilable differences between the visions and interests of Russia and the Western powers.

The changing balance of power in Europe has important consequences for small states in the region. The stability and development of Europe increasingly depends on Germany and France. While there are strong anti-EU pro-nationalist factions in both countries, Germany in particular understands its own interests as dependent upon a "post-sovereign inter-governmentalism", where the pursuit of the national interest is closely tied to the continuous development of an economically solid and politically stable region (Wivel and Wæver, 2018, p. 322). This is good news for small states in the region that have benefited immensely from political and economic stability and absence of great power war in Europe since 1945. France on the other hand, has demonstrated its ability and willingness to take the lead on both specific military operations in Libya in 2011 and Mali in 2013 and more general initiatives like the E2I. In that sense, the new development reinvigorates the "cooperative hegemony", which has formed the basis of European integration since the 1950s (Pedersen 1998). However, neither Germany nor France has the ability or willingness to replace the US security guarantee in the coming decades. Thus, all small states in the region have an interest in continued US military presence in the European theatre. The more specific effects of the changing balance of power on small states depend on which cluster they belong to. The less competitive and prosperous states in Southern Europe will be keen on France balancing Germany's conservative austerity policies. The cluster of Atlanticist, liberal and intergovernmental small states are forced to reassess fundamental strategic priorities and find new friends among the stronger states. However, the effects should not be exaggerated. The changing balance of power is a long-term phenomenon and several small states have already taken precautions. Thus, Estonia and Denmark, two of the most Atlanticist small states, take part in the French initi-

ated E2I in military affairs and are staunch supporters of German policies about the political economy of the European Union.

Second, the institutional order in Europe is changing. The region has seen a reterritorialization of interstate relations stemming from both *domestic* developments, with the rise of nationalist populist political parties in many countries, including in various small states; and *international* developments, with the increasingly vigorous articulation of national interests as a legitimate basis for state action by actors such as the United States, the United Kingdom and Russia. This has had consequences for the internal workings of NATO as well as the EU, with implications for small states. In the 1990s and 2000s, small NATO member states would focus on output contributing to the increasing number of military operations headed by the alliance as it moved out of area and increasingly took operational responsibility for interventions, typically embedded in UN resolutions. However, in the 2010s, NATO discourse increasingly focused on input, especially the size of national defence budgets as measured as a percentage of GDP. This is a challenge to most small states in the region, with the exception of the Baltic States and Greece. In addition, the increased threat to European security and stability from Russian resurgence, combined with the continuous demand for international military operations, puts severe strains on the limited defence forces of small states.

From the establishment of European institutions in the 1950s, institutional balances and decision-making rules in the EEC/EU have reflected a fundamental compromise between big and small member states. The continuous enlargements of the EEC and the EU upset this balance; but it was restored by institutional reforms in the treaties of Nice (2000) and Lisbon (2011). The rebalancing retains some of the most important safeguards of small state influence: for example, the intergovernmentalist nature of treaty negotiations, formally if not practically awarding small states the same power as big member states due to the principle of unanimity. However, the attempts to democratize EU politics have shifted power to the European Parliament from the European Commission, which has traditionally been viewed as the guardian of common European interests and the small states' best friend (Bunse, Magnette, and Nicolaïdis 2005). Democratization efforts have been accompanied by an increasing acceptance of intergovernmentalism and informal great power cooperation. For small states, this accentuates the importance of good bilateral relations with big member states and creates a paradox where institutions are formally strengthened at the same time as informal networks become more important in the day-to-day politics of the Union. However, in these day-to-day politics, the relatively modest economic and diplomatic resources of small states limit their ability to navigate and influence an increasingly complex institutional landscape in Europe (Panke and Gurol, 2019). This is particularly true of new member states, which typically lack the necessary experience, competencies and networks to compensate for limited resources.

CONCLUSION

Small states in Europe are privileged. They are typically stronger and more resilient than small states in other parts of the world and benefit from institutional developments and political cultures underpinning influence-seeking. Post-war and post-Cold War reconstructions of Europe and the absence of (hot) great power wars since 1945 have created unique conditions for small states to pursue security, prosperity and influence through regional institutions. However, despite regional institutionalization of both economic and security affairs, small states in Europe remain the weaker parties of asymmetric relationships, restrained by the limited capacity of their political, economic and administrative systems (Baldacchino and Wivel, 2020). In NATO, the United States remains “Europe’s American pacifier” (Joffe, 1984) and agenda-setter, as recently exemplified by the increases in national defence budgets across Europe urged by US President Trump. In the EU, Germany and France continue their “cooperative hegemony” (Pedersen 1998), now with fewer restraints than previously due to the UK’s decision to ‘Brexit’ and opt out of EU membership. Power politics remains, but, for members of NATO and the EU, it is now transmitted and mediated by institutional and diplomatic rules and norms. Institutionalization has not levelled the playing field in Europe, but the game is now played with diplomatic means rather than hard military power.

The rebalancing of power and institutions in Europe challenges the order underpinning small state security, prosperity and influence since the early Cold War. A more fluent and complex institutional order creates both challenges and opportunities for the region’s small states. They are now less likely to be stereotyped as inconsequential actors, but more likely to be excluded from decision-making processes unless they take a proactive stance towards new initiatives and developments. This benefits small states with strong human resource capabilities and effective bureaucracies able to take advantage of the various opportunities for influence-seeking in an institutionalized environment. National administrative procedures and traditions for delegation and communication between national and international parts of the civil service are often decisive for an agility in small state diplomacy and consequently for successfully promoting the national interest (Panke, 2010). Likewise, the ability and willingness to: (1) prioritize means and ends effectively and consistently over time, (2) take on positions as mediator and chair in negotiations, and (3) tap into the dominant discourses of the stronger states, allow small states to act ‘smart’ and use their weakness as a strength and a starting point for influence (Grøn and Wivel, 2011). The current changes in the region may signal the end of the golden era of the small state in Europe as a general phenomenon, but, for individual small states, there remains plenty of room for manoeuvre and influence.

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8. The Nordic states: keeping cool at the top?

Baldur Thorhallsson and Jóna Sólveig Elínardóttir

INTRODUCTION

The Nordic states and territories represent stable, well-functioning democratic societies where the rule of law, human rights and respect for and protection of minorities are guaranteed through established state institutions. They possess a functioning market economy and a high standard of equality, personal freedoms and civil liberties. In fact, the Nordic countries have been described as role models for advanced, post-modern societies, i.e. progressive, activist and egalitarian welfare states (Wivel and Nedergaard, 2018). Although political and demographic developments in the region have resulted in a reformed Nordic welfare model, the Nordics still build their societies on the fundamental principles of statehood (an extensive role for the state and the public sector), universalism, equality and social corporatism (Kuhnle and Alestalo, 2018).

In addition to the five independent Nordic states – Finland, Iceland, Denmark, Sweden and Norway – this chapter will include some discussions about the external affairs of three Nordic subnational island jurisdictions: Greenland, the Faroe Islands and Åland. The former two enjoy autonomous self-rule but are part of the Kingdom of Denmark; Åland has an autonomous status within Finland.

In comparison to the more powerful neighbouring European states, namely Germany, the United Kingdom (UK), Russia and France, all the Nordics can be classified as small states, even though their sizes vary. Their limited population numbers affect other traditional parameters of size, i.e. their military, economic, and administrative capabilities. Their military spending and sophistication, as well as their individual military capabilities in terms of numbers of armed forces personnel, are limited, making it difficult for them to defend their territorial integrity on their own. The size of their diplomatic corps also pales in comparison to their larger European neighbours. Moreover, their domestic market size prevents them from maintaining high GDP per capita on their own, thus making it impossible to build sustainably prosperous societies without external market access (Thorhallsson, 2006).

Accordingly, the Nordics require shelter, or need to form alliances with larger states and join regional and international organizations to protect their political, economic and societal interests. This also holds true for ensuring their ability to wield influence internationally (Thorhallsson and Bailes, 2017). It is within this theoretical framework that our analysis of the Nordic states and entities will be built, taking into account different dimensions of their political, economic and societal vulnerabilities as small states, and the different solutions available for small states seeking to alle-

Table 8.1 *The Nordic states and entities: comparison of key 'size' variables*

	Population*	Territory (km ²)*	GDP per capita (US\$)**	Military capacity	
				Military spending (% of GDP)***	Armed forces personnel****
Sweden	9,995,000	447,435	50,090	1	30,550
Denmark	5,749,000	42,926	50,564	1.2	16,100
Finland	5,503,000	338,430	45,204	1.4	24,200
Norway	5,258,000	323,781	61,039	1.6	23,950
Iceland	338,000	103,492	53,817	–	–
Greenland	56,000	2,166,086	37,600	–	–
Faroe Islands	50,000	1,396	40,000	–	–
Åland	29,000	1,581	38,200	–	–

Notes:

* (Nordisk Ministerråd, 2017)

** (CIA, 2018a, 2018b; OECD, 2018a)

*** (SIPRI, 2018)

**** (World Bank, 2018)

viate, contain or usurp these (Thorhallsson, 2011, 2012; Thorhallsson and Bailes, 2017). Table 8.1 provides a glimpse of the size of the Nordic states and territories.

The Nordic region is an important economic actor, comprising the twelfth largest economy in the world. Moreover, the Nordic population is growing faster than the EU average; the Nordic labour market is known for its high levels of unionization, compressed wage structures, high female employment rates and low share of unskilled jobs; and the famous Nordic welfare system has proved resilient in times of both economic boom and crisis (Nordisk Ministerråd, 2018b). Furthermore, the Nordic states are renowned for their active engagement in international affairs, especially within the United Nations (UN), and for having developed extensive regional collaboration over the decades, e.g. through the Nordic Council and the Nordic Council of Ministers. This collaboration has moreover served the countries well when acting within international organizations, such as the European Union (EU). Even though the countries do not always take the same stance on matters within the EU, they are accustomed to sharing information (Rüse, 2015). Historically, however, the Nordic states have been reluctant to take part in the European integration process, though they are all highly engaged in it.

In spite of their successes, the Nordic states face a number of domestic and external challenges. First, the Nordics cannot escape feeling the looming threat of an increasingly aggressive Russian neighbour. This threat has been met with increased collaboration with NATO, the United States (US) and amongst themselves, and increased spending in the field of security and defence. Secondly, the Nordics are all affected by Brexit, although the level and the nature of the negative effects differ. While some rely more heavily than others on trade with the UK, all of them have a vested interest in a well-functioning and economically stable EU. Thirdly, taking into account the fact that small states benefit from international stability and

are completely reliant on widespread respect for international laws and norms, the multifaceted international instability caused by the US presidency of Donald Trump has negative effects on the Nordic states. Fourthly, the ongoing migration crisis in Europe has had political, societal and financial effects, witnessed in the rise of populist parties, more restrictive migration and border policies, and ongoing changes and adaptations to Nordic welfare policies in order to ensure the sustainability of the signature welfare model. Finally, the openness of the Nordic markets has made them vulnerable to the fluctuating international economy and they are regularly faced with deep economic downturns. Moreover, they have to find a delicate balance between keeping their export industries internationally competitive and maintaining their high public spending on the welfare state.

This chapter will next delve into the Nordic model and other more specific domestic affairs covering economic and migration policies and the latest political development in the Nordic states. It will then examine the Nordic states' external affairs, i.e. foreign policy, security and defence, as well as giving an account of the position of the Nordic countries, as small states, vis-à-vis today's most powerful states acting in the region. A conclusion offers an overview of coping strategies.

DOMESTIC AFFAIRS

The Nordic region has a long history of being conceptualized as such, i.e. as a region, or a region within a region within Europe. It builds on a strong heritage and common Nordic identity that has developed over centuries, resulting in what has been termed the Nordic model. The Nordic countries are top performers according to numerous metrics of national performance and the well-being of their citizens such as happiness, life expectancy, education, and environmental activism – and their well-being is grounded on welfare systems that, in the twentieth century, supported the move towards unparalleled social equality (in broad terms), social coherence and support for redistribution (Kuhnle and Alestalo, 2018). Nevertheless, the Nordic states face a number of challenges in their attempt to adjust the Nordic model to changing domestic and external circumstances.

The Nordic Model

What has characterized the Nordic countries is the overall willingness of their electorates to pay a large proportion of their earnings to shared funds. This willingness is based on the universal character of the welfare systems in these states, which means that most of the population reap benefits from the system. The Nordic welfare system is grounded on this social contract; that is, as a contributor to the system, one has the same right to benefit from it, regardless of one's earnings (Kuhnle and Alestalo, 2018).

This unique system came about under unique circumstances where the labour movement in the countries was just powerful enough to have an effect on social

developments, without taking over, i.e. it brought about cross-class coalitions, which meant that the Nordic middle class would also benefit from the system (Jensen and Kersbergen, 2018, pp. 70–71). Moreover, the state was just strong enough to be able to carry out its welfare policies, albeit through continued consultations with unions and employer associations. This meant that while the state apparatus was incorrupt and professional, it also left a lot of power to the labour market partners, in terms of developing and administering the labour market and even welfare programme policies. This has been described as a “strange mix of state interventionism in some areas and laissez-faire in others” (Jensen and Kersbergen, 2018, p. 71), better known as social corporatism or Scandinavian corporatism, which also allowed these small economies to adjust well to developments in the international economy (Katzenstein, 1985).

In recent decades, Nordic political culture has been changing. Political reform policies have been met with opposition from the social partners thus creating a distance between the politicians and policy-makers and the social partners during the policy-making process. Nevertheless, interest groups still enjoy privileged access to the Nordic countries’ administrations. The decision-making processes, from policy to legislation to implementation, are still characterized as being consensual (Christiansen, 2018). This consensual culture is further strengthened by the fact that Nordic states have a multi-party system where coalition governments are the norm, creating a fertile ground for a culture of negotiation with minority parties and political compromise (Kuhnle and Alestalo, 2018).

Another important factor in the development of the Nordic model was the low unemployment rates following the first 20 years after the Second World War, which came at the same time as women in the Nordic countries started entering the labour force en masse. This allowed for the establishment of strong sectors of eldercare and childcare, operated mostly by female workers, which would make it almost impossible to reverse that development when economic turmoil hit the countries (Jensen and Kersbergen, 2018).

The Nordic countries have a strong reputation for equality between sexes and classes as well as low income disparities. Moreover, the states seek to provide housing to all their citizens, through collaboration with key players in society, i.e. the national government, local governments/municipalities and private actors, as well as introducing different types of subsidies and housing support to help ensure general access to housing (Lujanen, 2005).

The Nordic administrative model is based on rule-of-law culture, transparency and accessibility. It builds on five common values, i.e. neutral professionalism grounded in expert knowledge, coupled with political loyalty based on majority rule and the parliamentary principle of governance; the so-called *Rechtsstaat* values, such as impartiality, neutrality, fairness, predictability, due processes and rule of law; evidence-based policy-making; responsiveness and inclusiveness; and financial and administrative efficiency (Lægneid, 2018). In fact, efficiency, professionalism and adaptability are key to small states’ ability to function, especially internationally. Furthermore, the Nordics enjoy high levels of social capital: they

display both a higher level of social trust than the largest European countries (UK, Spain, Germany, Italy, France, Russia and Poland) as well as high civic engagement (Andersen and Dinesen, 2018).

However, everywhere in the region, except in Iceland, income inequality has trended upwards, although it is necessary to view this in the context of very high initial redistribution, rising demands for economic efficiency as well as looming demographic and social changes that will require further adjustment (Egholt Søgaaard, 2018). According to a recent study by Bergh (2016, p. 202), the Nordic countries have “become more similar to the OECD countries when it comes to expenditure on cash transfers, but they have actually become more different in spending on welfare services. Welfare services have thus become an increasingly important characteristic of the Nordic welfare states”. Bergh moreover notes that “[w]elfare services are also an important mechanism by which the welfare states affects the income distribution and promotes equality more generally” (2016, p. 6). It is, however, clear that the Nordic welfare model will need to adjust further in response to demographic changes and migration in order to remain sustainable (Brochmann, 2018).

Middle-class support for the welfare state system is essential for its survival, making it important that its universal characteristics remain in place. However, immigration flows put the universal character of the system under strain, both financially as well as politically, especially since “[...] a huge gap remains between migrant and native employment rates. This has opened up a Pandora’s box of political debate around issues of reciprocity and deservingness” (Jensen and Kersbergen, 2018, p. 77). At the same time, as societies get richer, as is the case in the Nordic countries, citizens’ demands for and on welfare services increase, which in turn leads to increased cost (Bergh, 2016). This typically means higher taxes, which for the Nordic countries, with comparatively high taxes, is likely to be met with political opposition (Jensen and Kersbergen, 2018). The application of a mixed method of increasing taxes, as well as allowing for a so-called *topping up strategy* (adding private financing on top of a publicly financed welfare service) and even a *paying twice strategy* (buying private insurance arrangements on the market for privately provided welfare services) is therefore likely to be increasingly applied in one form or another. The latter two strategies, i.e. facilitating topping up and paying twice strategies, may however lead to increased inequality of access to welfare services on the one hand and risking political support for the welfare state on the other (Bergh, 2016).

In sum, the Nordic welfare system will need to continue adapting to societal changes, stemming from internal demographic developments and the challenges brought on by conflicts and economic troubles in other parts of the world. In the short term, the Nordics will need to apply their renowned skills for adaptation and flexibility, such as investing heavily in the education system and collaborating effectively with the labour market partners in retraining the unemployed, thus adjusting them to the needs of the labour market. Moreover, in the longer term, mixing other, more controversial measures such as the ones mentioned above, with the more traditional methods, may be increasingly needed in order to secure the sustainability of the Nordic model.

Economic Policy and Crises

From a macro-regional perspective, the Nordics are considered to constitute a very economically coherent region. Their economic growth numbers have been reasonable – despite economic difficulties at times – their R&D expenditure is stable and the region is considered an attractive destination for foreign investment, accounting for 7 per cent of Europe's total FDI inflows (Nordisk Ministerråd, 2018c).

The Nordics are marked by their small internal market size. This has led to their participation in the EU's internal market and adoption of its four freedoms (free movement of goods, capital, services and labour). Their participation in the European project nevertheless differs greatly, as discussed below. They are known for the way in which they have been able not only to meet the challenges that come with globalization and increased international competition but to turn them to their advantage (Grøn and Wivel, 2018). Yet, these have not been easy lessons to learn. The Nordic countries have had to undergo tough reforms in recent decades, following harsh recessions and economic crises, more often than not brought about by external developments. A common Nordic feature is that, while all adopted different sets of measures, all Nordic states introduced major reform programmes – most notably in the field of pensions – and fiscal consolidation to overcome their economic crisis and underpin the resilience of the welfare state in the long run. Moreover, their ability to act decisively, promptly and with a broad social consensus has enabled them to restore international credibility and trust relatively quickly. This, in turn, has had positive effects on and strengthened their national economies (Bergman, Jensen, and Thøgersen, 2018). This ability relates directly to their small size. In fact, the Nordic states have all been forced to develop and nurture adaptability and flexibility in their economic systems and administrations. In a way, they have been able to turn weakness, which comes with their small size, into a necessary strength, thus enabling them to run economically prosperous welfare states (Thorhallsson, 2015).

Immigration and Migration Crises

Immigration is not new to the Nordic countries, which have a long tradition of intra-Nordic immigration. This tradition was formalized in 1952 with the Nordic passport union, allowing any citizen of a Nordic country to reside in any other Nordic country. Immigration from non-OECD countries, however, did not become pronounced in the region until after the start of the twenty-first century (Karlsdóttir et al., 2018). The huge influx of asylum seekers and refugees from war-torn countries as well as from poorer countries outside the OECD, notably since 2015, has increased support for populist anti-immigration and anti-multicultural parties and led to more restrictive immigration policies (Brochmann, 2018). Moreover, populist parties in Finland, Denmark and Norway have developed from generally marginalized actors into accepted political players with real political sway and the capacity to influence policy (Jungar, 2018).

Sweden, Denmark and Norway have traditionally been known for liberal, “humanitarian” approaches to immigration, focusing on multiculturalism and integration. In fact, Sweden has been labelled as the “leading immigrant state in the region in terms of seniority, scope and policy making” (Brochmann, 2018, p. 230). Denmark and Norway followed Sweden until the 1980s, when they chose different and more restrictive paths, accepting fewer immigrants, although – as in Sweden – once immigrants were ‘in’, they enjoyed treatment equal to that of other citizens (Brochmann, 2018, pp. 230–231).

Finland and Iceland differ from their Nordic partners in this field. They were net emigration countries until the 1980s and 1990s respectively. At the turn of the century, Finland would follow closely in Sweden’s liberal steps with regards to policy. Iceland, however, which had very few immigrants, resembles Denmark more than Sweden in this regard. Unlike its Nordic partners, immigration has not become a major political issue in Iceland. However, both Finland and Iceland have experienced changes in the flow of immigrants to their countries since the beginning of the European migration crisis. This may affect political developments at home and thus policies in the near future (Brochmann, 2018; MPI, 2018).

The small size of the Nordic states, their populations and economies, makes them more vulnerable, economically and socio-politically, to international developments. The ongoing refugee crisis has put extreme pressure on public finances at the central, regional and municipal levels; in Sweden, there was a doubling in the amount of asylum applications, from around 81,000 in 2014 to 160,000 in 2015, before falling back to around 30,000 annually in 2016 and 2017. This mirrors a move towards a more restrictive approach to immigration (Bergman, Jensen, and Thøgersen, 2018; Brochmann, 2018; MPI, 2018). Although the numbers were much less pronounced in the other Nordic states, they all saw an increase during 2014–16: Iceland took the lead in 2016 with 3.4 asylum seekers per 1,000 native citizens, having gone from receiving just 45 asylum applications in 2010 to receiving 1,085 in 2017.

The heavy flows of migrants to the region have put a lot of pressure on the countries’ traditional political parties; voting patterns suggest that an increasingly large part of the Nordic electorate opts for parties that emphasize stricter immigration rules in their political agendas (Önnudóttir and Hardarson, 2017). Nevertheless, according to a study by Önnudóttir and Hardarson (2017), the attitudes towards immigrants remained relatively stable between 2002 and 2014. The Nordic countries have been generally more positive towards immigration than their European neighbours (ESS, 2018). So, immigration is becoming increasingly important on the political agenda, there has been a move away from the traditionally more open border policies (Brochmann, 2018; Kuhnle and Alestalo, 2018), and there has been a rise in support for anti-immigration parties; nevertheless, the Nordic public remains overall relatively well disposed towards immigration and immigrants.

Populism “has been a long-standing political current in the Scandinavian political systems and goes against common perceptions of populism as short-lived, personalized and weakly institutionalized political forces” (Jungar, 2018, p. 157). Populist parties have maintained a presence in all Nordic countries since the 1950s, except

in Sweden and Iceland where their development is much more recent. Throughout the decades, these parties have mobilized public support in different policy niches at different times, ranging from anti-establishment, anti-tax issues and anti-EU policies to anti-immigration/anti-multiculturalism (Hansen and Kosiara-Pedersen, 2018; Jungar, 2018). Today, these populist parties have been accepted by the traditional political parties as real political players (with the exception of Sweden) in line with the universal consensus seeking policy-making framework in the region. The Progressive Party in Norway is in government for the second consecutive term, after having supported centre-right governments twice between 1997 and 2005 and having gained 15.2 per cent of the vote in 2015 (Milne, 2017). A fragment from the anti-immigration/anti-multiculturalism and anti-EU/anti-establishment Finns Party (which received 17.7 per cent of the votes in 2015), Blue Reform, continues to work in the Finnish coalition government that was formed in 2015 (NEOnline, 2017). The Danish People's Party, which has been running on a similar ticket, has provided parliamentary support to the government four times over the last six government terms and in the 2015 parliamentary election, it became the second largest party in Denmark with 21.1 per cent of the votes (BBC, 2015). The Sweden Democrats won 17.5 per cent of the votes in 2018. Having been treated as a pariah since their first parliamentary success in 2010, the party has been actively working towards becoming a legitimate party with government credibility, expelling openly racist and neo-Nazi members (Jungar, 2018). Interestingly, the parties that were traditionally more right leaning in terms of economic issues, especially in Denmark and Norway, seem to be gaining increased support from adopting left of centre/centrist and welfarist socio-economic policies (Hansen and Kosiara-Pedersen, 2018; Jungar, 2018). This also holds true in Iceland where it is mirrored in the People's Party (which received 6.9 per cent of the votes in 2017): it boasts a strong focus on increased public spending on welfare, as well as strong anti-establishment/anti-EU and anti-immigration views (Flokkur fólksins, 2017).

EXTERNAL AFFAIRS

The Nordic states share many foreign policy objectives and work closely together within the UN and other international organizations. Moreover, formal Nordic cooperation has a long tradition and constitutes one of the most advanced and integrated regional collaborations in the world today. The cooperation is founded on strong political, financial and cultural roots originating in nineteenth-century Scandinavianism, a Nordic movement paralleling the nationalist movements in Europe at the time. Consequently, the Nordic peoples started organizing and working together through various grassroots organizations and partnerships, e.g. in the Nordic Association of Civil Associations ('Foreningen Norden'), which was established in 1919. Nevertheless, the states have developed a culture of being united in diversity when it comes to foreign affairs, as well as security and defence. When it comes to type and size of shelter to secure their vital national political, economic and societal

interests, their needs have differed, resulting in a scattered image when it comes to the nature and level of international engagement.

Nordic Cooperation

The Nordic countries have developed vibrant cooperation in many public policy fields, the collaboration being strongest in the fields of social, education and labour market policies. They also collaborate closely in areas such as passport issues, citizenship and national registration, legal and tax issues, culture and research. Moreover, collaborations between civil society, trade unions and employers' associations have developed and are mirrored in such institutions as the Council of Nordic Trade Unions (NFS) and regular meetings of representatives of the Nordic Employers' Associations.

The Nordic countries have traditionally been unable or unwilling to cooperate in high-political policy areas, such as traditional (economic) foreign policy and security and defence. However, the widening of what constitutes international high-political foreign policy areas has created new cooperation opportunities for the Nordic states. This is not lost on the Nordic leaders who have launched a three-year initiative on the Prime-Ministerial level called *Nordic Solutions to Global Challenges* (Nordisk Ministerråd, 2018a).

Nordic political cooperation has a formal (institutionalized) dimension as well as an informal dimension, both of which include cooperation among ministers, parliamentarians and civil servants. The work takes place within the framework of the Nordic Council, the parliamentarians' forum for cooperation, established in 1952, and in the framework of the Nordic Council of Ministers, the governmental forum established in 1971. The role of the Nordic Council, which consists of 87 members elected by their respective parliaments, is to take initiatives and advise Nordic ministers, as well as to oversee the respective governments' implementation of decisions on Nordic cooperation. Decisions within the Council are determined by unanimity among member countries. The three Nordic subnational jurisdictions are associate members of the Nordic Council.

The Nordic states also collaborate extensively, albeit on an informal footing, on the high-political issues not covered by the Nordic Council format, i.e. on foreign policy, hard security and defence, as well as on development cooperation in what has been called the N5 format. Moreover, the Nordic countries' embassies and representations have developed a comprehensive informal and practical cooperation, a good example of the latter being the joint Nordic embassies in Berlin (Germany) and the Nordic House in Yangon (Myanmar). The Nordic states also benefit from Nordic cooperation in other regional and international fora, most notably in their work within the EU and UN. A good example of their UN collaboration is the decades-long tradition of rotation between the Nordic states when it comes to running for an elected seat on the UN Security Council (UNSC). In addition, they often collaborate on campaigns for official roles and responsibilities within different UN bodies, as well as developing

and adopting, when possible, common Nordic positions on different issues of international importance (Jakobsen, 2018; Utanrikisráðuneytið, 2018).

Since the end of the Cold War, the Nordics have also developed a close relationship with the three Baltic States, Estonia, Latvia and Lithuania, in both a formal and informal NB8 setting. The eight Ministers of Foreign Affairs meet twice a year, once under the NB8 setting but also once with the Visegrad states, i.e. Poland, Slovakia, Czech Republic and Hungary (NB8-V4).

Not So Special Any More

Except for Iceland (until recently), the Nordic states have a history of being active in development, peacekeeping and peacebuilding missions all over the world through their UN membership. Their active participation in these fields, which builds on what has been termed the *Nordic UN model*, has helped these states build their *Nordic* brand internationally and lead by example (Jakobsen, 2006, 2018). For instance, Denmark, Norway and Sweden have been among the OECD countries with the highest relative aid disbursements since the 1960s (Olesen, 2018).

Whereas their image building was almost solely confined to the UN until the end of the Cold War, Nordic states have started to use other media, in addition to their UN activities, to build up their identity. According to Jakobsen (2018) the Nordic states' foreign policies are not that unique anymore when it comes to peacekeeping and peacebuilding and their contributions to the UN in this field have been significantly reduced as they now spend more attention and resources on conflict management embedded in other organizations, such as the EU and NATO (Jakobsen, 2018). This shows the way in which the Nordics, as small states, adapt to the international environment in order to safeguard their interests and sovereignty in the world. That is to say that when international circumstances change, small states are required to adapt to those changes in order to protect vital national interests. This was part of their tactic during the Cold War, where they abstained from taking a position on matters of conflict between the US and the Soviet Union in the UN (Jakobsen, 2018), as well as today where they have a vested interest in siding with the Western military powers within NATO, on whom they depend for military shelter. This is also true for the non-aligned countries, Sweden and Finland, who have developed extensive collaboration with NATO, the US and their Western allies (Creutz forthcoming; Economist, 2017; NATO, 2018a, 2018b).

Interestingly, the Nordic states have all emphasized close cooperation with Russia and China, despite their differences with these powers. China has showed an increased interest in developing bilateral and multilateral relations with the Nordic countries in recent years (Gudjonsson and Nielsson, 2017). This allows China to project its identity as a "near-Arctic state", in an effort to secure its possible future interests in the region (Hong, 2014). Moreover, this has been positively received by the Nordic states who all expressed support for China's application for permanent observer status on the Arctic Council (Jakobson and Peng, 2012, p. 13). Development of Sino-Nordic relations are also mirrored in reciprocal visits by state leaders, where

the Arctic and the Chinese Belt and Road Initiative are among key topics of discussion (e.g. Jing, 2017).

The Nordics have made sure that they nurture good bilateral relations with Russia, despite increased Russian military activity in the North Atlantic and near the Norwegian–Russian border. For instance, close cooperation in the Arctic Council, the main intergovernmental forum for cooperation, coordination and interaction among the Arctic states and communities, has not been interrupted by Nordic participation in the Western restrictive measures against Russia (both regarding Ukraine and the Salisbury nerve agent attack) and Russian counter-sanctions on them.

Security Policy

Collaborating on security and defence has always been a challenge for the Nordic countries, not least because of their very different geopolitical concerns, as well as different history, economic means and prioritization. Nevertheless, since the Russian annexation of Crimea, as well as increased international interest in the Arctic, there has been some revival of interest in closer collaboration through the Nordic Defence Cooperation (NORDEFECO).

Three of the Nordic states, Denmark, Norway and Iceland, are founding members of NATO and have adopted an ‘Atlanticist’ approach in their geopolitics; whereas Finland and Sweden have, to this day, decided to remain outside the Alliance and, arguably, maintain their foreign policy principle of “non-alignment in peacetime and neutrality in war” (Gebhard, 2018). Nevertheless, the two ‘non-aligned’ states have developed a close collaboration with NATO and the US since the end of the Cold War, beginning with entering into NATO’s Partnership for Peace in 1994 and only three years later their membership in the Euro-Atlantic Partnership Council (Creutz, forthcoming; NATO, 2018a, 2018b). There have been considerable discussions in the states about the possibility to join NATO, especially in Sweden where the right-of-centre parties are pro-NATO. This is, however, unlikely to materialize since public opinion still remains set against the idea in both countries, although there are some signs of change in public opinion becoming more pro-NATO in Sweden (Salonius-Pasternak, 2018). There is consensus amongst security experts that, if Sweden were to join NATO, Finland would swiftly follow; but, for that to happen, the leading Swedish political party, the Social Democratic Party, would have to abandon its policy of neutrality (Institute of International Affairs, 2018).

Since the end of the Cold War, Denmark has shifted from mainly focusing on its contributions to UN peacekeeping missions towards a more militaristic foreign policy, which also reflects the growing importance of the DK–US relationship (Wivel, Mariager, and Mortensen, 2018). The relationship is also firmly grounded on the common interests that the two states share when it comes to geo-strategically important Greenland: the US-run Thule Air Base in Greenland hosts a forward early-warning radar system and a satellite communication centre (Bailes, Herolf, and Sundelius, 2006).

Similarly, Iceland has historically nurtured a strong bilateral relationship with the US, with which it has had a bilateral defence agreement since 1951 (Bailes and Thorhallsson, 2006). The US also remains Norway's closest ally and is substantially increasing its presence of military forces on its soil (Haugevik and Sending, forthcoming). Importantly, Finland and Sweden are strengthening their ties with Washington. For instance, in May 2018 they signed a trilateral statement of intent, to deepen defence cooperation (Creutz, forthcoming). Moreover, the NATO Nordics have increased their security and defence spending in line with US and NATO demands (Gronholt-Pedersen and Skydsgaard, 2016; Long, 2018; RÚV, 2017).

In recent years all five Nordic states have voiced an interest in furthering their cooperation in NORDEFECO, although to different degrees (Gebhard, 2018). There are several reasons for this revived interest, ranging from strategic necessity, to geo-political and economic factors. Created in 2009, NORDEFECO is a comprehensive institutional framework for cooperation in the field of security and defence. It is the result of developments in the global security environment, especially pragmatic, economic reasons, in terms of balancing the increased costs of defence technology and maintaining a functioning military force. However, the increased international strategic interest in the Nordic region, notably in the US during Obama's presidency, has also supported the revived interest among Nordic authorities (Harris, 2016). Moreover, the much firmer tone being sent from the Trump administration, chastising the low levels of military spending in the countries that enjoy the US's military shelter, may have strengthened the revived interest in the Nordics states of pooling resources and working together.

There is also reason to believe that a more aggressive Russia has pushed the Nordic states in this direction. Since small states rely on great powers respecting international laws and norms, the Russian annexation of Crimea, and the continued conflict in eastern Ukraine, is perceived as a serious threat to the Nordic countries' sovereignty. This is reinforced by Russian provocations in the region, the Zapad-17 military exercise in September 2017 being the most pronounced and serious example (Economist, 2017), as well as the significantly increased Russian submarine traffic in North Atlantic waters and the Arctic, which has reached new heights since the end of the Cold War (Woody, 2018a, 2018b). Yet another perceived threat is the continued airspace violations and jet scrambles by Russian fighter jets in the region (Nardelli and Arnett, 2015), as well as a recent chemical weapons attack in Salisbury, UK, in March 2018. All this supports worries of a more aggressive and assertive Russia, at a time when the US seems to be less willing to lend a helping hand (Rogin, 2018; Woody, 2018c).

European Integration

The small size of the Nordic market has made them dependent on the much larger European market. Nonetheless, the relationship between the Nordics and the EU is complicated (Grøn and Wivel, 2018). They are all highly involved and integrated into the EU, albeit to differing degrees, and in some cases to such an extent that the

Nordics who have chosen to stay outside of the EU are even more integrated in some policy areas than other EU members.

Both Norway and Iceland have chosen not to enter fully into the EU, but enjoy access to the internal market through the European Economic Area (EEA). The European Free Trade Area (EFTA) manages the functioning of the EEA and conducts many free trade agreements on behalf of its members (Norway, Iceland, Liechtenstein and Switzerland). Denmark (excluding the Faroe Islands and Greenland), Sweden, and Finland (including Åland, albeit with opt-outs) are EU members; but only Finland has adopted the euro. Sweden and Denmark both have their own national currencies. Whereas Denmark opted for a fixed exchange rate through the ERM II in 1999, Sweden runs an independent monetary policy with a floating krona (European Commission, 2018). Greenland departed from the EU in 1986, after having been obliged to join it as part of Denmark in 1973, and the Faroe Islands has never been a member. After the financial crisis hit Iceland in 2008, Iceland applied for EU membership but as the economy was quick to pick up on the island, almost at the same time as the euro crisis reached the EU, interest in the matter dwindled. With a new government in 2013, the accession negotiations were put on hold.

Since 1993, Denmark has formal opt-outs from the Euro, EU defence cooperation and Justice and Home Affairs (JHA) (European Commission, 2018), whereas Norway has attempted to strengthen its collaboration with the EU on JHA, security and defence. Moreover, the ‘non-aligned’ states, Finland and Sweden, have participated fully in the development of the Common Security and Defence Policy (CSDP) of the EU, making no reservations with regards to the solidarity clause, which has been compared to Article 5 of the NATO treaty, to which the two states are not party. All five Nordic states are, however, members of Schengen. In general, the Nordic states and entities have been suspicious of the supranational character of the EU, as they seek to safeguard their ‘way of life’ and protect their fisheries and agrarian sectors (Neumann, 2001; Rebhan, 2016).

The fact remains that the Nordic economies are burdened by the challenges that follow their smallness; they are sensitive to developments in the international arena, which has led to their participation in the EU internal market. At the same time, the specific nature of their national economies, such as the status of key export industries, as well as different geopolitical and socio-historical factors have led them to choose different types of shelter provided by larger states and international organizations, as shown in Table 8.2.

The three NATO Nordics also share strong ties with the UK, and their trade relationship is currently under threat from the UK’s decision to leave the EU. The UK is Norway’s top export destination with 19 per cent of its exports going there (followed by Germany with 14 per cent); and it ranks second and third for Iceland (12 per cent) and Denmark (7 per cent) respectively. This puts considerable strain on the foreign services in these countries which have had to adapt and prioritize accordingly within their administration in order to ensure their countries’ business interests after Brexit. Meanwhile, since 1999 Norway has emphasized building a special relationship with Germany (Haugevik, 2017), referring to it as its “most important partner in Europe”

Table 8.2 Present economic, political and societal shelter of the Nordic states and entities

	Shelter Type	Economy	Political	Societal
Sweden		EU	EU	EU/NC
Denmark		EU	EU/NATO	EU/NC
Finland		EU	EU	EU/NC
Norway		EEA/EFTA	NATO/Schengen	EEA/NC
Iceland		EEA/EFTA	NATO/US/Schengen	EEA/NC
Greenland		DK	DK/US/NATO	DK/NC
Faroe Islands		DK	DK/NATO	DK/NC
Åland Islands		EU/FI	FI/SE/EU	FI/SE/EU/ NC

Notes: NC: Nordic cooperation; DK: Danish Kingdom; FI: Finland; SE: Sweden.

(Regjeringen, 2014), thus indicating its emphasis on participation in the European project and the increased weight of Germany in Norwegian foreign policy.

CONCLUSION: KEEPING COOL AT THE TOP

The Nordic model has been kept intact despite considerable domestic and external challenges. The Nordic states also continue to run their distinctive foreign policy and remain united in diversity when it comes to NATO and EU engagements. At the same time, they have shown adaptability and found a delicate balance in relation to: their competitive export oriented economy and costly social policies; domestic uproar in relation to an increased number of asylum seekers and refugees and inclusion of anti-immigration parties in governmental decision-making; and closer security and defence engagements with NATO, the US, and the EU, as well as close bilateral relations with Russia and China.

Challenges posed by external events, such as Brexit, Russian aggression and an unpredictable ally (the United States) are being met with closer Nordic collaboration on high political issues. Policy responses to such challenges are driven by a deep and intimate understanding of their position as small states, susceptible to the fluctuating international economy, external aggression and a fractional world order. They seek either informal or formal political, economic and societal shelter provided by their closest allies (the US, the EU and NATO), while simultaneously building bridges to other leading world powers (Russia and China) and continuing their long-term policy objective of stabilizing the world through active UN engagement. The Nordic states meet unpredictable world leaders with caution but their long-time consensus-seeking behaviour at home and abroad during the Cold War taught them not to overreach in crisis situations but rather to adopt a cautious and flexible approach. They keep cool at home and abroad. This is precisely how they dealt with challenges to their domestic order and the international world order in the past and how they are dealing with them at present.

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9. The non-identical Mediterranean island states: Cyprus and Malta

Roderick Pace

INTRODUCTION

Cyprus and Malta are respectively the third smallest and smallest member states of the European Union (EU) by population. Both are former British colonies, geographically located in the Mediterranean region, at the southernmost edge of the Union's maritime boundaries. Both joined the EU in 2004 and the European Monetary Union (EMU) in 2008. For this reason, it is tempting to mistake them for identical twins. The two islands have also had different colonial experiences (Holland, 2014). This difference accounts in part for the diverse paths which their political and economic development have followed since independence.

Small island states have small domestic markets which thwart economies of scale. For this reason, they have a stronger reliance on trade than large states, which in turn makes them more open to global economic influences. Their economic openness is often intensified due to export commodity specialization and the volatility of prices on world markets. They have an obvious direct interest in the maritime sector and many of them develop activities that are conveniently gathered under the heading of 'blue economy'. For their security, they tend towards external dependence on a stronger regional or global power. On the domestic side, they have a small society, where particularism (i.e. relations based on friendship or kinship) eclipses universalism. They are more likely to be overlooked in world politics and by the international media unless something sensational occurs.

The Mediterranean regional context plays a crucial role in shaping Cypriot and Maltese societies. Its shores belong to three continents. Three of the world's most influential monotheistic religions – Judaism, Christianity and Islam – and their respective denominations and sub-cultures – meet, and at times collide, in this region and its hinterland. Out of the hundreds of inhabited Mediterranean isles, some bigger in population and/or land mass, only Cyprus and Malta have achieved sovereignty, after long periods of colonial rule. During their quest for independence, violent in Cyprus, peaceful in Malta, Britain (as the colonial power) at first attempted to hold on to both territories by a policy of *divide et impera*, which left its indelible mark on the islands' post-colonial domestic politics. But this was more devastating in the case of Cyprus where its two main ethnic communities, in spite of having shared a common history for centuries (though not always bereft of conflict), became strongly divided but were later expected to work together under a finely tuned constitution, requiring the greatest degree of consociation between them.

The economic performance of the two island states shows that they have an enormous capacity for bouncing back after hard times. Cyprus did so after the 1974 partition of the island and the 2012–13 financial crisis. Malta survived huge economic challenges in its modern history as well, such as the damage caused by the Second World War, and the loss of rentier income from British spending after the 1979 closure of UK military bases on its territory. Both states have shown an economic resilience to adverse conditions, but their political resilience is much weaker. Resilience, however defined, is cultivated or eroded by the policies which small states adopt at home and in international affairs. Resilience helps such small states to resist adverse shock and rebound – but, often, only as long as most other states in the international system are pulling in the same direction.

After reviewing some basic features of their physical, social and political characteristics, this chapter fans out in different directions to assess the two islands' experience from four interconnected angles: their domestic characteristics, international alignments, policy-making, and the challenges they face and the outcomes of their decisions. It then dwells on their respective EU membership experiences. The narrative takes on a small state perspective by reference to what we hypothesize about the general behaviour of small states and what actually happens on the ground.

DOMESTIC CHARACTERISTICS OF CYPRUS AND MALTA

Physical Size and Geographic Location

Cyprus and Malta are dissimilar in size, population and economic heft (see Table 9.1).

Malta consists of three inhabited isles: Malta where the capital, Valletta, and the main seaports and only airport are located; Gozo whose population is around 7.3 per cent of the total population of the Maltese islands; and Comino, which is inhabited by only three residents and many day tourists (NSO, 2017).

Cyprus, a single island, is divided into four zones: (1) the British Sovereign Base Areas (SBA) of Akrotiri and Dhekelia, which cover an area of 254 km²; (2) a 180 km-long buffer zone dividing the island, including its capital Nicosia, controlled by the United Nations, with an area of 346 km²; (3) the northern part of the island, the 'Turkish Republic of Northern Cyprus' (TRNC) proclaimed in 1983 and recognized only by Turkey, which covers 3,355 km² or 35.2 per cent of the island's territory; and (4) the remaining 59 per cent of the territory, which is controlled by the Republic of Cyprus (Drevet and Theophanous, 2012). Greek Cypriots make up an estimated 74.6 per cent of the island's population; Turkish Cypriots number 9.7 per cent and foreign residents 15.7 per cent. The latter include many Turkish settlers coming from the mainland (Republic of Cyprus, 2018).

Geographic location is relevant to a small state's economic development, along with good governance, human resources, factor endowments and policies to mitigate the costs of remoteness (Henderson, Shalizi, and Venables, 2000). Cyprus and Malta are both blessed by being close to large markets and are not marooned somewhere

Table 9.1 Cyprus and Malta: comparison of key 'size' variables

	Population	Territory (km ²)	GDP per capita (US\$, 2017)	GDP (Purchasing Power Parity) (US\$), 2017
Cyprus	1,180,000	9,240	25,235	31.19 billion
Malta	425,000	316	26,950	18.53 billion

distant from economic centres of activity as is the case with many small island development states (SIDS) in the Pacific.

Historic Background

Historic events shape countries differently. For many centuries, up to the fall of Constantinople and the end of the Byzantine Empire and after, Cyprus formed part of the Hellenic world. In 1571, it was incorporated into the Ottoman Empire (Kyrris, 1996). In sharp contrast, six years earlier, Malta had repulsed an Ottoman siege and avoided a similar fate.

Religion has played a crucial role in moulding the different cultures of the two island states. Both Cyprus and Malta trace their Christian faith to the Apostle Paul, who deliberately went to Cyprus accompanied by St Barnabas, a Cypriot native of Salamis, but only visited Malta fortuitously when he was shipwrecked there on his way to Rome from Crete. However, the religious paths of the islanders eventually diverged. When Cyprus fell to the Ottomans, the Orthodox Church finally gained pre-eminence over the Roman Catholic Church whose supremacy had been aggressively promoted by the Venetians while they occupied the island (Hackett, 1901). Meanwhile, Malta became entrenched in the Catholic world during the 270-year rule of the Knights Hospitaller of St John of Jerusalem and was thus integrated in the southern European, western Mediterranean system while Cyprus was linked to the Near East and the Balkans. In different ways, the Maltese Roman Catholic Church and the Cypriot Greek Orthodox Church played significant political roles in safeguarding the identity and representing their respective communities in the eras of external domination.

Cypriot and Maltese nationalism differ somewhat, for this reason. Maltese nationalism was influenced by the Western European experience and particularly the Italian *Risorgimento* and the reunification of Italy, completed in 1871. Under British rule, Malta also saw its institutions gradually evolve towards democracy, beginning first with the establishment of a free press (1839), the establishment of a Chamber of Commerce and Enterprise in 1848, the first trade union set up in 1885 (Baldacchino, 2009), and the emergence of competing political parties, a national legislative assembly and a self-governing constitution in 1921 (Carammia and Pace, 2015; Frendo 1979, 1993). Up to the start of the Second World War, independence from Britain would have signified unification with Italy, based on a strain of *irredentismo* rooted in the historic fact that the Maltese islands once formed part of the Kingdom

of Naples (Frendo, 1979, 1993). After the war, it metamorphosed into complete independence from Britain and Italy (Frendo, 1993, p. 567).

In Cyprus, British colonialism started much later than Malta's and its effect on the political development of the island was more limited since the British maintained the Ottoman administrative and legal system in place until the status of Cyprus changed from a protectorate to a self-governing crown colony in 1922. In other matters, Cyprus's experience was similar to Malta's: since the outbreak of the Greek war of independence in 1821, the majority Greek Cypriot community began to see itself as part of the *Megali Hellas*, the greater Greece, comprising the Greek Communities in Greece itself, the Aegean and Asia Minor that had existed up to Byzantine times and thereafter (Smith, 1998). Hence, throughout the nineteenth and twentieth centuries until 1960, for the Greek Cypriots, freedom from Ottoman domination and subsequently from British rule meant *enosis* or union with Greece, which had emerged as a state in 1832. Agitation in favour of *enosis* started in Cyprus at the start of the Greek war of independence in 1821 as did brutal Ottoman measures to suppress these aspirations. A century later, in 1923, when the Turkish state emerged, the Cypriot Muslim minority, inspired by its own brand of nationalism or 'Kemalism' (Mango, 2004; Tunçay, 2018), began to define itself as Turkish-Cypriot. In the 1950s, the Turkish Cypriots allied themselves with Britain to oppose *enosis*. Britain manipulated their apprehensions to enlist their cooperation in defeating the Greek Cypriot military uprising, begun in 1955 and headed by EOKA (*Ethniki Organosis Kypriou Agoniston*, the National Organization of Cypriot Fighters). This policy deepened the fissures separating the two communities and laid the ground for the island's present problems.

Maltese independence was secured in 1964 at the end of a peaceful constitutional process (Pirota 2001, 2018). In contrast, Cyprus became independent in 1960 during a violent guerrilla campaign and as a result of a complex series of treaties (Macris, 2003), giving guarantor powers to Greece, Turkey and Britain to safeguard and uphold the constitution. This turned the island into a formally independent republic in which the majority Greeks formally renounced *enosis* and the minority Turkish Cypriots gave up union with Turkey and 'Taksim': the partition of the island into Greek and Turkish zones.

The Political System

The 1960 Cypriot constitution gave birth to a Presidential system (Article 1) with a Greek Cypriot as President and a Turkish Cypriot as Vice-President, each elected by their respective ethnic community. Both the President and the Vice-President could veto legislation in key areas of policy primarily in foreign policy (Cyprus Cmnd. 1093, 1960). This meant that the constitution could work in theory only if the two ethnic communities were capable of bridging their differences in favour of consensus politics (Andeweg, 2000; Lijphart, 2012). Given the antagonism between the two communities, this was perhaps too much to expect. The constitution was a finely balanced document built on a number of compromises, and requiring an

array of skills and further compromises to work properly (Adams, 1966). It was also very difficult to change. When, in 1963, President Makarios presented a 13-point plan to amend the constitution, the Turkish Cypriots deserted the parliament and inter-communal strife ensued.

In Malta, constitutional changes were often preceded by intense debate, secretive negotiations between the two dominant political parties – the *Partit Laburista* (PL, formerly the Malta Labour Party, MLP), founded in 1921 and the *Partit Nazzjonalista* (PN, Nationalist Party) founded in 1880 (Briguglio and Pace, 2013) – a parliamentary vote requiring a two-thirds majority for any amendments to be approved, followed by continuous media-posturing. In 1974, the MLP-PN agreed to transform Malta into a Republic (Act LVIII, 1974), but the parties also agreed to remove any right of a popular referendum in approving constitutional amendments stipulated in the 1964 constitution, thus transforming it into an heirloom of the two political parties. The further evolution of the constitution was thus stunted.

Party Politics

The Cypriot and Maltese party systems are very different. Cyprus is a multiparty state while Malta has been described by Lijphart (2012, pp. 73–74) as “a pure two-party system with two and only two highly equal parliamentary parties”. However, Malta has not always been a pure two-party system. Between 1921 and 1962, no fewer than nine political parties managed to win parliamentary seats at some stage, although only the PL and PN managed to enter parliament in all elections and regularly won most seats. Thus, a pure two-party system existed in Malta between 1966 and 2017. The PL-PN dominance was slightly dented in 2017, when the newly formed Democratic Party (*Partit Demokratiku*, PD) won two parliamentary seats, mostly because its candidates were included in the ballot sheet with PN candidates and so were able to inherit votes from weaker PN candidates in the complicated balloting system based on the Single Transferable Vote (STV).

In contrast, political parties in Cyprus emerged much later than in Malta. A communist party, which was founded in 1922, was succeeded in 1941 by AKEL, the Progressive Party of Working People of Cyprus (*Anorthotikon Komma Ergazemenou Laou*) (Katsourides, 2014). All other parties emerged after independence and particularly following the passing of Archbishop Makarios III in 1977. The spiritual and political leadership of the Cypriot Greek Orthodox Church, and the central position occupied by the Archbishop as the Ethnarch of the community, may have inadvertently delayed the emergence of secular political leaders and parties. The struggle for independence, constitutional difficulties and inter-communal strife after independence could also have played a part by convincing many potential political figures to unite behind the immensely charismatic Archbishop Makarios in a national (Greek) coalition and ‘popular front’. Makarios, however, failed to lead Cyprus out of the *enosis* quagmire which eventually precipitated the partition of the island with the military intervention of Turkey in 1974 (Sant Cassia, 1983, p. 212).

The Cypriot socialist party (EDEK) was founded in 1969, but it was the collapse of the popular front a couple of years later that created the conditions for the formation of the parties which dominated the political scene from then onward. Democratic Rally (DISY) and the Democratic Party (DIKO) were founded in 1976. Newer, smaller political parties have emerged in response to single issues and won parliamentary seats. These include the Greens/Ecologists, Solidarity Movement, Citizens' Alliance and the ultra-right National Popular Front. The first secular President, Spyros Kyprianou of the Democratic Party, took office in 1977 as Acting President, following the passing of the Ethnarch.

INTERNATIONAL ALIGNMENTS

Immediately after independence, the two island states began to assert their statehood by joining international organizations whose membership was open only to sovereign states and establishing diplomatic relations with other countries. Cyprus joined the UN in 1960 and the Council of Europe in 1961. Malta joined the two organizations respectively in 1964 and 1965. Their foreign policies differed from the start. Malta embarked on a pro-Western policy until 1971, when it began shifting towards neutrality and non-alignment. Before independence, Makarios attended the 1955 Bandung Conference, when the Afro-Asian cooperation agenda was fashioned to oppose both Western and communist imperialism; he participated in the Belgrade summit convened by Yugoslavia's President Josip Broz Tito in 1961, which saw the launching of Non-Aligned Movement (NAM). Yugoslavia was one of the first countries with which the newly independent Cyprus established diplomatic relations. The Belgrade authorities wanted to establish a consulate in Nicosia before independence and the bond between the two countries solidified from there onward and remained intact until the collapse of Yugoslavia. One issue bedevilled the relationship: Makarios's reluctance to include the Cypriot Communists (AKEL) in his governments (Meyn, 2015).

With respect to NATO, Malta and Cyprus also had different approaches. One would have assumed that with the guarantors of the Cypriot constitution – the United Kingdom, Greece and Turkey – all being members of NATO, Cyprus would have also applied to join the alliance after independence. Both President Archbishop Makarios and General Grivas supported such a move (Papadopoulos, 2015); but the UK and Turkey opposed it. Papadopoulos refers to two other attempts made by Cyprus to join NATO in 1965 and in 1985, both of which were rejected on Turkey's insistence. Cyprus instead followed a policy of non-alignment by joining the NAM, being one of its founding members at the 1961 Belgrade conference. The Turkish Cypriot Vice-President at the time, Fazıl Küçük, was ready to veto the development of relations with the NAM, but was held back by Turkey (Ker-Lindsay, 2010). The NAM served Cyprus to mobilize international support on the Cyprus question, particularly after the 1974 Turkish invasion and partition and to maintain the isolation of the breakaway Turkish Republic of Northern Cyprus when this was formed in 1983.

Sevki Kiralp (2018, p. 159), quoting Cypriot President Glafcos Clerides, claims that Makarios's aim was to garner international support that would enable him to eventually end Turkish Cypriot veto rights. Aware of this, Küçük refrained from vetoing the bid by Cyprus to join NAM as he could have done, calculating that such membership would raise suspicions in NATO and perhaps even help Turkey intervene in Cyprus on behalf of the Turkish Cypriots. After the end of the Cold War, NAM lost much of its remaining relevance and both Cyprus and Malta left it when they joined the European Union (EU).

Malta's NATO Flirtation

On 16 December 1952, the North Atlantic Council (NAC) created the Allied Mediterranean Command subordinated to the Supreme Allied Commander Europe (SACEUR) and established it in Malta. Three years later, the Malta Labour Party (MLP) gained a parliamentary majority and started to pursue integration of the island with Britain. This plan met serious difficulties and the Labour government had to resign in 1958, precipitating a constitutional crisis which lasted until 1961. Had the integration project succeeded, Malta would have also become part of NATO territory. The failure of integration led the MLP to demand complete independence (Malta Labour Party, 1959). In the 1962 elections held after the restitution of the constitution, the PN was elected to government by a slight majority and demanded independence from Britain, thus setting off the process which would culminate in independence two years later. On the defence of the island, two alternatives were discussed: a ten-year defence treaty between an independent Malta and the UK, with the latter holding on to most of its military facilities on the island; alternatively, associate or full membership of NATO. The Maltese government of Prime Minister Gorg Borg Olivier sent out feelers to this effect to NATO, but the Atlantic Alliance rejected them on the grounds that Malta was too small and that it would impose costs on the organization due to its economic weakness (Smith, 2006: doc. 171).

According to a 1963 memo from Benjamin H. Read, executive secretary to McGeorge Bundy, Special Assistant to the US President for National Security Affairs (1961–6), the Americans wished to open direct negotiations with Borg Olivier's government for the establishment of a "Tropospheric Scatter Station" (in later dispatches referred to simply as the "Tropo negotiations") in Malta. The memo was prepared for a meeting between the Maltese Prime Minister Borg Olivier and President Kennedy. This station was to form part of NATO's "ACE HIGH" communications system which eventually involved some 49 such stations linked over 8,300 route miles from the northern tip of Arctic Norway, where the system was originally tried and started, to the eastern edge of Turkey as part of the Alliance's long-haul communications system. The Americans were also worried about the long-term prospects of Malta remaining in the Western camp after independence and suggested the establishment of a sovereign military base in Malta along the lines of what Britain had done in Cyprus. They proposed locating the station at Marfa Ridge, the site of a British military installation (Department of State, 1963). This plan was later

abandoned after encountering opposition from the British and Maltese governments, and Malta's bid to join NATO eventually also receded. On independence, a ten-year defence treaty was signed with Britain (Pirota, 2018).

Malta: Foreign Policy from Independence

In the period 1964–71, Malta followed a pro-Western foreign policy. The election of the MLP to govern the country saw the gradual shift of emphasis towards the Mediterranean, non-alignment and eventually neutrality. In the meantime, relations with the European Community (EC) based on the 1970 Association Agreement, continued to flourish until they hit an impasse in 1981. The realignment of Malta's foreign policy in the 1970s is signposted by these main events: the 1972 UK–Malta Defence and financial aid agreement to replace the one signed between the two countries in 1964 stipulating the closure of the UK military bases on Maltese territory by 31 March 1979; recognition of the People's Republic of China and the start of diplomatic relations with it that same year; and closer ties with Libya.

Relations with Italy improved. In 1980, Italy and Malta concluded a Neutrality Treaty which also included the first of a series of financial protocols. Five of these protocols were implemented and concluded when Malta joined the EU in 2004. Financial transfers under these protocols went into the improvement of the economic infrastructure. Italy also supported Malta's EU policies and was instrumental in facilitating the successful conclusion of the 1972 Anglo-Maltese Defence Treaty (Pace, 1999).

During the Conference on Security and Cooperation in Europe (CSCE) which ended in Helsinki in 1975, Malta pressed for the inclusion of the Mediterranean region in the work of the conference. This was resisted by the two superpowers out of fear that it would further complicate the already complex agenda and make agreement more difficult given that decisions were adopted by consensus. Malta's Mediterranean policy showed its preference for a comprehensive, multilateral approach to the resolution of the many conflicts bedevilling the region, as opposed to reliance on the vexed model of 'balance of power'. Its adoption of neutrality and non-alignment was intended to maintain equidistance from the superpowers and help the concretization of *détente* (Council of Europe, 1980). But the official declaration of neutrality came later, more than two years after the closure of the British military facilities on the island when it was adopted by the Maltese Cabinet on 14 May 1981 and published the next day (Malta Government, 1981). The declaration reproduced the text of the Italo-Maltese Neutrality Treaty of 15 September 1980, ratified by both countries in 1981 (Ministry of Foreign Affairs, Malta, 1980). Soon after the ratification of the Italo-Maltese neutrality treaty, Malta concluded a similar agreement with the Soviet Union, by means of the exchange of aide memoires (Ministry of Foreign Affairs, Malta, 1981) which was perceived in Italian circles as a breach of good faith. In 1987, the declaration of neutrality, which in the meantime had earned the support of several member states of the UN, was inserted into the Maltese constitution.

EU ASSOCIATION WITH CYPRUS AND MALTA

The relations between Cyprus, Malta and the EU date back to 1962 when the UK launched its first application to join the then EEC. Both countries were economically dependent on the UK and as such risked economic damage in the event that Britain joined the EEC without sufficient safeguards to guarantee them unimpeded links with the British economy. With Cyprus, the EU initiated the procedure for the conclusion of an Association Agreement in 1963, which however was left in abeyance after the collapse of the EEC–UK membership negotiations (Nicholson and East, 1987). Similarly, Malta entered into contacts with Brussels in order to conclude an interim agreement which would lay the foundations for a future EEC–Malta Association Agreement after independence (Pace, 2001). The two countries did not renew interest in the agreements until 1967, in the light of Britain's second application. They eventually concluded Association Agreements which provided for a gradual liberalization of industrial trade and some agricultural exports as well as the achievement of a customs union with the EEC in two stages. The Association Agreements became effective with Cyprus in 1973 and with Malta in 1971 (European Economic Community, 1971, 1973). Cyprus and the EU agreed in 1987 on a final 15-year transition to a full customs union, but Malta negotiated an indefinite prolongation of the first stage of the Association Agreement. Cyprus applied to join the EU on 4 July 1990 and Malta applied on 16 July of the same year. Both island states joined the Union in 2004 and introduced the euro as their currency on 1 January 2008.

In seeking relations with the EU in the 1970s, Cyprus and Malta wanted access to the growing and expanding European internal market, while at the same time consolidating their ties with Britain (Nugent, 2003; Pace, 2001). The two countries' quest for EU membership was motivated by the same and additional considerations. The EU was expanding to include the former communist countries in central Europe and both Cyprus and Malta risked being cut off from the mainstream of European politics if they decided not to board the 'moving train'. Public opinion in Malta was almost equally split, with the PN championing membership and the MLP opposing it, proposing instead a free trade area agreement with a number of other protocols covering cooperation in several sectors, including security, in a manner that would not compromise Maltese neutrality. This alternative was almost implemented when the MLP was returned to government in 1996, had it not lost its parliamentary majority after just 22 months in power on an unrelated issue. Malta's EU application was revived in 1999. Negotiations with Cyprus and Malta were concluded in 2002 and the following year both island states completed the ratification of the Treaty of Accession in different, but equally dramatic, contexts.

In Malta's case, a referendum was held on 8 March 2003 at the end of a very intense national debate, to decide whether Malta should join the EU (Cini, 2003, 2005; Pace, 2004). Ninety-one per cent of eligible voters cast their votes; 53 per cent voted in favour, 45.7 per cent voted against, while 1.3 per cent invalidated their votes. A general election was then held on 12 April which returned the PN to government, thus sealing the issue. In the aftermath of these plebiscites, the MLP changed its

policy in favour of membership, whereupon the PN-MLP competition shifted from European to domestic policy issues (Pace, 2004). Party Euroscepticism thus came to an end and support for the EU increased in the following years (Pace, 2011). The Treaty establishing a European Constitution and its successor the Lisbon Treaty were both approved by consensus in the national parliament, as were the treaties and agreements approved by the Euro-zone countries between 2010 and 2015 to strengthen the European Monetary Union (EMU).

Divergences appeared at times on issues related to the status of neutrality despite cross-party agreement that the declaration and definition of Malta's neutrality entrenched in the constitution was outdated and out of step with global realities. Malta and Cyprus were both precluded from participating fully in the Berlin Plus process based on EU–NATO cooperation since they were neither members of NATO nor of its Partnership for Peace (PfP). Malta had joined the Partnership in 1995 and suspended itself in 1996 following Labour's return to government. After reactivating its membership in 2008, the way was reopened for Malta's participation. However, Cyprus's involvement remained blocked by Turkey which also opposed its membership of NATO and the PfP.

Broadly speaking, despite Malta's constitutionally enshrined neutrality and Cyprus's participation in the Non-Aligned Movement, both countries have been participating in the developing EU security and defence policy. Cyprus and Malta joined the European Defence Agency (EDA) from its inception in 2004, and Malta began to participate in EU Common Security and Defence Policy (CSDP) missions from 2008. However, in 2017, Cyprus joined PESCO (Permanent Structured Cooperation) in the field of defence, while Malta adopted a 'wait and see' approach, with the possibility of acceding later.

Cyprus and the Accession Referenda

When Cyprus applied for EU membership, many member states were reluctant to see it join before a resolution of the 'Cyprus Problem'. On the other hand, Cypriots believed that EU membership would help resolve the problem for it was not just a Cypriot problem but had wider ramifications (Theophanous, 2004). The fact that Cyprus was allowed to join without a solution of the problem raises a number of issues for the EU particularly with respect to Turkey which is an EU candidate country. Since the outbreak of inter-communal strife in the early 1960s in Cyprus, the United Nations has stationed peacekeeping forces to separate the two sides, and has been involved in several attempts at brokering a lasting negotiated solution to the conflict. In 2003, a draft constitutional settlement proposed a loose federation based on the Swiss model, but with a stronger strain of confederal elements. What became known as the 'Annan Plan' went through several versions and was finally put to the vote. Two referenda were organized on 24 April 2004, one in the Republic of Cyprus and the other in the TRNC, to seek popular approval of the plan. Seventy-six per cent of Greek Cypriots rejected the plan while 65 per cent of Turkish Cypriots approved it (House of Commons, 2005). Three days before the referenda, Gunther Verheugen,

European Commissioner in charge of enlargement, expressed his dismay in the European Parliament that “to everyone’s complete surprise, the Cypriot Government led by President Papadopoulos has said that it fundamentally rejects the United Nations peace plan and is urging the Greek Cypriot community to vote against it” (European Parliament, 2004).

After the referenda, the EU member states deeply regretted the result as witnessed by a Council statement (2004) expressing its “strong regret that the accession to the EU of a united Cyprus will not now be possible on 1 May”. However, these claims are astonishing considering the little that was done by the EU to reassure the Greek Cypriot community that ‘voting yes’ was in their interest. The Greek Cypriots had given the EU an undertaking that they would not scuttle an agreement; however, that did not mean that they were ready to sign up to it no matter what it contained. Palley (2005, pp. 221–237) called the plan “an international relations debacle” and summed up the reasons why the Greeks voted against it: they perceived it to be a foreign imposition; it did not provide for a really independent Cyprus, but maintained the 1960 treaty guarantees for an indefinite period; it allowed Turkey the right of unilateral military intervention and the stationing of Turkish troops on the island; it legitimated the British sovereign base areas in perpetuity; it lacked safeguards for Greek Cypriot refugees of the 1974 partition to return to their homes in the North; it allowed Turkish settlers from the mainland to stay on the island; financial burdens could be imposed on Greek Cypriots; it maintained unworkable governmental decision-making procedures, almost a replica of the 1960 constitution; and no measures were envisaged should the agreement collapse.

Palley’s other verdict was that the whole saga had revealed the UN secretariat’s unsuitability for achieving a fair dispute settlement and its unwillingness to uphold international law on military occupations. This was of consequence not only to Cyprus, but to all small states and peoples who looked up to the UN for protection from aggression and its results (Palley, 2005, p. 239). Drevet and Theophanous (2012) refer to the “unequal” treatment forced on Cyprus by the colonial power when the island state’s sovereignty was limited by a number of treaties giving Britain, Greece and Turkey a right to intervene militarily in the island’s affairs. The Annan Plan was not much different.

The Accession Treaty between the EU and Cyprus covered the whole of the Cypriot territory, including the TRNC. However, the *acquis* was to be applied only to those areas under the control of the central government (Protocol 10, 2004). Soon after enlargement, the EU announced a series of measures in favour of the Turkish Cypriots and approved the ‘green-line regulation’ covering the movement of goods and persons between the northern and southern parts of the island (European Union, 2004). Direct EU economic aid to the Turkish Cypriots started in 2006.

CYPRUS AND MALTA IN THE EU

Both Cyprus and Malta have experienced economic growth since they joined the EU. Between 2006 and 2017, Cyprus registered an average annual growth in real GDP of 1.2 per cent, marginally below the EU's average, compared to Malta's 4.2 per cent. The biggest fall in real GDP growth in Cyprus occurred in 2013 (5.8 per cent), with smaller declines in 2012 and 2014 (Eurostat, 2018). That was the year of the 'Cyprus haircut' or 'bail-in' when, in return for a €10 billion international loan, the Eurogroup forced Cyprus to close the Popular Bank (Laiki Bank), impose a one-time levy on all its uninsured deposits and do the same on around 48 per cent of similar deposits in the Bank of Cyprus (the island's largest commercial bank) (Apostolides, 2013; Demetriades 2017).

Party Euroscepticism came to an end in Cyprus in 1995, when AKEL abandoned its principled opposition to European integration. After membership, AKEL adapted its rhetoric, stressing that it was "Eurocritical" rather than Eurosceptic (Agapiou-Josephides, 2012). In Malta, the PL abandoned Euroscepticism from the very beginning of EU membership. As Verney (2012, p. 17) observes, in both cases, the "policy change seems to have been linked to the approach to power": both the PL and AKEL were able to seriously contend to govern their respective countries if they shifted their stance on European integration.

The two states introduced the euro as their currency on 1 January 2008 without major hitches. But the onslaught of the Great Recession and the euro crisis at first led to huge public doubts in Malta over the wisdom of the move and similar misgivings in Cyprus. The crisis did not seriously affect Malta and its banking system held its ground. It did, however, rock the Cypriot financial system. Cyprus and Malta held the rotating Presidency of the Council of the EU, the former in 2012 (Government of Cyprus, 2013), the latter in 2017 (Harwood, Moncada, and Pace, 2018). The Cypriot Presidency had a special relevance because the country was already in the grips of a financial crisis. During the respective presidencies, the government of both countries was in the hands of leaders from former Eurosceptic parties: in the case of Cyprus, President Christophias from AKEL; in Malta's case Prime Minister Muscat of the Labour Party. There was reason to believe that the Cypriot Presidency would bring the Cyprus Problem to the fore, but these expectations did not materialize; Cyprus managed the Presidency well, without any spectacular diplomatic spats with Turkey.

In 2012, as the economic problems were beginning to engulf Cyprus, commercial reserves of gas were discovered in Cypriot territorial waters. This served as an impetus for further explorations which opened up another dispute with Turkey which does not recognize the delineation of the Cypriot Exclusive Economic Zone (EEZ) and claims that part of the EEZ belongs to the TRNC. In 2018, it forcibly stopped prospecting by the Italian energy company ENI in a Cypriot licensed area. Instead of leading to the much hoped for peace in the region, the discovery of commercial gas fields has led to the strengthening of cooperation between Israel, Egypt, Cyprus and Greece and disputes between Israel and Lebanon, and a more serious one between

Turkey and the rest (Weise, 2018). The exploitation of gas deposits by Cyprus holds potential economic gains for the island and, if realized, would help the EU lessen its external dependence on external energy resources.

ECONOMIC FORECAST

Cyprus and Malta are moving towards brighter economic futures barring a severe downturn in the European or global economy. Cyprus seems to have emerged from the effects of the financial crisis and Malta's economy is still galloping forward at an impressive rate of GDP growth. The two economies share some characteristics: both rely on tourism, financial services, ship registration and the individual citizenship by investment schemes, along with some manufacturing and agricultural output. In the case of Malta, we find a thriving online gaming sector; Cyprus is following suit. However, both countries need to look over their shoulders at the ongoing debate in the EU on tax harmonization which might negatively impact their financial services sector unless they manage to secure safeguards and exceptional treatment in which case their small size and lack of other opportunities could become crucially important. Both states now have a considerable part of their economic activity oriented towards the single market. In its 2018 European Semester recommendations, the European Commission has highlighted some challenges which the two countries are facing. Cyprus has made limited progress on the 2017 country-specific recommendations, and its social indicators are not improving. Banks remain fragile, public debt is decreasing but still high, while private debt is among the highest in the EU. The Commission highlighted inefficiencies in the public sector, particularly high levels of corruption, and weaknesses in the justice system as well as the tax regime which allows aggressive tax planning (European Commission, 2018a). As for Malta, the Commission observed that it had addressed some of the 2017 recommendations and continues to perform well in achieving social targets. It also drew attention to the possibility of aggressive tax planning. The main problems for Malta are identified as the need for a more stringent supervision of the financial sector, the weakness of the judicial system and the control of corruption. The labour market shows a gender gap and skill shortages. Finally, the Commission warns that "increased economic activity may exacerbate existing bottlenecks, including in infrastructure, and put further pressure on environmental resources" (European Commission, 2018b).

One issue that has affected the two island states has been irregular migration. The two islands are frontier states on the edge of the EU's stability zones. But both resist any attempt to turn them into offshore holding centres of the EU, which they suspect is what some other member states want to do. Malta has invoked its smallness and high population density to repulse any attempt to have migrants rescued at sea forced upon it. This has brought it into frequent conflicts with Italy, although at times good relations with its neighbour helped alleviate the problem. Malta has also obtained substantial aid from the EU budget to cope with the problem as well as a relocation programme, EUREMA, with the EU and another with the USA (Pace, 2012, 2018).

Cyprus is beginning to experience the worse side of the problem due to its proximity to the Middle East, the division of the island and the activities of smuggling networks. Both Cyprus and Malta want a European solution, which is supported by the Mediterranean EU states and opposed by the majority of the Central and Eastern European countries. There is very little in terms of their limited resources which the two states can do on their own to address this challenge.

CONCLUSION

It is commonly held in the literature on small states that lacking power and a large-enough domestic market which would allow them a modicum of space to attain economies of scale, they need more than larger states, to seek solutions beyond their shores through international trade. Freer access to larger markets spurs economic growth and investments (Briguglio and Vella, 2018). For their defence and security they seek cooperation with other states through some form of alliance or transnational organization. Alliances, as Handel (1990) observes, can take various forms some of which are not beneficial to the small states concerned. The Cypriot experience shows that security dependence on more powerful states, in this case treaty guarantees provided by Britain, Greece and Turkey, do not always place the safety and interests of the small state at the head of priorities. British, Greek and Turkish meddling in Cypriot affairs shows amply how their strategic priorities took precedence over those of the Cypriots. The three guarantors manipulated the ethnic communities to achieve their own ambitions.

Malta sought security guarantees to maintain its neutrality defined as non-alignment by formal agreement with Italy, a NATO member state, and then tried to balance this by a similar agreement with the Soviet Union, followed by a special security arrangement with Libya in 1984 which contained secret codicils for cooperation in military affairs (Pace, 1999). The latter agreement violated Malta's self-declared neutrality. However, this multi-guarantee arrangement could also have worked against Malta's interests in a crisis as happened to Cyprus. That Malta's neutrality has not been seriously challenged may not owe a lot to these risky arrangements, but to good fortune that its neutrality has never been seriously challenged. As to non-alignment, both Cyprus and Malta played an active role in NAM in an effort to shelter themselves, but Cyprus's membership of this "alliance" did not help it overcome aggression. During the Cold War the USA held the NAM in suspicion and probably a working relationship with NATO and/or the USA would have worked better for Cyprus, though not perhaps for the cause of *enosis*, which Cyprus was meant to forget by the 1959–60 Treaties of Establishment. The main point is that all courses open to small states have their own unintended consequences and there is certainly no completely safe shelter.

Small states share similar characteristics which in theory ought to elicit similar responses. But this does not always happen: their actions are impacted by several domestic factors, such as institutions, political system and culture, economic endowments, the long arm of history and the unity of their society, lobbyists and interest

groups, just as in larger states. Both Cyprus and Malta have divided societies. No ethnic consciousness has been salient in Malta so far; and this has lessened internal divisions. However, in Cyprus's case it is the main dividing line: ethnicity and irreconcilable nationalisms with a propensity to settle issues by force while internal disagreements in the two communities are settled by the ballot box.

In Malta's case, the divisions are almost as tribal, but the contestation occurs in the political arena, without external interference and issues are settled by peaceful means. Hence, enormously divisive issues such as integration with the UK (1955–8), independence (1961–4), neutrality (1979–87), EU membership (1990–2004) and the introduction of the euro (2004–8) were followed by national consensus after the political decision was taken. This speaks a lot about the sturdiness of political institutions which have evolved over a long time frame, from the arrival of the Knights Hospitaller of St John in 1530, and particularly during the span of 160 years of British rule (the long arm of history). This may also help it to conclude successfully further constitutional reforms which are still in the early stages of discussion.

Significantly, Cyprus and Malta had different constitutional powers in determining their own foreign policy from the start of their independence. Ethnically divided and territorially fragmented from the start of its life as a formally independent state – and particularly after the Turkish invasion and partition of 1974 – Cyprus was more constrained in picking its international alignments. Contrastingly, Malta enjoyed full independence of action albeit it needed to remain prudent for the sake of survival. All other considerations remaining equal, Cyprus pursued a riskier foreign policy than Malta.

Both states started their contacts with the EU much earlier than the eight other countries which acceded to the Union with them in 2004. But, as members of the EU, they had different experiences with different outcomes. While Malta has roughly achieved most of them, Cypriots are disappointed with the way that the EU treated them in the infamous bail-in (Cyprus haircut) and because no progress has been registered in resolving the Cyprus Problem. There is no doubt that this has left a bitter taste in the mouth in both Cypriot communities and the Turkish Cypriots remain shut out from the full EU benefits. Once again, this proves the point that the EU should not be considered as a panacea or as some impenetrable shelter to protect small states from all troubles, including self-inflicted ones. Hence along with maintaining social and political cohesion in domestic affairs – thus blocking the door to external meddling – small states need to strengthen their resilience in other ways. Good governance becomes an irreplaceable instrument for achieving this. The EU can indeed offer small states shelter and opportunities in the global economy, but only if they adopt complementary policies to reap these benefits.

As for the Cyprus Problem, the key to a solution lies in the hands of its two ethnic communities and their respective backers, Greece and Turkey. It can only be a negotiated settlement where all sides may have to compromise on key pillars of their long-held 'principles' of *enosis* and *taksim*, the right of return of Greek Cypriots to the northern part of the island and the fate of the Turkish settlers there.

The two island states have shown a capacity to adjust (as they did to EU membership) or to bounce back from economic downturns or political disasters (as with Cyprus after the Turkish partition and the 2012–13 financial crisis and Malta following the closure of the UK military bases). They have also shown a propensity to adjust their policies, as they did in the case of non-alignment and neutrality. Timely adaptation is the touchstone of a small state's security in the broader meaning of the term.

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10. Politics of the four European microstates: Andorra, Liechtenstein, Monaco and San Marino

Wouter P. Veenendaal

INTRODUCTION

With less than 100,000 inhabitants and territories of less than 500 square kilometres each, Andorra, Liechtenstein, Monaco and San Marino stand out as the four microstates on the European continent.¹ In terms of their population size, these countries are considerably smaller than other European small states such as Cyprus, Iceland, Luxembourg, Malta and Montenegro, which all have more than 300,000 citizens. And while the latter small states are either fully-fledged members of the European Union (EU) or have in the past or present applied for EU membership, the four microstates are generally not regarded as viable member states of the EU (Dószá, 2008), even though their economies, politics and societies are closely intertwined with the Union and its members. The four microstates have among the highest GDP per capita (or PPP) figures on the continent and in the world, providing a formidable challenge to theories that highlight the lack of development opportunities in small states. Perhaps most intriguing, however, is the fact that these four microstates have existed as independent, sovereign entities for a very long period of time. While small European states like Cyprus, Iceland and Malta only acquired full statehood in the mid-twentieth century or later, and after a prolonged period of colonialism, the attainment of political sovereignty by San Marino (in the year 301 AD) Andorra (1278), Monaco (1489) and Liechtenstein (1866) occurred at a much earlier point in time. Even during the nineteenth century, when Europe was almost entirely composed of large multinational empires and kingdoms, these microstates survived as autonomous entities, albeit often under the suzerainty of a larger power.

Reflecting their diminutive size and protracted existence as sovereign states, the political systems of the four microstates contain various idiosyncratic elements, as well as some unique political institutions that cannot be observed elsewhere. Many of their contemporary institutional arrangements were quite common in Europe in the Middle Ages or the Renaissance, but have elsewhere disappeared as a consequence of nationalism, political liberalization and democratization, and the emergence

¹ Vatican City, which has a territory of 0.44 square kilometres, is sometimes regarded as the smallest sovereign state in the world. However, since it lacks a permanent population and is not a member state of the United Nations, it is not included in the present analysis.

Table 10.1 Descriptive statistics of the European microstates

Country	Population	Area (km ²)	GDP per capita	Government
Monaco	31,000	2	\$116,000	Principality
San Marino	34,000	61	\$60,000	Republic
Liechtenstein	38,000	160	\$139,000	Principality
Andorra	77,000	468	\$49,900	Principality

Source: CIA World Factbook (2018).

of large nation-states. The political system of San Marino, for example, closely resembles that of Renaissance-era Italian city-states like Ferrara or Lucca, meaning that San Marino offers a fascinating glimpse into how politics in these jurisdictions functioned (Baccocchi, 1999, p. 17). In similar fashion, while monarchy has long been the most common regime type across Europe, at present only the microstates of Liechtenstein and Monaco retain royals with extensive executive powers, while other European monarchs have been relegated to playing a mostly symbolic, ceremonial role (cf. Corbett, Veenendaal, and Ugyel, 2017).

The present chapter offers an in-depth analysis of the political systems, international relations and economic and societal characteristics of the four European microstates. In Table 10.1, some initial descriptive statistics on these four cases have been presented, showing not only their smallness and political characteristics, but also their extraordinary levels of economic development and wealth.

Recognizing that small states are generally excluded from comparative political analyses (Veenendaal and Corbett, 2014), the chapter highlights the analytical significance of these four under-researched cases to (European) comparative politics. In doing so, it builds on some excellent and rich case study publications on these microstates (e.g. Beattie, 2004; Becat, 2010; Duursma, 1996; Grinda, 2007), but also adds insights that were gathered during two stages of field research in San Marino and Liechtenstein, which primarily consisted of semi-structured interviews (Veenendaal, 2014a, 2014b). The analysis of these four microstates occurs against the backdrop of a broader – and rapidly expanding – body of academic work on small states (Archer, Bailes, and Wivel, 2014; Baldersheim and Keating, 2015; Cooper and Shaw, 2009; Corbett and Veenendaal, 2018; Ingebritsen et al., 2006; Maass, 2017), in which the particular characteristics, challenges and opportunities of this group of countries are underscored. In doing so, the chapter links up with the themes and dilemmas that have been discussed and identified in the introductory chapter of this volume (Baldacchino and Wivel, 2020). The analysis commences with a brief overview of the political history of the four microstates, followed by an investigation of their contemporary political systems. Subsequently, the microstates' socio-economic dynamics and international relations are analysed in more detail.

POLITICAL HISTORY OF THE FOUR MICROSTATES

As mentioned above, the four European microstates have prolonged political histories as independent states. Due to the fact that these countries' contemporary political dynamics continue to be strongly shaped by their particular state formation processes, this section provides a synopsis of the key historical and political developments in each of the microstates.

Andorra

The Principality of Andorra can be seen as the last survivor of Charlemagne's *Marca Hispanica*, the buffer states that were created to prevent the Islamic invasion of France in eighth-century Europe. Until the thirteenth century, the territory remained in the hands of the Count – and later Bishop – of Urgell, but a conflict over the property arose when the Count of Foix (in contemporary France) married a girl from Urgell (Colliard, 1993, p. 378). The conflict was resolved with the 1278 *Acte de Paréage*, in which it was decided that Andorra was to be jointly ruled by the Bishop of Urgell and the Count of Foix (Colliard, 1993, p. 378; Duursma, 1996, pp. 344–345; Whittlesey, 1934, p. 149). This diarchic nature of Andorra's political system remains intact to the present day, even though the constitutional rights of the Count of Foix were transferred to the French head of state in 1607. In centuries that followed the *Acte de Paréage*, the Andorrans succeeded in preserving their autonomy by “the art of playing off their joint suzerains against each other” (cf. Catudal, 1975, p. 190; Whittlesey, 1934, p. 153).

In the beginning of the 1930s, political unrest emerged due to demands for universal suffrage and the seizure of power by Russian adventurer Boris Skossyreff, who proclaimed himself King Boris I of Andorra (Eccardt, 2005, p. 157; Klieger, 2013, pp. 33–34). After the arrest of Skossyreff, Spanish forces restored order and introduced universal male suffrage in 1933. In this year, a new constitution was implemented that transformed the country into a Parliamentary Principality, in which the Co-Princes from France and Urgell however retained significant executive powers. Andorra managed to remain detached from the Spanish Civil War because of its ties with France and remained neutral during the Second World War, thanks to its ties with Spain (Catudal, 1975, p. 191). After 1945, Andorra's relatively underdeveloped peasant society was swiftly transformed into a flourishing tourist and banking economy.

Because the Principality was always ruled by external forces and because the political status of Andorra has been uniquely undefined for a long period of time, domestic political institutions have been slow to develop (Colliard, 1993, p. 377). Although a preliminary legislature was established as early as 1419, universal male suffrage was introduced in 1933 and female suffrage only in 1970 (Eccardt, 2005, p. 56). During the 1970s and 1980s, Andorran demands for autonomy and independence increased and under the direction of the two Co-Princes, a process of political modernization was initiated (Colliard, 1993, pp. 378–379). This process culminated in the

writing and enactment of a new constitution in 1993, which established Andorra as an independent parliamentary democracy (Becat, 2010; Colliard, 1993, pp. 385–386; Duursma, 1996, p. 349). In the same year, Andorra's autonomy was reconfirmed by its accession to the United Nations, which concluded the modernization process that in less than 20 years transformed Andorra's medieval political system into a modern democracy (Eccardt, 2005, p. 74).

Liechtenstein

The Principality of Liechtenstein is named after its ruling dynasty; the Von und Zu Liechtenstein family. The (originally Austrian) Princes of Liechtenstein purchased the domains of Schellenberg and Vaduz in 1699 and 1712 respectively and in 1719 the Emperor of the Holy Roman Empire, Charles VI, recognized this territory as the Principality of Liechtenstein (Beattie, 2004, p. 6; Catudal, 1975, p. 189). After the 1815 Congress of Vienna, Liechtenstein became part of the German Confederation and as such in 1818 acquired its first constitution (Beattie, 2004, pp. 23–24; Catudal, 1975, p. 191; Duursma, 1996, p. 143). In 1866, upon the collapse of the Confederation, Liechtenstein disbanded its army, adopted a policy of political neutrality and became an independent state (Catudal, 1975, p. 191).

Although Liechtenstein managed to remain neutral during the two world wars, the country was seriously affected by both conflicts. After the end of the First World War and the collapse of the Austro-Hungarian Empire, Liechtenstein switched its political allegiance from Austria to Switzerland, with which it signed a monetary union (in 1920) and customs union (in 1924; Beattie, 2004, pp. 50–57; Eccardt, 2005, p. 103; Kohn, 1967, p. 553). In the Second World War, the Principality could remain neutral despite an attempted putsch by Liechtenstein's pro-Nazi party in 1939 (Beattie, 2004, pp. 98–102). In the latter half of the twentieth century, Liechtenstein managed to develop a profitable manufacturing industry² and strong banking sector, as a result of which it has managed to realize one of the highest GDP per capita figures in the world.

The first institutions of Liechtenstein's contemporary political system were created in 1862, when a national assembly (the *Landtag*) elected by universal male suffrage was established (Beattie, 2004, pp. 27–29). In 1921, a new constitution was put into force, in which the contemporary balance of power between the Prince and the people was instituted and a number of instruments of direct democracy were adopted (Beattie, 2004, pp. 174–176; Marxer, 2007, pp. 3–7). Due to pressure from politicians and the people, the Principality was transformed from an absolute monarchy into a constitutional one, but the Prince actually retained much of his power (Marxer, 2007, p. 1). In the 1990s, a constitutional crisis erupted that lasted for more than a decade, centring on the constitutional position of the Prince. The crisis culminated

² The dominant manufacturing products are electronics, metal, textiles, ceramics and pharmaceuticals (Beattie, 2004).

in the 2003 constitutional referendum, in which a majority of voters endorsed Prince Hans-Adam II's proposals for constitutional revision. It is generally agreed that the 2003 constitutional modifications have enhanced the political power and influence of Liechtenstein's monarchy vis-à-vis the government and parliament (Marcinkowski and Marxer, 2011; Marxer, 2007, p. 13; Veenendaal, 2014a; Wolf, 2015).

Monaco

The political history of the Principality of Monaco starts in 1297, when the Grimaldi family took hold of the fortress at the Rock of Monaco and founded the Grimaldi dynasty, which still reigns over Monaco today (Duursma, 1996, p. 278; Grinda, 2007, pp. 1–2). In 1489, King Charles VIII of France recognized the independence of Monaco and accepted the Grimaldis as the legitimate rulers of the polity (Duursma, 1996, p. 278; Eccardt, 2005, p. 96). During the sixteenth and seventeenth centuries, Monaco switched its political allegiance from France to Spain and back again, but following the French Revolution the territory was annexed by French forces in 1793 and was renamed as Port-Hercule (Grinda, 2007, p. 4). After the breakdown of the French Empire and the Congress of Vienna, Monaco was destined to become a protectorate of the Kingdom of Sardinia (Catudal, 1975, p. 191; Duursma, 1996, p. 279), but in 1860 France regained control of the area.

The 1861 Franco-Monegasque Treaty, in which the independence of the Principality is reconfirmed, constitutes the first of three agreements in which the relationship between the two countries was negotiated. After the 1918 Monaco Succession Crisis, in which France prohibited the inheritance of the Monegasque throne by a German prince, a Franco-Monegasque 'friendship treaty' was signed, in which French protection of the territory was guaranteed in exchange for the Principality's "perfect conformity with the political, military, naval and economic interests of France" (Franco-Monegasque Treaty 1918, Art. 3; Grinda, 2007, p. 28). Additionally, the royal succession issue was resolved by deciding that in the case of a vacancy of the throne, Monaco would become a French protectorate. This regulation was abolished in the 2002 Franco-Monegasque Treaty, which established a much more balanced and equal relationship between the two countries and in which Monaco's sovereignty was also confirmed by international law (Grinda, 2007, pp. 32–35).

Monaco was governed as an absolute monarchy until 1911, when a new constitution was established in reaction to the so-called Monegasque Revolution that occurred one year earlier. The 1911 constitution provided for the foundation of a legislature (the *Conseil National*), of which the members were to be elected by universal male suffrage, whereas considerable powers remained in the hands of the Prince. In 1962, the constitution was revised, transforming Monaco into a constitutional monarchy (Catudal, 1975, p. 194; Grinda, 2007, p. 52). Additionally, female suffrage was introduced and a more balanced relationship between the Prince and the National Council was established. As a consequence of the 2002 Franco-Monegasque Treaty, Monaco's political system was further democratized, as the competencies of the legislature were enhanced (Grinda, 2007, pp. 89–97). Although the Prince is no longer

the absolute ruler of Monaco, he has a much more powerful political position than most of his European counterparts and is a “very active head of state” (Grinda, 2007, p. 57; Guillot, 2010).

San Marino

The Most Serene Republic of San Marino, which claims to be the most ancient republic in the world, was according to the legend founded by the Christian stonecutter Marinus the Dalmatian (later canonized as Saint Marinus – *San Marino* in Italian) on 3 September, 301 (Catudal, 1975, p. 189; Duursma, 1996, p. 216). Facing persecution for his religious beliefs, Marinus created his city-state as a place where people could freely practise their religion and since this time San Marino has been known as a bastion of liberty and freedom and a safe haven for political refugees (Bent, 1879). During the Middle Ages, the poor, agricultural Sammarinese community remained independent primarily by not attracting the attention of larger, more powerful neighbours (Sundhaussen, 2003, pp. 215–216). At some point in this period, communal rules were set up and an assembly in which the male heads of all Sammarinese families were represented (the *Arengo*) came into being. Additionally, in 1244 the duumvirate of the Captains Regent (*Capitani Reggenti*) was created, which persists to the present (Bacciocchi, 1999, pp. 28–29).

At the end of the eighteenth century, when Napoleon’s forces invaded the Italian peninsula, San Marino signed a treaty of friendship with the French Empire. Appreciating the Republic’s traditional values of liberty and equality, Napoleon reassured San Marino’s independence, which was reconfirmed at the Congress of Vienna in 1815 (Casali and Crescentini, 2003, p. 74). Because the microstate had given asylum to Giuseppe Garibaldi and his supporters, the newly established Italian Kingdom in 1862 also respected the sovereignty and autonomy of the Republic in a signed agreement between the two states (Eccardt, 2005, p. 100; Sundhaussen, 2003, pp. 215–216). During the two world wars, San Marino’s declared neutrality was largely respected, with the exception of an erroneous bombardment by Allied forces in 1944.

Over the centuries, the contours and institutions of contemporary Sammarinese democracy evolved. After the fourteenth century, the powers of the *Arengo* were delegated to the newly established Council of Sixty, as the heads of families who constituted the *Arengo* had come to see its compulsory attendance as a burden rather than a privilege (Bacciocchi, 1999, pp. 31–32). From 1906 onwards, members of the Council of Sixty (now known as the *Consiglio Grande e Generale*, or Great and General Council) are directly elected, although female suffrage was introduced only in 1957. Between 1926 and 1943, San Marino was ruled by the Sammarinese Fascist Party, which transformed the country into a single-party state (Duursma, 1996, p. 218). After the end of the war and the restoration of democracy, a coalition of communists and socialists was voted into office and for several years San Marino was the only Western European country that was ruled by (elected) communists (Bonelli, 2010, pp. 163–165). In 1957, during San Marino’s constitutional crisis

and subsequent coup d'état (the so-called *Fatti di Rovereta*), the left-wing minority government was toppled by the opposition, supposedly aided by the CIA and the Italian government (Bacciocchi, 1999, pp. 117–118). Since then, San Marino's Christian-democratic and social-democratic parties have dominated the Republic's politics, but in recent decades the Sammarinese party system has fragmented and, just like in Italy, many new (populist) parties have gained parliamentary representation.

CONTEMPORARY POLITICAL INSTITUTIONS, DYNAMICS AND CHALLENGES

Reflecting their particular and often peculiar political histories, the political systems of the four European microstates contain a variety of idiosyncratic and sometimes unique features. Andorra and San Marino are the only countries in the world with two heads of state, and, occupying their position only half a year, the Sammarinese Captains Regent have the shortest periods in office of any head of state around the globe. The ambiguous position of the Liechtenstein and Monegasque princes has sparked debates about how to classify these monarchies (cf. Marxer, 2007; Veenendaal, 2014a; Wolf, 2015) and Liechtenstein is the only country in the world that combines the three elements of monarchy, representative democracy and direct democracy (Liechtenstein, 2009).³ Both Liechtenstein and San Marino employ a number of instruments and mechanisms of direct democracy that are not observed elsewhere (Marxer, 2007). Among these, one finds the Sammarinese *Istanze d'Arengo*, occasions during which citizens can present petitions and requests of public interest to the newly elected Captains Regent (Casali and Crescentini, 2003). As these examples demonstrate, despite their smallness and dependence on larger neighbouring countries, the political systems of the European microstates have developed largely autonomously. In contrast to small states in other world regions, which mostly adopted the political institutions of their former metropolitan power(s) upon decolonization, the institutions of the European microstates were largely shaped by internal, endogenous processes. This also entails that the European microstates have traditionally been more nationalist than cosmopolitan, and before the Second World War they mostly abstained from participating in international affairs (Duursma, 1996).

Yet despite this important difference, the diminutive size of the European microstates entails that they share various political features with other small states, resulting in both political challenges and opportunities. In the first place, all four microstates have strongly cohesive and interconnected societies, in which “everybody knows everybody” (cf. Corbett, 2015). In terms of politics, this entails that politicians have

³ While larger constitutional monarchies like Denmark, the Netherlands and the United Kingdom also allow for the organization of popular votes, in Liechtenstein both the monarchy and direct democracy play a much more prominent (or equal) role vis-à-vis representative institutions.

very close and personal ties with their constituents, producing overlapping and intersecting personal and professional relationships (cf. Ott, 2000). Relating to the democratization/group think dilemma highlighted in the introduction to this volume, these close connections produce mixed outcomes for democratic governance. From a positive perspective, such face-to-face politics and reciprocal communication between citizens and politicians enhances the capacity of politicians to adequately represent their constituents (Dahl and Tufte, 1973). In contrast to larger Western European democracies in which voters are increasingly cynical and detached from politics, citizens of the four European microstates are very much politically involved and active. According to one of the Liechtenstein ministers I interviewed:

The politicians are quite close to the people. We are not a political elite; a political group of people who are far away from reality, but we are involved in daily life, involved in relations with the citizens. (Veenendaal, 2014a, p. 339)

The closeness between citizens and politicians thus produces a non-hierarchical society in which informal relations enhance citizens' involvement in politics (Baldersheim and Keating, 2015; Thorhallsson, 2019). Reflecting this notion, interview respondents in San Marino highlighted the importance of political participation to the survival of the microstate and its political system:

Participation in politics is very important and it is one of the reasons why the Republic of San Marino has remained independent, while being so small. This collective participation in public life has determined the success of the Sammarinese republican model after all these ages. (Veenendaal, 2014b, p. 78)

The greater access of citizens to politicians in European microstates can be clearly observed when looking at the ratio between citizens and members of parliament (MPs). With 34,000 inhabitants and 60 MPs, on average each Sammarinese *Consigliere* represents less than 600 people, which is the smallest ratio in the world. In Monaco and Liechtenstein – which have 24 and 25 MPs respectively – this ratio is around 1,500, while parliamentarians in more populous Andorra each represent 3,000 citizens. Striking differences can be seen when these figures are compared to citizen/MP ratios in Western European democracies like Switzerland (42,000), the Netherlands (110,000), France (116,000) and Germany (130,000).

Another consequence of the close connections between citizens and politics is that programmatic forms of contestation in the four microstates are virtually absent, meaning that politics is mostly conducted on the basis of personal relations (Richards, 1982; Veenendaal, 2013). Because citizens know a considerable number of politicians personally, voting behaviour is strongly determined by these personal ties. As highlighted in the introduction to this volume, the absence of ideological pluralism sometimes results in a lack of (substantive) political alternatives, leading to the entrenchment of political elites and limited alternation in office. Monaco has essentially been a single-party state from 1962 to 2003, when the revised Franco-Monegasque Treaty ascertained pluralism within the National Council

(Grinda, 2007, p. 86). In the decades before this change, the National and Democratic Union (*Union Nationale et Démocratique*) had dominated Monegasque politics and sometimes was the only faction with representatives in parliament (Eccardt, 2005, p. 81; Guillot, 2010). Even though formal governing and opposition movements are now discernible in Monaco, as Grinda (2007, p. 72) argues, there are no significant differences between their platforms:

Unlike many countries, here is no ideological confrontation in the usual sense of the word. Indeed, the political movements, although existing and very active, have nothing in common with party organizations in neighbouring countries, where an organized structure, a government programme and the conquest of power are the objectives.

In Liechtenstein, a somewhat comparable situation exists. Since the end of the Second World War, the Principality's politics have been dominated by the Fatherland Union (*Vaterländische Union*, VU) and the Progressive Citizens' Party of Liechtenstein (*Fortschrittliche Bürgerpartei in Liechtenstein*, FBP). Although their names might suggest differences in political orientation, both parties have a conservative, economically liberal and royalist political position and there is "little if any difference in their political and social philosophies" (Beattie, 2004, p. 189).

In Andorra, parties are "necessarily personalized due to the smallness of the electorate and the demographic basis of Andorra" (Becat, 2010, p. 155). The establishment of representative political institutions here in 1993 has not led to a decrease in person-oriented politics, "because a long tradition has forged solid alliances of interest between groups of families" (Becat, 2010, p. 156). The fragmentation of the Sammarinese party system after 1990 – which has led to a rapid increase in the number of political parties – was "guided by important personalities in Sammarinese politics" (Baccocchi, 1999, p. 97). This conclusion is shared by Pelliconi (1995, p. 89), who points out that:

[I]ike in the past, in San Marino, individual politicians, the leaders, have a decisive influence . . . especially in a microstate so susceptible to changes.

The lack of ideological politics and the focus on personal relations also make the politics of the European microstates more susceptible to conflicts of interest, patron-client linkages and corruption. The case study literature on all four countries reveals a tendency to favouritism and the exchange of votes in return for preferential treatment. This shows the downside of the accessibility of politicians: voters can exert formidable pressure by means of their political connections. As one high-ranking Sammarinese public official noted during an interview:

Every citizen has access to political leaders; because they are friends, because they are related, or because they love each other. . . . And this closeness makes it difficult to respect the law; in this country it is very difficult to respect the law. Especially because of this reason, because everyone seeks a way to circumvent the law. . . . So the minister who one day of every week receives the public does not receive people who ask for respect of their

rights, but he receives people who ask him to break the law in their interest. (Veenendaal, 2014b, pp. 90–91)

Like its larger neighbour Italy, San Marino has gained a reputation for clientelism and corruption, particularly after a large number of former high-ranking politicians from different parties were convicted for bribery, corruption and money-laundering in the still ongoing Conto-Mazzini process (La Repubblica, 2015). This legal investigation also exposed links between the Sammarinese political elite and the Calabrian mafia group *'Ndrangheta*, with the crime group using the microstate's banks for money-laundering purposes. While less prominent, corruption scandals involving microstate politicians and high-ranking criminals or transnational crime groups have also occurred in the other three microstates, indicating that this particular type of corruption indeed represents a considerable political challenge for these countries. In this sense, they sometimes tend to confirm Somerset Maugham's image of "a sunny place for shady people" (1941, p. 156).

The political institutions of Andorra and San Marino are fully compatible with principles of modern democracy; however, the position and role of the Liechtenstein and Monaco monarchies continue to spark both domestic and international debates. The Council of Europe's Venice Commission has published reports criticizing the powerful political role of these unelected monarchs (Venice Commission, 2002, 2013) and also in international media, the political role of the Liechtenstein and Monegasque Princes has been portrayed as anachronistic and undemocratic (cf. BBC, 2012; The Independent, 2012).⁴ Yet while Monaco's population seems united in its support for the royal family, in Liechtenstein the actions and role of the Prince have created sharp political divisions and polarization, with a vocal minority calling for a limitation of the Prince's powers (Veenendaal, 2014a; Wolf, 2015). As one minister indicated during an interview, such tensions can run quite deep during referenda on the constitutional position of the monarchy:

The emotional fight that we had for the vote on the constitution was so troubled that there was a real fight in families, in marching bands, in choirs, in all these social events where people gather they were fighting so hard. And people that got along with each other well suddenly really emotionally fought about the future of our state. And there was no party, there was no funeral and no wedding and no Christmas party, no birthday party where people did not get into fights. (Veenendaal, 2014a, p. 344)

As this quote underscores, the entanglement of public and private spheres in small societies entails that political conflicts can have a direct impact on people's personal relationships. Under such circumstances, there can be strong pressures to conform to "unitarist values and practices" (Baldacchino, 2012), with those who voice a dis-

⁴ Both Liechtenstein and Monaco are classified as 'free' in the Freedom House dataset (which is the only aggregate index of democracy that includes these microstates). However, they have a lower score on the dimension of political rights due to the dominant position of the unelected monarch in their political systems (Freedom House, 2018).

senting opinion running the risk of social exclusion and ostracism. As the following section on socio-economic dynamics will demonstrate, in all four microstates this is a recurrent phenomenon.

SOCIO-ECONOMIC DYNAMICS

Coming out of the Second World War, the European microstates were relatively underdeveloped agricultural societies which in the absence of industrialization and natural resources appeared to lack any solid basis for economic growth (cf. Sundhaussen, 2003). Their societies consisted mostly of a small number of peasant and merchant families, which in the cases of Andorra and San Marino maintained a lengthy tradition of self-governance and in the cases of Liechtenstein and Monaco had long been governed by a well-respected princely family. The establishment of the Monte Carlo Casino in 1856 had already produced a steady flow of income for Monaco, but in the other three microstates opportunities for the exploitation of such niche markets emerged only in the latter half of the twentieth century. Over the course of less than 20 years, the development of banking sectors propelled these countries from economic backwaters into the most prosperous per capita jurisdictions in Europe. As Table 10.1 indicates, all four microstates have GDP per capita levels of US\$50,000 or more, which is higher than any of their neighbouring countries except Switzerland. While small states are generally “characterized by the limited capacity of their political, economic and administrative systems” (Baldacchino, and Wivel, 2020, pp. 2–18), their affluence entails that the European microstates are to some extent exceptions to this rule.

The unusual combination of economic growth without industrial development (*pace* Liechtenstein) produces a number of noteworthy societal dynamics. First, in the absence of a class struggle or labour movement, the societies of the European microstates have remained politically conservative, which is indeed a general feature of very small states and microstates (Guidi and Ferrari, 2003; Sutton, 2007). Indications of this pattern are the continuously dominant role of the Church; restrictive laws regarding abortion, euthanasia, LGBTQI rights and soft drugs; and an enduring gap between men and women regarding employment, wages and political representation. The microstates were also among the last countries in Europe to implement female suffrage. In 1957 San Marino was the first of these four microstates to extend voting rights to women; but, due to a slow implementation of laws, women could only vote for the first time in 1964 and passive electoral rights were granted to women in 1973 (Bacciocchi, 1999, pp. 123–124). Whereas Monaco introduced female suffrage in 1962 and Andorra in 1970, in Liechtenstein women could only vote since 1984. In this latter microstate, equal rights between the sexes were only realized in 1992 (Beattie, 2004, p. 176).

Having long remained generally shielded from international affairs and outside influences, rapid economic growth from the 1960s onwards resulted in the influx of significant numbers of migrants. In all four microstates, resident foreigners now

constitute a large proportion of the population. Monegasque nationals comprise less than a quarter of the population of Monaco, with French, Italian and British citizens together forming more than half of the inhabitants of this Principality. Andorrans make up about one-third of the population of this microstate, with French, Spanish and Portuguese citizens together constituting a majority. Two-thirds of the inhabitants of Liechtenstein are citizens of the Principality, while over 80 per cent of the inhabitants of San Marino possess the Sammarinese passport. The proportion of national citizens to foreign residents thus differs strongly per microstate; but, in all four of them, in-migration has had a strong societal impact and has sparked debates about belongingness and national identities. Migration has therefore rapidly raised the significance of the nationalism/cosmopolitan dilemma (Baldacchino and Wivel, 2020), which perhaps plays an even more prominent role here than in other small states. Resistance towards immigrants has become a common feature of most Western European societies; but, in the four microstates under review, the fear of losing national identity and becoming a stranger in one's own country due to the overwhelming presence of foreigners (a sensation called *Überfremdung*, or 'over-foreignization' in Liechtenstein) is even more profound (Grinda 2007; Marxer, et al., 2017).

In response to such feelings and perceptions, and by virtue of not being a member state of the EU and therefore party to its four freedoms, including freedom of movement, these four microstates have adopted very restrictive naturalization laws, which in some cases make it almost impossible for migrants to obtain citizenship and political rights. In Andorra, for example, prospective citizens must marry a resident Andorran, or live in the Principality for more than 20 years to qualify for citizenship; in Liechtenstein, this same process takes at least 10 years (Freedom House, 2018). Aside from the attainment of active and passive suffrage rights, citizenship commonly also carries a variety of other prerogatives, among which land ownership and access to higher wages and social security provisions. As a result, foreigners residing in one of the four microstates often express feelings of discrimination and (social) exclusion and feel like they are treated as second-class citizens. In recent years, this situation has come to the forefront due to emergence of populist, anti-immigrant parties such as *Die Unabhängigen* (DU – the Independents) in Liechtenstein, which exploit simmering feelings of xenophobia among the population.

As a consequence of the minuteness of their societies and the presence of a large foreign-born population, all four microstates exhibit a strong tendency towards "concerted political harmony" (Sutton, 2007), which translates into strong in-group and out-group dynamics and certain dominant cultural codes that members of society are expected to adhere to (Baldacchino, 2012). As Grinda (2007, p. 70) remarks in the case of Monaco:

The fact that Monegasques are a minority in their own country only reinforces their sense of unity. . . . The community is reluctant to exhibit its divisions other than in the reduced setting of the press, since it is conscious of the risk of incomprehension from foreign observers.

The sources of national identity and belonging vary per microstate, but commonly centre on religion, language and family heritage. In the case of Monaco and Liechtenstein, a strong emphasis is put on support for the royal family and in the latter country those who do not support or criticize the political position of the Prince run the risk of social exclusion. As a journalist in this microstate indicated during an interview:

I mean for many people it is at the heart of our identity. Liechtenstein is a monarchy and as a Liechtensteiner you identify with the Prince and if you don't you're not really a Liechtensteiner. It's as easy as that. (Veenendaal, 2014a, p. 342)

As in other small societies, pressures to conform to dominant cultural and communal norms in the four microstates can be formidable and the intimacy and social control may generate feelings of claustrophobia (Baldacchino and Veenendaal, 2018). Especially for younger people, pursuing education in a larger neighbouring country represents a welcome opportunity to (at least temporarily) escape from what could be a stifling, social straitjacket.

INTERNATIONAL RELATIONS: CHALLENGES AND OPPORTUNITIES

Having long successfully maintained their political independence and even surviving two world wars, the four European microstates appear to be remarkably effective in the management of their international affairs. The case study literature reveals that both in the past and present, political elites of these countries have successfully asserted their neutrality, exploited loopholes in the international system, and played off various European powers against each other (Eccardt, 2005). This shows that the microstates are successful in defensively securing a space for national actions and asserting their sovereignty, while they have not really had the ambition or capability to influence international affairs. In terms of the influence/autonomy dilemma highlighted in the introduction to this volume, the focus of the European microstates has therefore clearly been on maintaining their autonomy and independence. Certainly before the Second World War, but to a large extent also afterwards, they have opted for policies of abstinence and neutrality rather than to exert international influence (cf. Fox, 1959; Maass, 2017; Rickli, 2008). Yet, while their very survival can be considered remarkable, after the Second World War the European microstates have even thrived, becoming the wealthiest per capita countries on the continent due to their offshore finance and banking industries. Expanding European integration has offered the microstates far-reaching benefits and opportunities, although they have formally not been part of this process (Dószsa, 2008). Cornerstones of EU policy, among which open borders, the free flow of people and goods and the single market have provided the microstates with a politically secure and economically highly profitable external

environment, offering them opportunities that are far out of reach for microstates and small states in other world regions (Frommelt, and Gstöhl, 2011).

All four microstates have very close relations with their immediate neighbours, which in various ways exceed regular interactions between sovereign states (Duursma, 1996). Swiss diplomats for example commonly represent Liechtenstein in international affairs and Liechtenstein relies on the Swiss army for military protection. The two countries also have a customs and postal union and Liechtenstein uses the Swiss franc as its national currency (Beattie, 2004). France continues to have a strong impact on domestic Monegasque politics, even providing candidates for important political and judicial positions in this Principality (Grinda, 2007). While relations between San Marino and Italy were very tense in the 1950s, even culminating in an 18-month blockade of the microstate in 1951–1952, at present the economies and politics of the two countries are closely intertwined, with San Marino hiring members of the Italian police force and judges to enforce and apply its law. Having close relations with both its French and Spanish neighbours, Andorra relies on these two countries for various services and before the introduction of the euro Andorra used both the French franc and the Spanish peseta.

Yet, despite the very close links between Liechtenstein and Switzerland, Monaco and France, San Marino and Italy and Andorra and both France and Spain, these relationships have come under significant pressure at the dawn of the new millennium. First, in 1998, the Organisation for Economic Co-operation and Development (OECD) launched a global initiative against fiscal evasion and tax havens, in which it also specifically targeted the European microstates (Hishikawa, 2002; OECD, 1998; Sharman, 2006). In a second report that was published in 2000, Andorra, Liechtenstein and Monaco were explicitly listed as “uncooperative tax havens”. Reasserting their political sovereignty and claiming the freedom to devise their own banking and taxation systems, the microstates initially repudiated the OECD initiative. However, the global financial and economic crisis of 2008 strongly increased the external pressures on the microstates, as countries like Germany, France and Italy launched their own initiatives against fiscal evasion, explicitly targeting the microstates and branding them as malevolent tax havens. Aware of the fact that their wealth largely depended on banking and taxation systems, the microstates forcefully defended their positions and did not eschew powerful rhetoric in doing so. In response to German pressures, Prince Hans-Adam II of Liechtenstein, for example, spoke about his “powerful northern enemies” and said: “in the last 200 years, we have survived three German *Reichs*, so I hope we will also survive a fourth” (Süddeutsche Zeitung, 2010). In San Marino, political actors stipulated that Italian businesses, parties and politicians had long used the microstate as their bank to store money, but now suddenly attacked San Marino for playing this role.

The fight against fiscal evasion posed a formidable threat to the economies of the four microstates. Confronting San Marino, the Italian government in 2008 announced a tax amnesty for Italians who repatriated their offshore assets, while concurrently announcing further legal action against those who maintained their bank accounts in San Marino (RTV San Marino, 2008). In addition, the Italian government explicitly

discouraged Italian companies to do business with San Marino (IMF, 2011). In response to these actions, the Sammarinese economy strongly contracted between 2008 and 2013, with a negative growth rate of -12% reported for the year 2009. More or less similar figures could be observed in Andorra, Liechtenstein and Monaco, but since 2013 all four microstates are showing signs of economic recovery. Already in 2009 the OECD removed Andorra, Liechtenstein and Monaco from its tax haven blacklist and in recent years the microstates have signed and ratified various tax agreements with the European Union and neighbouring countries (cf. Tanganelli, and Pou, 2012; Eggenberger, and Emmenegger, 2015). In 2017, the Andorran government even passed a law to fully criminalize tax evasion (France 24, 2017).

While representing an arduous economic and international challenge, the conflict over tax regulation paradoxically also presented some opportunities to the microstates' political elites. By evoking powerful sensations of external threats and vowing to protect their country's independence in this modern version of David versus Goliath, some microstate leaders were able to bolster their domestic political positions. This is particularly the case for the Monegasque and Liechtenstein monarchs, with the latter highlighting the fight against "powerful enemies" and "so-called democrats" both at home and abroad, thereby putting domestic critics squarely in the anti-Liechtenstein camp (Marcinkowski, and Marxer, 2011).

CONCLUSION

This chapter has reviewed the main political, economic, societal and international dynamics of the four European microstates, with particular attention to size effects. Throughout the chapter, various references have been made to publications on small states, showing the extent to which these four cases are similar to or different from small states in other parts of the world. While the majority of small states are island nations with low or middle income economies that have only fairly recently attained statehood, the four microstates under review are (extremely) wealthy continental jurisdictions with a long history as (semi-) sovereign entities. As a result, despite their small size, the four microstates' societies and political systems have developed in relative isolation and the Sammarinese (Latin) dictum *cogniti nobisque incogniti aliis* – "known to us, unknown to others" – was long a cornerstone of their foreign policies (cf. Sundhaussen, 2003, p. 217). In comparison to other small states, the European microstates have therefore traditionally been inward-looking and detached from international affairs. This all changed abruptly in the second half of the twentieth century, when rapid economic development, substantial immigration and European integration catapulted the microstates into the modern era. In the case of Andorra, this process culminated in the adoption of a completely new parliamentary democratic system and this microstate "transformed essentially from a medieval state into a modern one in less than twenty years' time" (Eccardt, 2005, p. 74).

European integration and the exploitation of niche markets have provided the microstates with great opportunities. Yet, as in other small states, such occasions

are always accompanied by risks and vulnerabilities. Immigration has reinforced the significance of the nationalist/cosmopolitan dilemma in the microstates, producing strong pressures to be more active and engaging in international affairs but also to protect the national culture and identity. The four microstates have only just recovered from the effects of the 2008 global economic crisis and the ensuing clampdown on fiscal evasion and tax havens, which has hit their finance-based economies disproportionately hard. Faced with ever stricter international laws and regulations regarding offshore finance and taxation, these countries must find new markets to exploit, of which tourism seems to offer the best opportunities. However, the economic crisis has also exposed some of the political challenges stemming from these countries' small size, as a result of which Sammarinese media for instance reported about a double crisis: one international and one domestic. The recent persecution and conviction of many key figures of the former Sammarinese political elite for bribery, corruption and money-laundering most accurately shows some of the perils of governance in small states (La Repubblica, 2015). In this sense, domestic circumstances nowadays appear to form an equal or perhaps even greater quandary to the political future of the four microstates.

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11. Small states in Europe as a buffer between East and West

Rebecca Pedi

INTRODUCTION

This chapter examines small states in Europe as buffer states between East and West, during the last 10 to 20 years. For most of the post-Cold War era, the buffer state concept has been absent from both political and research agendas. Great powers and regional blocs have advanced integration projects and tried either to force or to attract small states' participation in them. At the same time, small states either sought a shelter alliance strategy (Bailes, Thayer, and Thorhallson, 2016) or a multi-vector foreign policy (Nitoiu, 2018). During that period, small states that found themselves between great powers or blocs in Europe, namely states in the post-Soviet space, were viewed and studied as states 'entredeux' (Cadier, 2014), in-between (Torbakov, 2013) or in a "contested neighbourhood" (Ademmer, Delcour, and Wolczuk, 2016). However, it was the conflict between Russia and Ukraine, the annexation of Crimea, and the resulting upheavals in East–West relations that brought the buffer state concept back to relevance (Graham, Menon, and Snyder, 2017; Mearsheimer, 2014; Menon and Snyder, 2017).

This chapter explores whether the often misused and misunderstood concept of the buffer state remains significant in the post-Cold War era (see also De Spiegeleire, 1997; Jesse and Dreyer, 2016). It also investigates the challenges that small states finding themselves in between great powers have confronted during that period, and the choices they have made. With this in mind, we focus on the case of Ukraine and its relations with Russia and the West since the former's independence. In spite of its size – a population of 45 million and an area larger than France – Ukraine's relationship with both Russia and the West is highly asymmetric. It has found itself as the weaker state caught in East–West rivalry and, relationally, it fits the definition of a small state introduced in the introduction to this volume (Baldacchino, and Wivel, 2020). Thus, Ukraine makes for an interesting small state case study.

This chapter first reviews the buffer state concept and its applicability to the post-Cold War era. Then we turn to Ukraine's relations with Russia and the West and look first at Russian, US and EU perspectives on Ukraine's role and then on Ukraine's challenges and choices, given Russia's and the West's ambitions and goals.

WHAT IS A BUFFER STATE?

Table 11.1 Definitions of buffer states

Proponent/s	Definition	Defining Criterion/a
Spykman (1938)	A relatively weak state, geographically located between two strong states.	Location; Relative Power
Mathisen (1971)	A small independent state, lying between two larger, usually rival, states.	Location; Relative Power
Wight (1995)	A weak state, zone or region between two or more stronger ones, maintained or even created with the purpose of reducing conflict between them.	Location; Relative Power
De Spiegeleire (1997)	A state located between buffered actors; its relative power is significantly smaller than that of either of the buffered actors; and has to be a truly independent sovereign actor within the international system.	Location; Relative Power; Foreign Policy Orientation
Fazal (2004)	A state physically located between two rivals, unless an ocean separates the rivals. The exception regarding oceans only affects US–Russia and US–China rivalries.	Location
Spykman & Rollins (1939); Valeriano & Benthuyzen (2012)	A state lying between a pair of rivals where at least one of the rivals shares a land or water boundary.	Location
Menon & Snyder (2017)	States or zones lying between the spheres of influence of two or more powerful states but are not allied with, or dominated by, any of them.	Location; Relative Power; Foreign Policy Orientation

Buffer states appeared in the nineteenth century, created by European great powers in order to manage competition between them in Europe, Asia and Africa, as colonial powers; they thus helped to avoid direct confrontation and led to prolonged periods of peace among rival powers. Afghanistan, Belgium, Siam and Switzerland constitute examples of buffer states from that period, later joined by the Netherlands, Norway, Sweden, Finland, Austria and Yugoslavia (Jesse and Dreyer, 2016; Kratochwil, 1986; Mathisen, 1971; Menon and Snyder, 2017). Writing in the interwar period, Spykman and Rollins (1939, p. 404) observe that “[A]mong political devices to increase frontier security, the buffer state is the most persistent type.” Fazal (2004) finds that, between 1816 and 1992, 50 states had served as buffers, and 10 of these more than once in their history.

In spite of divergent views, the main defining criteria for buffer states are three: *location*: lying between two rival powers; *relative power*: having limited power in comparison to the states it buffers; and *foreign policy orientation*: pursuing a policy of neutrality or of alliance. There is no agreement on whether a state has to fulfil all three criteria to be considered a buffer (see Table 11.1).

Scholars have added other qualities describing the buffer state, including their topography, conditions of creation and the potential for state success. But, just as

with the elusive definition of the small state (Maass, 2009), discussions about the buffer state may sow confusion. For that reason, we examine the role that buffer states play in the international system and which is intrinsic to their existence.

A buffer is “a state or mini-complex within a security complex and standing at the centre of a strong pattern of securitisation, whose role is to separate rival powers” (Buzan and Wæver, 2003, p. 489). Mathisen (1971, p. 107) notes that “[I]t seems natural to think of it [the buffer state] as a sort of political fender serving to reduce the danger of conflict between its greater neighbours.” The creation and maintenance of buffer states as tools for the management of great power rivalry is the outcome of great power calculation; they prefer the buffer state solution to avoid conflict, but only if the costs to conquer an adjacent smaller state exceed gains (Menon and Snyder, 2017; Partem, 1983). That is why buffer states are found where a balance of power exists and their fate usually follows that of the distribution of power among the rival states or great powers in the system. If one of the rival powers becomes more powerful and able to conquer the buffer state, then it should be expected that the stronger power will attack the buffer state and the latter will cease to exist (Menon and Snyder, 2017; Partem, 1983). Thus, buffer states are vulnerable to state death (Fazal, 2004; Valeriano and Benthuyesen, 2012), to pressures by the great powers in the system, and to changes of the distribution of power in the international system. If the buffer state chooses to bandwagon with the stronger side or balance it by joining its opponent power, the other side should be expected to retaliate (Menon and Snyder, 2017; Partem, 1983). In a classic case of security dilemma, one side does not want the other to benefit from a closer relationship or occupation of its neighbouring small state. In addition, for the buffer state to be sustainable, it has to be of almost equal value to both rival powers (Menon and Snyder, 2017; Partem, 1983). If one side is less interested, then the buffer state finds itself in danger of being abandoned into the disposition of the more interested power. Hence, buffer states exist as parts of a system with specific dynamics and behaviour patterns. The following conditions need to be met (Partem, 1983, p. 16):

- *Geography / Location*: Country B is contiguous with two or more other states or blocks of states (I, J).
- *Capability Distribution / Relative Power*: Country I perceives its probability of defeating Country B in a bilateral conflict as more than 50%; country J also perceives its probability of defeating B in a bilateral conflict as more than 50%. The difference in capability between I and J is small. Country B is perceived as incapable of determining the outcome of the I–J rivalry.
- *Foreign Policy Orientation*: The buffer will avoid a military alliance with either I or J. The alliance patterns of I and J are dissimilar.

Partem (1983) distinguishes imperial expansion from buffer system and also notes that foreign policy choices of all the three, and especially of the two greater powers are important, as the geography of the in-between state cannot change but the orientation of the other two can. The case of the Germany–Belgium–France buffer system

is indicative of such a change, Belgium does not serve as a buffer state anymore, because the relations between Germany and France have changed. If we think of the buffer state as part of such a system, then it becomes clear that a buffer state should be a neutral state. As a neutral state, it constitutes a protective zone and in addition none of the two rivals can be benefited by exploiting the buffer state's territory or resources (Jesse and Dreyer, 2016). Thus, a buffer system should also be differentiated from an extensive defence perimeter, where the weaker state is directly dependent on one of its more powerful neighbours (which can even station its troops on the small state's territory), and within its sphere of influence (De Spiegeleire, 1997):

[B]uffer zones lie between the spheres of influence of two or more powerful states but are not allied with or dominated by any of them. . . . By contrast, spheres of influence arise when powerful states exercise predominant sway over nearby territories, sometimes with the tacit recognition of rival powers. (Menon and Snyder, 2017, p. 966)

What is crucial, then, is whether the more powerful neighbouring states or blocs see the weaker in-between states as buffers, as their defence perimeter or as parts of their sphere of influence; and also how the small states themselves, as actors, react to demands by their more powerful neighbours and their goals.

Although all buffer states have to be parts of a system with a specific geography, capability and foreign policy orientation, all buffer states do not necessarily follow a similar pattern of behaviour. There are strong and resilient buffer states, but also weak buffer states, prone to state death. The former are distinguished by their high levels of cohesion and unity, and sufficient economic, military and social capability for credible resistance, potentially assisted by difficult terrain. In this sense, strong buffer states share many of the characteristics of small states that not only succeed in surviving, but also 'punching above their weight' (Pedi, 2016). Sustainable buffer states have also been active in the international system on issues related to the promotion of international norms and peace (Sweden), by joining efforts with other small and neutral or non-allied states to defend their interests (Yugoslavia), or by playing the broker role between East and West during the Cold War (Austria) (Mathisen, 1971). Thus, buffer states are not necessarily impotent actors in the international system, but they can contribute to it by playing specific roles, just as the small state literature suggests (Goetschel, 2011; Ingebritsen, 2002). In addition, buffer states in the past have tried to play off one power against the other, in order to extract gains or room for manoeuvre (Jesse and Dreyer, 2016; Mouritzen 1991). They have also employed a 'moral hazard' pattern of behaviour which, according to Menon and Snyder (2017, p. 974), arises when a buffer state assumes that an outside power will protect it from its rivals, regardless of its strategic choices, "leading to consequences that are unforeseen and undesired by the patron" (also Keohane, 1971).

Advances in communications and military technology, increasing levels of interdependence, the end of the Cold War and the development of regional projects such as the EU, have (independently and in combination) altered the relations between the great powers in the system, and also the choices that small states have as well as the

interaction between small states and great powers. Small state choices – like those of ‘balancing’, ‘bandwagoning’ and ‘neutrality’ – have been complemented by new theories, such as those of ‘alliance shelter’ (Bailes, Thayer, and Thorhallsson, 2016) and ‘multi-vector foreign policy’ (Contessi, 2015; Gnedina, 2015). The conflict between Ukraine and Russia, the annexation of Crimea and the increasing competition between Russia and the West, have revived concepts like that of ‘the buffer state’ (Buras, 2014; Graham, Menon, and Snyder, 2017; Mearsheimer, 2014; Menon and Snyder, 2017) and ‘finlandization’ (Mouritzen, 2017), which had been considered redundant. Therefore, in the next two sections, we explore the East–Ukraine–West system, investigating the heuristic relevance of the buffer concept after the end of the Cold War and the ways that geographic positioning of small states caught in between great powers impacts upon the challenges they confront and the choices they make.

UKRAINE, RUSSIA AND THE WEST: THREE DIFFERENT PERSPECTIVES

Russia’s Perspective

Since the end of the Cold War Russia’s relations with the West have undergone many changes, yet Russia’s approach towards Ukraine and the rest of the Commonwealth of Independent States (CIS) has not wavered. Ukraine and the other CIS member states belonged to Russia’s ‘near abroad’, its ‘sphere of interests’: this was not an issue of negotiation with the West, it was a matter of respect for Russia as a great power (Buzan and Wæver, 2003; Trenin, 2009). Therefore, Russia could not see Ukraine and the rest of the CIS states simply as buffers, neutral states between it and the West. To this background, in 2008 and on the occasion of NATO’s promise to Ukraine and Georgia for future membership, Vladimir Putin, Russia’s Prime Minister at that time, warned NATO leaders that Russia would perceive such a development as a “direct threat” and that the future of cooperation between Russia and the West “will depend on whether NATO members take Russia’s interests into account” (quoted in Bloomfield and Kirkup, 2008). Furthermore, Putin (2008) pointed out that millions of Russians live in Ukraine, Crimea had been given to Ukraine as a ‘gift’, and that a series of internal animosities would be exacerbated were Ukraine and Georgia to seek to join NATO. Later, Russia also securitized Ukraine’s Association Agreement with the EU (Dragneva and Wolczuk, 2016; Stewart, 2014). A democratic and westernized Ukraine would constitute a bad example to Russia and other countries in the neighbourhood and that is why Russia’s reaction to both the ‘Orange Revolution’ and the ‘Revolution of Dignity’ was that those uprisings were instigated by the West (Kuzio and D’Anieri, 2018).

Ukraine has been especially important to Russia for historical, economic, security and political reasons; that is why Russia did not accept Ukraine’s independence easily and initially considered it abnormal or temporary (Brzezinski, 1994; Grigas, 2016; Kuzio and D’Anieri, 2018; Wolczuk, 2016). Nor should the securitization of

Ukraine's turn towards the West have come as a surprise (Buzan and Wæver, 2003). In 1994, Brzezinski noted: "without Ukraine, Russia ceases to be an empire; but with Ukraine suborned and then subordinated, Russia automatically becomes an empire" (p. 80). Yet, it was not that Russia wanted to keep Ukraine neutral; rather it wanted to integrate Ukraine into its own CIS projects at all costs (Dragneva and Wolczuk, 2016). Russia's aim was to keep Ukraine dependent on Russian gas in order to exert its influence on economic and political elites and through them on domestic politics and foreign policy (Stewart, 2014; Wolczuk, 2016). To this end, Russia has employed a series of traditional and hybrid tools: russification, passportization, separatism, Crimea's annexation, disinformation campaigns, and the gas price as a political weapon. Similar tools were also deployed in Georgia and Moldova (Grigas, 2016). As Ademmer, Delcour and Wolczuk (2016, p. 12) observe, "Russia acts as a security (Armenia) or insecurity (Georgia, Ukraine, Moldova) provider in the various hot and frozen conflicts" in the region.

The West's Perspective

In contrast to Russia, the West's approach to Ukraine was neither unified nor fixed. Rather, it evolved in step with developments in the international system, changes in the US and the EU and their relations with Russia, as well as with developments in Ukraine's domestic scene. According to Kuzio (2003, 2012), the West's relationship with Ukraine following its independence has followed a three-way cycle: from disinterest, to partnership, to disillusionment and to disinterest again.

The US

The US's main concern with Ukraine in its first years after its independence was the nuclear warheads the latter possessed, carried over from the USSR era (Allison, 2012). And so, the US entertained the idea of cooperating with a Russia that would guarantee security and stability in the CIS area, help with the denuclearization of smaller states, promote democracy and push for a market economy at home and in the region (Brzezinski, 1994). In this sense, the US encouraged Russia's dominance over the CIS countries; at that point, the imagined spheres of influence were shared between the West, winner of the Cold War, and the defeated Russia that would follow the US on a course towards Western democracy, rule of law and a market economy (Buzan and Wæver, 2003). However, Russia had no intention to follow the US plan and was incrementally reclaiming its international role as a great power and the other pole in the international system. It was then that Ukraine's requests for a closer relationship with the US and NATO membership found a place on the US agenda; the US invested a great amount of money in support of Ukraine's democracy, civil society and economy and was a fervent supporter of Ukraine's participation in NATO, even though its European allies did not want to irk Russia (Kuzio, 2003, 2012). Thus, the US had not considered Ukraine a buffer state: it could belong either to Russia's sphere of influence, or to theirs. A series of scandals and the alleged sale of Ukrainian armaments to Iraq rocked the US-Ukraine relationship in the early

2000s. US interest was rekindled after the Orange Revolution, only to wane again due to the unwillingness of Ukrainian elites to proceed with real political and economic reforms (Kuzio, 2012). Ukraine attracted the US's attention again during the Revolution of Dignity. The US saw, in both uprisings, a hope for Ukraine to proceed with reforms and subscribe to Western values. After the annexation of Crimea, and given Russia's assertiveness in the international system, Ukraine became important to the US for other reasons.

The EU

The EU did not develop a consistent policy towards Ukraine until the early 2000s, despite Ukraine's interest in integration into the European Communities (Kuzio, 2003). Only after the 2004 enlargement, when on the one hand the EU started to share a border with Ukraine and on the other the Orange Revolution gave a new impetus to Ukraine's prospects for democratization and westernization, did the EU start showing interest in Ukraine. Since 2009, Ukraine had been a member of the EU's Eastern Partnership, which contains also Georgia, Moldova, Armenia, Belarus and Azerbaijan, seeking to introduce EU norms and rules to its Eastern neighbourhood and enhancing economic ties. Each of the participating countries has a different degree of engagement and progress in the required reforms and the EU follows an incentives-based, 'more for more' approach (Eastern Partnership Civil Society Forum, 2017). In the context of the Eastern Partnership, Georgia, Moldova and Ukraine have signed an Association Agreement with the EU and for that reason have been sanctioned by Russia, which has securitized EU's policies in the region, as they alienate small states in Russia's periphery from its politico-economic model and its integration projects and consequently diminish its influence. EU decision-makers view the EU as a unique international actor. Official EU discourse does not see the world through the lens of power politics; and so, concepts like 'buffer states', 'sphere of influence' or 'sphere of interest' are alien to the EU which is viewed by its proponents as a 'civilian' and 'normative power', seeking to bolster its security by promoting resilience of states and civil societies on its periphery (EEAS, 2016). That is why, in the case of the Association Agreement with Ukraine, the "EU was adamant . . . that no third party could effectively veto an agreement between the EU and another country. This norm was extremely important, as it underpinned the notion of a Europe governed by norms and rules rather than by great powers" (Kuzio and D'Anieri, 2018, p. 82). Ukraine has become a central issue in EU–Russia relations, as the former imposed sanctions on the latter because of Crimea's annexation. The EU "will not recognise Russia's illegal annexation of Crimea nor accept the destabilisation of eastern Ukraine" (EEAS, 2016, p. 33). However, the EU has no other means to change the situation beyond sanctions, whose effectiveness has been already contested (Connolly, 2018). Thus, it finds itself before with a *fait accompli* that challenges the potency of its normative power.

UKRAINE AS A SMALL STATE BETWEEN THE EAST AND THE WEST

Although, after the 2013 crisis, Ukraine follows a clear pro-Western foreign policy, its in-between geographic position has been well reflected in its domestic politics, economy and society as well as its external relations, since its independence. As a result, its relations with both Russia and the West have undergone many upheavals, provoked by changes in Ukraine's domestic political scene as well as by developments in the international system (Burant, 1995; Dragneva and Wolczuk, 2016; Gnedina, 2015; Kuzio and D'Anieri, 2018; Shyrokykh, 2018; Stewart, 2014). Five periods in Ukrainian domestic politics and external relations can be identified, each distinguished by a different President and a different orientation in Ukraine's foreign policy. Yet, in all of them, Ukraine's domestic weaknesses remain remarkably consistent.

1991–1994: The First Years of Independence and the 'Return to Europe'

Ukraine emerged as an independent state with a unique combination of positive and negative legacies bequeathed by the USSR era: an enviable geographic position, vast area, market size and population, strong armed forces, a significant nuclear arsenal and a socialist economy which accounted for 16 per cent of the USSR's GDP, but was dependent on Russia and its gas (Karatnycky, 1992). Despite divisions between the western areas of the country (which were sympathetic to Europe and the West) that had fallen under Russian control only in 1939, and the pro-Russian east of the country – including Crimea, that was given as a 'gift' from Soviet leader Khrushchev to Ukraine in 1954 – Ukrainian society was adamant about the country's independence and sovereignty, as confirmed by the pro-independence vote in the 1991 referendum (Burant, 1995; Kuzio and D'Anieri, 2018).

At that stage, Ukraine's goals were to safeguard its identity and sovereignty, resist Russia's demands for control, and integrate the country into Western structures: mainly, into the then European Communities but not in NATO, as Ukraine initially had adopted neutrality (Burant, 1995; Shyrokykh, 2018). Thus, its first President Leonid Kravchuk supported the view that the CIS should not take the form of a new union; he saw it as a series of agreements to prevent an uncontrolled and possible violent dissolution (Burant, 1995; Kuzio and D'Anieri, 2018). Since then and until its withdrawal from the CIS, Ukraine remained an associate member that never ratified the CIS Charter and has been reluctant towards plans for further integration (Ponomarenko, 2018). Other issues of contention with Russia were Ukraine's borders, the fate of the Black Sea fleet in Sevastopol, Crimea – and, for some nationalists in Russia, Crimea itself – as well as the submission of nuclear weapons to Russia in order to be dismantled (Kuzio and D'Anieri, 2018; Zhurzhenko, 2005). Kravchuk exploited these issues to flex Ukraine's newly acquired sovereignty and to strengthen its bargaining position with Russia (Burant, 1995). None of these issues had been settled when Kravchuk's successor Leonid Kuchma came to power.

Ukrainian leadership at that time held a clear and consistent position on its country's orientation: Ukraine belonged to Europe and the West, just like its neighbours and other former member states of the Warsaw Pact in Eastern and Central Europe (Burant, 1995). It pursued membership in the Visegrad group and the Central European Initiative; yet unsuccessfully regarding the former and succeeding in participating only as an associate member in the latter due to the absence of a reformed and market oriented economy (Burant, 1995). Karatnycky (1992) suggests that central and eastern European countries would welcome the idea of Ukraine being integrated into the West and act as a buffer against an assertive Russia. Yet, the Visegrad group members Poland, Hungary and the then Czechoslovakia pursuing their own integration into the Western structures, preferred to avoid an association with Ukraine; first because in their eyes Ukraine was an outsider, a CIS member following a different trajectory from theirs concerning reforms, and second because they did not want to provoke Russia (Burant, 1995). However, in 1993, Ukraine along with Poland and Hungary initiated the Carpathian Euroregion project, later expanded to include Romania and Slovakia (Bauer, 2015).

In addition, Ukraine was the first CIS member state to sign a Partnership and Cooperation Agreement with the European Communities and their member states in 1994, and was the first CIS member state that joined NATO's Partnership for Peace (PfP) programme. Moreover, due to the fear of NATO's eastward expansion without including Ukraine, President Kravchuk insisted on a new, pan-European security structure in which NATO members and former members of the Warsaw Pact would participate equally; an idea that would not find much support (Burant, 1995).

On the domestic front, Ukraine gave priority to military reform, seeking to build a strong and devoted Ukrainian army (Burant, 1995), and also made some progress concerning political reforms, especially in media freedom, but was reluctant to proceed with radical reforms in the economy (Karatnycky, 1992). Corruption also started to expand at that period and it was under the weight of an economic crisis in 1993 and civil uprisings in the eastern part of the country, that Kravchuk signed Ukraine's entry into the CIS Economic Union but only as an associate member (Dragneva and Wolczuk, 2016).

1994–2004: The Rise and Fall of Ukraine's Multi-Vector Foreign Policy I

In 1994, Leonid Kuchma, an eastern Ukrainian, was elected President under the promise of improving relations with Russia: 'to Europe with Russia' was a popular slogan during his presidency (Kuzio, 2003). Kuchma argued that, given its geographic position between Russia and the West, Ukraine should balance its foreign policy between the two. And so, he introduced the concept of a multi-vector foreign policy into Ukraine's external relations (Freire, 2009; Kuzio, 2003; Shyrokykh, 2018). Thus, for Kuchma's administration what was important for Ukraine, was not a 'return to Europe' but for the country to become an important knot in the Euro-Asia region (Burant, 1995).

A closer relationship between Russia and Ukraine, however, presupposed that the two parts would reach an agreement on the latter's independence and borders and the former's demands on nuclear weapons and the Black Sea fleet. Under the shadow of the economic crisis that forced Kravchuk to participate in the CIS Economic Union and pressures from both the US and Russia, Ukraine agreed on a final surrendering of nuclear weapons; yet, it asked NATO for security guarantees, fearing Russian revisionism (Allison, 2012; Kuzio and D'Anieri, 2018). Finally, in December 1994, the US, Russia, the UK and Ukraine signed the Budapest Memorandum to confirm the agreement and the security assurances in connection with Ukraine's accession to the Treaty on the Non-Proliferation of Nuclear Weapons. With the Memorandum, the three powers "reaffirm their commitment to Ukraine, in accordance with the principles of the Final Act of the Conference on Security and Cooperation in Europe, to refrain from economic coercion designed to subordinate to their own interest the exercise by Ukraine of the rights inherent in its sovereignty and thus to secure advantages of any kind". Three years later, in 1997, Ukraine and Russia also settled the Black Sea fleet issue: the latter would keep "roughly 80% of the fleet's ships, a lease on part of the base until 2017 and the right to keep a force of up to 25,000 personnel at the base" (Kuzio and D'Anieri, 2018, p. 72). In the same year, the two countries signed the Russia Ukraine Friendship Treaty, under which Russia officially accepted Ukraine's independence and sovereignty and committed itself to respect Ukraine's territorial integrity. Finally, in 2003, 12 years after Ukraine's independence, the two countries closed negotiations on their land borders.

Despite this progress, Ukraine's relationships with Russia remained hazy, and the West continued to play the role of the 'other pole' for Kuchma. At this time, Ukraine joined Georgia, Azerbaijan and Moldova to set up a pro-Western international regional organization for democracy and economic development, named GUAM after the initials of the four countries. According to its charter, GUAM sought to promote cooperation among the four countries, support democracy and human rights promotion and express concern with the aggressive separatism and extremism in the area: all four countries now confronted frozen conflicts that were directly or indirectly supported by Russia. In addition, Ukraine, following US policy on Iran, did not take part "in the construction of the Bushehr nuclear plant, thereby opening the door to Russian involvement, and closing the door on what would have been the biggest Ukrainian project in the region" (Shelest, 2018, p. 67). Also during Kuchma's presidency, Ukraine had been the most active CIS state in NATO's PfP programme, participated in the Coalition of the Willing with 2,000 troops, and was among the top three country recipients of US aid (Kuzio, 2003). The Ukrainian President sought a closer relationship with the EU – he even aspired for an Association Agreement – and expressed Ukraine's ambition for NATO membership in 2002. However, the lack of economic reforms, deterioration of democracy, escalation of corruption, the persecution of political opponents, the alleged assassination of the Ukrainian journalist Georgy Gongadze and the alleged sale of Ukrainian armaments to Iraq suggested to the West that Ukraine's *rapprochement* was not serious (Kuzio and D'Anieri, 2018). Kuchma's multi-vector foreign policy was a useful tool to avoid an exclusive

relationship with a rising Russia and orientate the country in a direction compatible with international developments; while, at the same time, it was serving the interests of the country's corrupt political and economic class (Kuzio, 2003). But such a policy was rejected by the West and relations between Ukraine and the US reached a historic low (Kuzio, 2003; Kuzio and D'Anieri, 2018).

Kuchma overestimated the interest of the EU and US in Ukraine and found himself isolated and under pressure from the Russian side to sign the Agreement for a CIS Eurasian Economic Community (EEC) (Dragneva and Wolczuk, 2016). Kuchma's aim was to cement his power and, with the hope for support from Russia in the approaching election, he signed the agreement for Ukraine's entry into the CIS EEC: again, not as a full member, but as an associate, as Kravchuk had done with the CIS and the CIS Economic Union in the past, and as Kuchma himself did with the CIS Custom Union in 1995 under the pressure of rising costs in Russian oil and gas (Dragneva and Wolczuk, 2016). Russia's claim to Tuzla island in 2003 had reinforced the perception of Russia as a threat to Ukraine's sovereignty (Zhurzhenko, 2005). In addition, the entry to the CIS EEC was denounced as anti-constitutional by the Opposition and western Ukrainians (Dragneva and Wolczuk, 2016), for whom the turn towards Russia was a matter of concern. In this election, Russia stood openly by President Kuchma's Prime Minister, Yanukovich, an eastern Ukrainian. His opponent at the ballot was Yushchenko, a western Ukrainian and pro-West candidate, and another former Prime Minister under Kuchma's administration.

2005–2010: From the Orange Revolution to the Need for a Multi-Vector Policy Again

After the Orange Revolution, a civil uprising against the 2004 election fraud and against Kuchma's and Yanukovich's corrupt leadership, Yushchenko came into power. "By the time victory was announced – in the form of opposition leader Viktor Yushchenko's electoral triumph – the Orange Revolution had set a major new landmark in the post-communist history of eastern Europe, a seismic shift Westward in the geopolitics of the region" (Karatnycky, 2005, p. 35). We now know that this 'seismic shift' was reversible; but the Orange Revolution left a significant impact on Ukraine's domestic politics and external choices, as well as on Russia's and the West's stances with respect to Ukraine.

Consistent with his pledges, Yushchenko brought Ukraine closer to the West. Under his leadership, Ukraine joined the World Trade Organization, extracted a promise of future membership to NATO, joined the EU's Eastern Partnership and started negotiations for an Association Agreement (Dragneva and Wolczuk, 2016). The civil society uprising and Yushchenko's pro-West views had rekindled the West's interest in Ukraine, especially that of the EU which, after its 2004 enlargement, now shared a border with Ukraine (Kuzio and D'Anieri; 2018; Zhurzhenko, 2005).

And yet, despite the momentum that the Orange Revolution created, Yushchenko failed to proceed with reforms, fight corruption and improve Ukraine's economic sit-

uation. His presidency was marked by infighting among the members of his coalition, recriminations for corruption and relations with different clans of oligarchs, along with competition with his Prime Minister Yulia Tymoshenko (Kuzio and D'Anieri, 2018). In the four years of his presidency, Ukraine changed four governments, and in the last one Yanukovych, once Yushchenko's opponent, was appointed Prime Minister.

The economy remained dependent on Russia and therefore vulnerable, as Yushchenko had not prepared the country for the foreign policy reorientation (Dragneva and Wolczuk, 2016). Russia did not remain passive with regards Ukraine's turn towards the West and Yushchenko's anti-Russian positions. Russia used the gas price for political leverage: during Yushchenko's presidency, in 2006 and 2009, the infamous 'gas wars' between the two countries took place. On these occasions, Russia cut off the supply of gas to Ukraine, crippling the Ukrainian economy and citizens but also many other European countries and citizens, since Russian gas reaches several European states through Ukraine. To this background a return to a multi-vector foreign policy took center stage in the 2010 elections (Yermolenko, 2009). Ukrainians had to choose between Yanukovych and Tymoshenko, both of whom aspired to repair relations with Russia but maintain relations with the West, with Tymoshenko being slightly more pro-West than Yanukovych.

2010–2013: The Rise and Fall of Ukraine's Multi-Vector Foreign Policy II

Under Yanukovych from 2010 to 2013, ambivalence in foreign policy was restored (Stewart, 2014). The then Ukrainian President, who increased high-level corruption in Ukraine at an unprecedented level (Åslund, 2014), offered his version of a 'multi-vector' foreign policy (Gnedina, 2015).

Under Yanukovych, the Parliament voted for a 'non-bloc' status which was meant to cut off Ukraine's prospects to join NATO and bring the country closer to Moscow (BBC, 2010). In addition, in an effort to appease Russia's fears of its closer relationship with the EU as well as to extract short-term gains for its economy, Ukraine signed the 'Khariv Accords' according to which the Black Sea fleet lease to Russia was extended until 2042 in return for a reduced gas price (Kuzio and D'Anieri, 2018). That said, Yanukovych remained reluctant towards Putin's integration plans and followed Kuchma's path of creative ambiguity. Despite its 'non-bloc' status, Ukraine continued cooperation with NATO, provided troops to NATO missions and operations, permitted NATO ships to access the Black Sea, and initiated the NATO Defence Education, Enhancement Programme in order to improve its armed forces (Menon and Motyl, 2011; NATO, 2018). Yanukovych wanted to keep a loose relationship with Moscow's integration projects, maintaining ties with NATO and seeking further cooperation with the EU. He reconfirmed Ukraine's interest in signing an Association Agreement and in participating in the Energy Community, yet without implementing the necessary reforms (Dragneva and Wolczuk, 2016; Stewart, 2014; Wolczuk, 2016).

In his multi-vector foreign policy context, Yanukovich did not see Ukraine's association with the EU status as incompatible with a closer relationship with Moscow which, however, at that period promoted the CIS Customs Union integration project. Ukraine's membership of the CIS Custom Union was significant given its market size and the importance that the country had to Russia. Yet, the EU's Association Agreement and the CIS Custom Union were mutually exclusive projects and Yanukovich was the first Ukrainian president who had to make a clear choice between Russia and the EU (Dragneva and Wolczuk, 2016). Yanukovich misread the situation, the intentions of the EU and Russia, as well as the state of the Ukrainian economy. He overestimated Ukraine's importance to the EU and thought that, in order to attract Ukraine, the EU would overlook Ukraine's lack of progress in reforms, the deterioration of democracy, his opponent's Yulia Tymoshenko's imprisonment, and the expansive corruption (Pifer, 2012). Although the EU relaxed conditionality for Ukraine, subscribing into EU values and norms still remained a *sine qua non* for signing the Association Agreement. Moreover, Ukrainian bureaucracy confronted difficulties in dealing with tasks set by the EU for the completion of the process; the Ukrainian economy had deteriorated and the EU would not provide Yanukovich with the financial resources he desperately needed (Stewart, 2014). At the same time, Russia was neither appeased by the 'Khariv Accords' nor satisfied with the '3+1' formula that Yanukovich proposed for Ukraine's association with the CIS Customs Union. Confronting the danger of Ukraine signing an Association Agreement with the EU increased the pressure and provided a series of negative and positive incentives for Ukraine to join the CIS Customs Union. Finally, Yanukovich refused to sign the Association Agreement and agreed with Vladimir Putin on a loan, which would increase Ukraine's dependence on Russia and finally made membership into CIS integration projects inevitable (Pifer, 2012; Stewart, 2014). At this point, Yanukovich made another miscalculation; he underestimated Ukraine's powerful civil society, the entrepreneurs, the workers, the students and other activists' groups that opposed Yanukovich's domestic and foreign policy decisions, especially the annulment of the Association Agreement with the EU and the turn towards Russia, and who carried out the 'Revolution of Dignity' or 'Euromaidan' that was fatal for Yanukovich's presidency, the annexation of Crimea and the deterioration of relations with Russia, increasing polarization between the western, eastern and southern parts of the country, and Ukraine's reorientation towards the West (Menon and Motyl, 2011; Pifer, 2012; Stewart, 2014).

2014–2018: Ukraine's Shelter Seeking in the West

An interim government finally signed the Association Agreement with the EU and also took a series of measures with the aim to reinforce Ukrainian identity (Stewart, 2014). In 2014, the Ukrainian Parliament overturned the country's non-allied status (BBC, 2014). On the occasion of the 2016 independence parade, Ukraine's President Petro Poroshenko stated that Ukrainians had "got lost in the arrows of the multi-vector policy trying to keep a foot in both camps" and, on another occasion,

noted that Ukraine's "vocation is to become the Eastern border of the European civilization, a contributor to European and international security, an engine of the continental economy" (Poroshenko, 2017). Ukraine's primary foreign policy aims are to resist pressures from Russia and achieve closer cooperation with the EU. Ukraine withdrew its representatives from all CIS bodies (Ponomarenko, 2018) and lost no opportunity to underline that Ukraine's security was guaranteed by the Ukrainian armed forces and not by any 'Budapest Memorandum' or 'Friendship Treaty' with Russia (Poroshenko, 2016). In addition, Poroshenko sought to build an anti-Russia front in the West and to keep the sanctions status alive. In this sense, he tried to render Ukraine a central issue in West's relations with Russia and a symbol for all those wishing to maintain the post-Cold War order and resist revisionism and autarchy (Poroshenko, 2018).

The issue of reforms and corruption remained central in both domestic politics and Ukraine's relationship with the West. Public trust in government remained low and most citizens still believed that the fight against corruption was failing (Ilko Kucheriv Democratic Initiatives Foundation, 2018). There has been a sense that Poroshenko has not delivered what he promised and that Ukrainian politics remain driven by elites' ambition for self-enrichment which is "put on hold only during elections or revolutions, when rival clans organize into camps to woo votes with either pro-Western or pro-Russian slogans" (Saradzhyan, 2016). However, others suggest that Ukraine has made serious progress in reforms since the 'Revolution of Dignity' and it holds the first place among the other five countries of the Eastern Partnership on EU integration and convergence (Eastern Partnership Civil Society Forum, 2017). According to Karatnycky and Motyl (2018), Ukraine has proceeded with reforms, modernization, privatization and decentralization; oligarchs have been weakened and the black-market percentage of the economy decreased significantly, while the country remains democratic, albeit with an imperfect democracy, thus, for that reason alone, the West should not apply more pressure and in this way put the country's stability in danger (Karatnycky and Motyl, 2018). President Poroshenko (2018) goes one step further by instrumentalizing the reforms and suggesting that Ukraine should be rewarded by the West for its progress:

The complete integration of Ukraine into the European and transatlantic systems is the biggest threat to Russian aggression. My ambition, therefore, is to translate Ukraine's European aspirations into deeper alliances with the EU, starting with the digital market, customs cooperation and energy solidarity, and including a commitment from European capitals to take part in the restoration of cities in the Donbass. Anything less would not compensate Ukraine for its sacrifices or recognise its commitment to the promotion of democracy and European values.

Russia's assertiveness finally brought Ukraine closer to the West. Only when relations with Russia had deteriorated irrevocably did Ukraine proceed with reforms beyond cosmetic changes, and also looked for alternatives to decrease its dependence on Russian energy. Trade between the two countries decreased and Ukraine started buying gas from Slovakia, Hungary and Poland (Dragneva and Wolczuk, 2016).

WHAT DOES THE UKRAINIAN CASE TELL US ABOUT SMALL BUFFER STATES?

For Ukraine, acting as a buffer has not been an option. Like Georgia and Moldova, Ukraine found itself facing the challenges of being a small state lodged in between great powers (Dinesen and Wivel, 2014). Initially, Ukraine chose to adopt neutrality (Shyrokykh, 2018); however, neutrality and autonomy have since lost much of their value to small states (Dahl, 1997; Rickli, 2008). Thus, independent Ukraine has either sought shelter in the West or a multi-vector strategy. And yet, at least until the ‘Revolution of Dignity’, both choices were short-sighted and doomed to fail. Ukraine has been vulnerable, given its complex relationship with Russia and the West and its reluctance to pursue domestic and external policies that would strengthen the country internally and improve its position as an in-between small state.

The ‘seeking shelter in the West’ option could not succeed for four, mutually reinforcing, reasons. First, Ukraine was vital to Russia and heavily dependent on it and therefore vulnerable to its pressures. Second, pro-Russian economic and political elites deterred further integration with the West. Third, Ukraine was not prepared to proceed with real reforms that would have decreased its dependence on Russia while meeting Western demands. Fourth, the West has been reluctant towards Ukraine’s further integration into NATO or the EU. To some Europeans and Americans, it has even been acceptable for Ukraine to belong squarely to Russia’s sphere of interests. Yet, the ‘seeking shelter in the West’ strategy was kept alive by Ukraine’s fear of being totally controlled by Russia and by a powerful pro-Western civil society, that impeded Ukraine’s bandwagoning with Russia, at least twice.

Hence, the Ukrainian case reveals that, for a ‘seeking shelter’ strategy to succeed, the small state seeking shelter should be independent and belong to a zone of indifference to any opponent bloc or great power. Thus, by definition, this strategy is less likely to be a success for buffer states than for other small states. In addition, it should embrace the values and norms of its aspired shelter. The Ukrainian case shows that a small state’s shelter seeking can impact upon the relations of great powers or blocks that are in competition.

Ukraine’s multi-vector foreign policy has been unsuccessful also due to its dependence on Russia, its unwillingness to proceed with reforms that would improve its bargaining position as an in-between state, and its powerful civil society. According to Blank (2010, p. 296) a multi-vector foreign policy is the tendency to take advantage of the great powers’ “compulsive efforts to enlist [Central Asian states] to their side against their rivals, in order to extract aid and assistance”. Thus, it is a way of playing one power against the other and benefit from their competition. Contessi (2015, p. 301) offers a more sophisticated view by seeing multi-vectorism as a co-alignment strategy, that “is a particular form of statecraft thanks to which a smaller state can diversify its providers, thereby preventing a larger power from establishing itself in a dominant position”. Contessi focuses on the Central Asian states that are authoritarian, rich in energy resources and proactive in co-alignment tactics. Ukraine meets none of these three conditions. During the Kuchma and

Yanukovich presidencies, Ukraine's multi-vector foreign policy was meant to turn the country's foreign policy closer to Russia, while concurrently Ukraine aspired to extract gains both from the West and Russia, given the competition between the two. Thus, Ukraine's case fits better with Blank's definition than with Contessi's. Yet, such a strategy has its limits. Its success is determined by the goals of competing powers. Although Ukraine aspired to continue its multi-vector foreign policy, it had to choose between two, mutually exclusive, integration projects. Moreover, its dependence on Russia and domestic interests have not allowed Ukraine to pursue reforms that would enhance its bargaining position with both Russia and the West. Ukraine has several times miscalculated both its importance to the West and Russia's readiness to concede to Ukraine's ambivalent foreign policy. Ukraine's civil society also resisted the country's turn towards Russia that was attempted by both Kuchma and Yanukovich.

At the domestic level, high levels of corruption, concentration of economic and political power in the hands of oligarchs, division between Ukraine's eastern/southern and western/central parts, use of foreign policy for political survival, as well as a powerful civil society are Ukraine's most important domestic characteristics: they have all impacted upon the country's external relations.

In sum, the Ukrainian case illustrates that "small state foreign policy is formulated within a discursive space defined by great power politics" (Wivel, 2016, p. 104). For small buffer states this space is smaller than for other small states and the consequences of foreign policy failure may be lethal. However, this does not mean that small buffer states have no action space. The nature of the international system and the policies of the great powers define the boundaries of small buffer state action space, but a considerable degree of agency remains with the state and influences its success or failure (Baldacchino, 2009; Hey, 2003; Katzenstein, 2003; Kouskouvelis, 2015; Thorhallsson, 2012).

CONCLUSION

This chapter has explored small states as buffer states between East and West during the last two decades. To this end, we investigated the buffer state concept and its applicability to the post-Cold War international system. We have found that, as the conditions of cooperation and competition between Russia and the West were significantly different from those of the past, both of them have not perceived the small states between them as buffers. For Russia, they belonged to its 'near abroad'; while the West has been (to different degrees) interested in promoting and projecting its values and norms and finally integrating the region within the EU and possibly NATO. In addition, territorial security is only one component of the complex concept that security has become, and other forms of threats and hybrid means of warfare render buffer states of less significance and perhaps, ultimately, even obsolete. Nudged in between great powers, small states that in the past could have played the role of buffer, have now become objects of the competition among great powers and

their integration projects. Thus, we suggest that the role that small states play for great powers in the system has evolved, as the conditions in the international system have changed. However, small states have not become less vulnerable; the new level of competition between great powers and a new set of hybrid threats make their vulnerability more complex and hard to handle both by them and by their allies.

The case of Ukraine shows that small states lying uncomfortably in between great powers remain vulnerable to pressures from their more powerful neighbours; their domestic politics and policies and their external relations are invariably influenced by their geopolitical location. Ukraine responded to challenges arising from its relative smallness and geophysical position by either seeking shelter in the West or choosing a multi-vector foreign policy. Both choices have failed. Dependence on Russia, unwillingness to proceed with reforms, high levels of corruption, and misjudgements of the intentions of both Russia and the West have weakened Ukraine further, permitted Russia – and at times the West – to take advantage of Ukraine’s vulnerability and made the latter appear as a pawn between East and the West.

Hence, in terms of small states’ challenges and choices this chapter suggests that, although small states have to act within conditions crafted by the great powers in the international system, their own decisions at home and abroad still matter. It reconfirms the interplay between external and domestic levels, and how a small state’s strengths and weaknesses impact upon this interplay. Thus, even under the most precarious conditions, small states are not simply pawns in international power politics.

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12. Small states of the Balkans: after Yugoslavia and its ‘third way’

Stefano Bianchini

INTRODUCTION

The bloody collapse of Yugoslavia has comprehensively marked its successor states politically, economically, socially, culturally and psychologically. The legacy of the 1991–2001 wars continues to affect their bilateral and multilateral relations and security, despite the inclusion into NATO of all Adriatic coastal states, from Slovenia to Montenegro, and the establishment of a sort of US-led ‘cordon sanitaire’ around inland areas of the former socialist federation.

‘The region’ is the name that has locally replaced, almost everywhere, the geo-political reference to the Yugoslav cultural space. ‘Western Balkans’ is the terminology adopted by the EU and US diplomacy, although it includes Albania, but not Slovenia. Rarely is Yugoslavia mentioned by any players. When it happens, media and policy-makers of the post-Yugoslav small states, with minor exceptions, feel the necessity to blame Tito, the communist dictatorship, and the ‘impossible coexistence within its multicultural institutions’: suggesting that Yugoslavia was some kind of historical mistake.

In contrast, a ‘Yugo-nostalgia’ sentiment, although differently perceived in each successor state, does persist in part of the population, especially among old partisans (mainly from Slovenia, who habitually visit the Tito Memorial in Belgrade). Old women often nurture a positive remembrance of the welfare state, while part of the young, well-educated generation (mostly in search of a job) is fostering a Yugoslav subculture based on art, music, hang-outs and an iconography that date back to that period (Kolstø, 2014; Velikonja, 2012).

The memory of the non-aligned policy has substantially vanished, despite the global admiration for the role that Yugoslavia played between 1950s and 1990s. Rather, current expectations are mainly related to EU membership and its financial support. Over time, however, these feelings tend to dissolve. For example, satisfactions for the achieved outcomes in relation to socio-economic development are stable in Slovenia (+1 per cent), but declining in Croatia (–5 per cent). In the candidate countries, the majority still supports potential EU membership, although with declining enthusiasm. The citizens of the Serbian entity of Bosnia-Herzegovina constitute a significant exception: only 30 per cent of interviewees manifested a positive attitude towards the EU in 2018 (Eurobarometer, 2018). Basically, however, integration into the ‘Euro-Atlantic’ institutions, a developed market economy, and the acceptance of Western democratic values (often more in form than in substance) are usually

regarded as the viable solution for ‘regional’ security (Ramet and Listaug, 2011; Ramet, Listaug, and Simkus, 2013; Ramet, Simkus, and Listaug, 2015). Therefore, a ‘third way’ is not contemplated by local agendas. Nevertheless, many political actors in the region consider alternative affiliations with rivalling great powers. As a result, the picture is more fluid than the mass media and local politicians would have us believe.

Baldacchino and Wivel (2020, pp. 7–10, Chapter 1 this volume) identify three dilemmas of small state politics in the introduction to this volume: (1) the dilemma between promoting national values and characteristics in order to safeguard national policy-making at home and promoting cosmopolitan values internationally to secure a strong international society, curbing and delegitimizing the irredentist pursuit of national interests by the great powers; (2) the dilemma between securing small community democratization with strong internal coherence and risking the ‘group-think’ that would follow from too tightly-knit political communities and elites; and (3) the dilemma between maximizing national autonomy and seeking international influence, which often means accepting restrictions to that autonomy as a consequence of international engagement. This chapter explores the meaning and importance of each of these dilemmas for the small Yugoslav successor states.

THE NATIONALIST/COSMOPOLITAN DILEMMA

Understanding the substance of the nationalist/cosmopolitan dilemma in the Yugoslav cultural space is intuitively simple. Its dichotomy, in fact, can be summarized by the persistence of nationalist feelings against neighbours versus expectations of ‘a one-sided EU inclusion’, which is simultaneously seen as the entry into the global society and the escape from ‘regionalism’. The balance between the two poles still hangs in favour of nationalism, due to the predominant legacy of the past, the competitive relations with neighbours in their imagined race for EU membership, the sense of isolation stemming from the length of the negotiations, and the lack of clear deadlines for joining the EU bloc.

The legacies of the past play a crucial role. State borders, for example, are unsettled. The name of one country (currently North Macedonia) has been questioned for years and remains a contentious matter. The Serbian-Kosovo dialogue is toiling along, barely achieving some concrete results; regional economic cooperation and the building of infrastructures are often contested; the narratives of the Second World War and the events during Tito’s time, the building of monuments, and the official remembrances are a regular occasion for bitter political disputes. Under these circumstances, the stability of the post-Yugoslav small states remains fragile. Even the broader frameworks of the EU and NATO have little effect when bilateral relations fray unexpectedly. Their conditionality has so far proved successful in avoiding new wars but failed to offer effective solutions. Slovenia and Croatia are good examples: they are both EU and NATO members, and their governments are unable to find a compromise about borders in Istria, in order to allow Slovenia to access

international waters. As a result, fishing boats are forced to request the protection of the respective police patrol boats any time they enter contested waters. The risk of accidents is, therefore, high, while the nationalist rhetoric on both sides escalates.

On the other hand, the Croatian borders are disputed with Serbia along the Danube because the course of the river often changes, especially during floods. In contrast, those between Croatia and Bosnia-Herzegovina were agreed in 1999, but never ratified. These uncertainties have serious implications, even for domestic infrastructures. Sarajevo, in fact, controls a short coastal area which divides the Croatian territory, isolating the county of Dubrovnik from the rest of the state. In this context, the building of a motorway across Bosnian territory to connect Dubrovnik with Zagreb has become an endless saga. To solve the problem, the Croatian government decided in July 2018 to build a bridge across the sea, from the Croatian mainland to the Pelješac peninsula, which also belongs to Croatia. However, the Bosniak component of the governments in Sarajevo worries about its reverberations on free access to international waters. Consequently, it sharply contested the opening of the building yard, but was immediately censured by the Croatian-Bosnian leadership of Mostar. Therefore, the missed ratification of borders is offering good excuses to revamp nationalist acrimonies with a double impact: between states, but also within them, as the Bosniak–Croatian polarization has exemplified.

The border between Bosnia and Montenegro should also be included in this quagmire of disputes. It concerns the Sutorina triangle, which would allow Bosnia access to Kotor Bay, while the adjacent Prevlaka peninsula is claimed by both Croatia and Montenegro. In contrast, Montenegro has managed to ratify its borders with Kosovo in March 2018, after a series of harsh parliamentary tensions in Prishtina. However, the most delicate situation concerns the relations between Serbia and Kosovo, since Belgrade does not recognize the independence of its former autonomous region, while both are negotiating a badly defined 'normalization of relations' under the auspices of the EU. All these quarrels might appear of marginal relevance, because in most cases the contested borders concern few square kilometres. And yet, they are powerful in keeping alive the confrontational nationalist feelings that led Yugoslavia to violently fall apart, making reconciliation among the successor small states a vague possibility.

Under these circumstances, even an apparent diplomatic success can trigger unexpected and controversial, far-reaching consequences. Reference here is to Macedonia, a small post-Yugoslav state formally without territorial disputes. Nonetheless, the name has been contested by Greece since its declaration of independence in 1991. Athens has accused Skopje of monopolizing a historical past that belongs to Greece and to use it for irredentist claims. Therefore, it has requested the name of the state to be changed. After 27 years of disagreements that hindered Macedonia's negotiations with the Euro-Atlantic institutions, a settlement was achieved in 2018. The new name, North Macedonia, was submitted to a referendum but the turnout was too low. Nevertheless, the Macedonian Parliament decided to go ahead with the constitutional changes, against the opinion of the opposition party and the President of the Republic (Vankovska, 2018).

Admittedly, the two leaders, Zaeu and Tsipras, showed courage in seeking a compromise, which is vividly contested by the publics in both countries. In Greece, the Orthodox Church is among the most influential sponsors of mass rallies against the agreement. However, the more problematic situation is in Macedonia, because different segments of society have different opinions on the agreement (Klekovski, 2011). The ethnic Albanians, in principle, support any decision able to pave the way to negotiations with EU and NATO, both seen as opportunities for 'liberalizing' inter-Albanian relations. Liberalization is the terminology now in use by Albanian authorities in an effort to assuage South Slav concerns that a Greater Albania will be, in the end, supported by the US and the EU, leading to new violent reactions in the 'region'. Macedonians, in contrast, are deeply divided. The President of the Republic, Gjeorge Ivanov, refused to sign the deal, which was accepted by his successor Stevo Pendarovski. However, the nationalist opposition held public demonstrations against the country's proposed name. Additionally, prominent and independent intellectuals have expressed their disagreement loudly. Their main argument is related to the lack of real reconciliation between the parties (which are actually three, rather than two, since the Albanians of Macedonia are also involved). In their view, the decision has been achieved to merely comply with the requirements of the EU and NATO, when Russophobia is on the rise. These intellectuals are sceptical as to whether compliance with EU and IMF rules will lead to any improvements in the living conditions of the population. They look critically at the Greek bail-out social results. Furthermore, they fear that the agreement may inflame intra-Macedonian nationalisms and destabilize the country, if and when the time for the implementation comes. The subsequent EU decision to postpone the negotiation for membership with North Macedonia has fueled new tensions in the area, while Bulgaria contested again the Macedonian language.

In sum, nationalism marks the agenda of the whole 'region', which suffers from the complex implications of the brutal Yugoslav dismemberment. Institutionally, the country was a federation of six republics and two autonomous regions, both included in Serbia, but with the status of federal components. *De facto*, the federation was set up by eight units. Such an arrangement prevailed with the 1974 constitution, after years of social and nationalist tensions, in a context characterized by radical market socialist reforms and a rapid growth in the standard of living. In the 1980s, however, after Tito's death, a long economic crisis deeply affected the solidarity among the federal units. The socialist ideology and the praxis of self-management soon proved powerless in legitimizing political power. Any federal decision required the agreement of all eight components of the federation. Over time, this protocol became increasingly difficult to maintain. The atmosphere rapidly degenerated into nationalism, either as an easy way to put the blame for the crisis upon other republics or as a form of re-legitimization of local leaderships, who wanted to appear before the electorate as the defenders of their 'nation'. When, finally, Serbian leader Milošević tried to modify the constitution by force, the exacerbated internal relations precipitated into war (Bianchini, 2003).

Consistent with this background, military confrontation elevated ethno-nationalism to the main source of power legitimization. Consequently, if 'lucky', minorities were excluded from access to even basic rights (for example, citizenship). This was the case of Slovenia, who counted some tens of thousands of 'erased' people, removed from the register of permanent residents (Ristić, 2013). Otherwise, they became victims of violence, killings, rapes, crimes against humanity and sometimes genocide. The effort of the warlords was, in fact, to redesign the mass sense of belonging within new borders.

The goal, however, was only partially achieved, because the diplomatic and military intervention of the EU and the US elevated the administrative demarcation lines into international borders. In contrast, the ethnic cleansing was successfully applied in many areas, to the detriment of the Serbs in Croatia; the Croats and the Bosniaks in Bosnia-Herzegovina; the Albanians first, and later the Serbs, in Kosovo; apart from other smaller minorities, including a minor number of Albanians and Macedonians, who also paid the price of the war.

As a result of ten years of bloodshed, six small ethnic nation-states were established in the territory of the Yugoslav federation, plus another one (Kosovo) which is, however, not recognized by Serbia and Bosnia-Herzegovina. This arrangement did not put an end to aggressive nationalisms, although killings almost disappeared. History textbooks, for example, tell conflicting stories of the recent past. In Bosnia-Herzegovina, pupils and students of the three 'constituent nations' are studying in separate buildings and learn three different narratives. Generally speaking, victimization is a common feature of such segregated discourses. Each of the ethno-nations identifies itself as a 'victim' according to circumstances. All the more so when, unlike Germany and Japan – which recognized their defeat in the Second World War – no one in post-Yugoslavia has shown any such recognition or admission. Furthermore, the nationalist rhetoric expanded beyond the military dimension, influencing the language, particularly in the Serbian-Croatian cultural space. By abolishing various synonyms, or by inventing 'new expressions', four 'new languages' have been created. However, this effort was contested by 9,000 citizens, who signed a 'Declaration of the common language' in 2017, suggesting that peoples from Serbia, Croatia, Bosnia-Herzegovina and Montenegro speak a multi-polar language with local variants (like English, German, French, Arab or Spanish) (*Deklaracija o zajedničkom jeziku*, 2010). Nationalist scholars and policy-makers reacted vehemently against this statement, interpreting this as either a neo-Yugoslav platform or a declaration that Serbian is the only proper language in the region (Kordić, 2010; Remetić, 2010). Basically, instead of looking to the future, their political and cultural elites have tried to reshape the past, and particularly the events of the Second World War, in an effort to legitimize patriotism with an anti-communist spirit, even at the cost of forgiving Nazi collaborationists. This is particularly evident in Croatia and Serbia, where a process of rehabilitation of both the *ustaša* and the *chetnik* is under way. In Croatia, this effort is particularly supported by the Catholic Church, which is attempting to identify itself with Croatian nationhood.

Symbolism plays also a powerful role in nationalist confrontations. For example, the Croatian government requested the immediate removal of the monument to Puniša Račić, the Montenegrin member of the royal Parliament who killed the Croatian peasant leader Stjepan Radić in 1928. The government of Podgorica recognized the validity of the claim and removed the monument. On the other hand, in 2016, the Montenegrin government sent an official note of protest to Zagreb against a monument raised in Croatia to a terrorist who killed the Yugoslav ambassador (of Montenegrin origins) in Stockholm in 1971 and who, for this reason, was sentenced to life imprisonment in Sweden.

Along similar symbolic lines, the topography of urban areas and villages embodies this historical revisionism 'under nationalist dressing'. By perpetuating the memory of controversial personalities, a fascist/partisan polarization and a patriotic/terrorist dichotomy persist. This attitude undermines the responsibilities for the Jewish genocide and postpones reconciliation on an indefinite basis. Furthermore, such policies reveal the intrinsic fragility of these small states' national identities, whose ambivalent values unintentionally question the legitimacy of the independence they achieved during the 1990s. As a result, these attitudes affect the impact of the manifestations, still intermittent, of 'good will' that local authorities extend to their neighbours, under the pressure of the EU. Among these efforts, it is worth mentioning the visit of the Serbian Prime Minister Aleksandar Vučić to Srebrenica in July 2015. Although vigorously contested by part of those present, he honoured the victims of the genocide (but he did not use this word) and met the Association of the Mothers. Subsequently, the Prime Minister of Albania Edi Rama paid an official visit to Belgrade for the first time in 68 years, followed by a similar, official visit of Vučić to Tirana. Furthermore, the Croatian President recognized, in a 2017 public statement, the suffering of Serbian families during the military operations of 1995 in the Croatian towns of Krajina. In addition, Vučić's decision, as newly elected Serbian President, to appoint a lesbian, Ana Brnabić, as Prime Minister, thereby challenging the anti-LGBT bias prevalent in the patriarchal culture of his society, was widely lauded in the West (Bilić and Kajinić, 2016; Bilić and Radoman, 2018). Even in the dialogue with Kosovo, some relaxations of old positions may be observed: for example, communication with the new Prime Minister Ramush Haradinaj (whose governing coalition included an important Serbian representative) took place, although in 'neutral camps', because Haradinaj is wanted as a suspected war criminal by the Serbian judiciary.

Sudden and unexpected changes can easily blot these efforts out of the public's memory because everyday politics, the statements of judges, religious officials and opposition leaders, media messages, blogs and platforms predominantly propagate mutual mistrust and the fear of the 'Other'. As a result, nationalism thrives and frustrates most attempts at reconciliation tenaciously promoted by NGOs, civil society associations, alternative media and inter-university cooperation. Under these circumstances, 'regional' politics are too busy with nationalist discourse to deal with globalization dilemmas and face its challenges. If globalization is understood as a form of 'regional cooperation', this is politically discredited because it is iden-

tified with attempts at re-establishing Yugoslavia. If globalization means a greater economic integration with the EU, the goal is to a large extent already achieved, although the local economies remain more vulnerable to external shocks. If globalization means the inclusion into a broader process of economic, political and cultural interdependence, some trends are mirrored by the relations with great powers: the impact of migration flows and brain drain, and the need to attract investors. However, 'local controversies' are a matter of such intense disputes as to absorb the interest in globalization dilemmas. The global, therefore, remains in the distance, at least in the current perception of the post-Yugoslav small states.

THE DEMOCRATIZATION/GROUP THINK DILEMMA

Since nationalism is the benchmark of the post-Yugoslav small states, the democratization process was deeply affected by predominantly ethnic dynamics. A partial exception in this regard is Slovenia, because the war was a short episode, the ethno-national setup of the country was 90 per cent homogeneous, and there were no significant territorial pretensions by the conflicting sides (except for the border in the Savudrija Bay, which poisoned relations with Croatia later). As a result, Slovenian nationalism was less visible and aggressive, respected the 'autochthonous minorities' (Italians and Hungarians), and manifested its animosity mostly against the 'erased' people mentioned above. Meanwhile, the political confrontations among the Slovenian parties were moderated either by the proportional electoral law, which facilitated the establishment of coalitions, or the President of the Republic, who was often independent of the parliamentary majority. Furthermore, the goal of EU membership was crucially shared by opposite coalitions, contributing to enhance the stability of the system. Over time, however, cases of corruption, fraud and social ineffectiveness strengthened the electorate's frustration and mistrust towards traditional parties. Voter turnout at the 2018 elections fell to 52.6 per cent.

Basically, Slovenian democracy presents characteristics similar to those of other democratic European countries, with some authoritarian trends that have emerged when Janez Janša, the rightist party leader, seized power (Drčar Murko et al., 2008). The situation is radically different in the other post-Yugoslav small states, whose multiparty system is dominated by elites interested in preserving the ethnic segregation of their society in order to better bargain or block reforms, according to their interests. The most problematic situation is that of Bosnia-Herzegovina, but Macedonia and Kosovo also suffer from similar shortcomings.

A strict ethnic criterion is applied in Bosnia-Herzegovina, as a consequence of the Dayton peace treaty (1995) that also includes, among other provisions, the constitution. The new state was partitioned administratively in two autonomous entities: the Serbian one (which was centralized), while a second one took the form of a federation of Bosniaks and Croats, segmented in ten ethnic cantons all of them with a constitution, governments and ministers. This arrangement was established, because the US and the EU diplomatic corps negotiated with local warlords, bypass-

ing NGOs and gatherings of associations that were opposing the war and its rationale. As a result, and paradoxically, the liberal Western mediators legitimized the ethnic criterion in the state-building process, with far-reaching consequences for the whole 'region' (Bieber, 2004; Keil, 2016).

Admittedly, as soon as they realized the potential impact of such a decision, they introduced some mitigating measures, such as the ombudsman, the respect of human rights and the right of refugees to return to their home. The latter soon became a principle applied (at least formally) to all displaced persons and refugees of the Yugoslav successor wars. However, implementation was mostly poor; sometimes even counterproductive. For example, returnees were often not welcome and quickly sold their properties (or what remained of them), before leaving their homeland for ever. Consequently, ethnic cleansing, violently pursued during the military conflict, continued in peacetime. Democracy was increasingly understood as the representation of fragmented ethnic interests in all institutions, from the legislative power to the judiciary, and from the executive power to education. Consistently, in order to accommodate the requests of politics and its clients, the costs of the public administration multiplied enormously, affecting the state budget while weakening the quality of the services, frustrating the competencies (particularly of the young generations often educated abroad), opening room to corruption, with the result of increasing the disappointment and then the resignation of the population.

This perverse mechanism is still opposed by prominent scholars, persons with mixed marriages, individuals whose personal beliefs and intellectual freedom are (or simply felt to be) threatened, NGOs and civil society organizations. They produce programmes, actions, performances, courses in support of dialogue and transnational cooperation, mostly with the financial support of the EU. Nonetheless, their incisiveness is limited. The access to fundamental social, economic and political rights persistently depends on ethnic affiliation, while governance shows no improvement. The most relevant reforms require a constitutional revision, which is fiercely rejected by ethnic parties. Both the US and the EU recurrently proposed changes in order to increase the effectiveness and the degree of harmonization of the institutions, but they have been regularly unsuccessful. Essentially, the Republika Srpska does not accept any constraint to its autonomy, the Bosniaks would enhance the centralization, while the Croatian parties demand, with the support of the Catholic Church, the establishment of a third entity to feel equal to the other ethnic groups. The outcome is a dead end.

Similar dynamics that guarantee a strong decisional power to nationalist parties operate in Macedonia and Kosovo, although with local peculiarities. In Macedonia, for example, an inflammatory situation marked domestic politics between 2015 and 2017. Frequently, the state was on the brink of civil war. The opposition leader, Zoran Zaev, began to regularly publish a series of files on corruption and abuses ascribed to the centre-right government. Mass rallies of protest soon intensified. In this context, a violent crossfire, with tens of victims, occurred in May 2015 between the Macedonian police and 'Albanian terrorists' (apparently coming from Kosovo) in Kumanovo. The event was never clarified, but potentially could have triggered

far-reaching and unpredictable consequences, while the attitude of the government remained foggy and ambivalent. A long institutional crisis followed. The new elections did not help, because the centre-right did not achieve a clear majority, but the three Albanian parties became the balance needle in the Parliament. Under these circumstances, Zaev was able to attract the support of the Albanians, but the President of the Republic refused to give him the mandate. In his view, the programme of Zaev's allies was agreed in Tirana, with the involvement of a foreign government. Therefore, he worried about the independence of the country. In the end, under pressure from the EU and US, Zaev received the mandate, but he had to release a written guarantee that his government will not threaten the territorial integrity of the state.

A more problematic issue is that of Kosovo. Despite strong US support and recognition from a large number of states, it remains outside the United Nations and other international organizations. The key question at the moment is the implementation of the Brussels agreement, achieved under EU mediation. The deal establishes the Community of Serbian Municipalities in the North (with the border along the Ibra river that flows across Kosovska Mitrovica sharply separating the town). In this case, the Prime Minister of Kosovo Haradinaj is facing vigorous opposition from the largest political party *Vetëvendosje* (the name means 'self-determination'), who believes that the deal will jeopardize Kosovo's sovereignty and legitimize the ethnic partition of the country, as some international scholars and players are also advocating. However, postponing the implementation implies a delay in the EU integration processes, both for Serbia and Kosovo. Meanwhile, the separation of the two communities persists, to the detriment particularly of the Serbian communities who live dispersed in the areas south of the Ibra river, and who represent the majority of the Serbian population (Janjić and Hisa, 2011).

In short, the above cases show that ethnic belonging is the most powerful group factor, forcing even small minorities (like the Jews, Roma, Gorani and Vlasi) to organize accordingly. Particularly among the largest groups, mistrust is stamping their relations due to the legacy of war. Therefore, democracy is working as a mere mechanism of collective representation of national interests, which subjugates individual rights to group belonging. Under these conditions, there is no room for inclusive institutional policies. Instead, it is animosities and inequality of treatment that dominate.

However, ethnicity is not the only collective pushing factor. In Kosovo, old patriarchal traditions dominate in a large part of the country, despite and against the legal provisions approved by the legislative body in order to meet the 'requested Western standard'. For example, family members deny women the right to inherit property and land, even if the law clearly protects their right. In a few words, group pressures are powerful in conditioning individual behaviour, because the impact of traditional links, patriarchal values and codes still affects social relations within a population whose majority (62 per cent) lives in rural areas and whose cultural education is locally based, without an international mobility experience, unless addressed to migration.

The democratization/group think dilemma is more sophisticated in Croatia and Serbia. In Croatia, the traditional party system based on a centre-right/centre-left divide has defined political struggles over the past two decades; but, in the last elections, new movements with an undefined orientation have entered Parliament. The centre-left is currently suffering from a lack of leadership and its role in society is overshadowed by division and internal struggles. At the same time, lobby groups outside Parliament increasingly seek to influence legislation. The Catholic Church is a powerful conservative institution, rightist oriented (often in support of *ustaša* rehabilitations) and mostly critical of the current pope. Its support was crucial for the rise of the '*u ime obitelji*' (in the name of the family) movement, which collected a large number of signatures for a referendum that modified the constitution in 2013 by confining marriage to heterosexuals. Similarly, the Catholic group *Narod Odlučuje* (People decide) promoted a new referendum in 2018 against the ratification of the Istanbul convention. Among their proposals, they wish to limit the right of votes of minorities' representatives in Parliament. Although their effort has so far been unsuccessful, their activities show how influential they are with a relevant part of the electorate. An additional pressure group is that of the veterans of the Yugoslav succession war, who were able to improve their benefits and rights under the new governments, after a long period of protests and mass rallies against the previous, centre-left coalition. Other associations, for example on environmental protection, reconciliation efforts or those belonging to the LGBT community, have a less effective voice in Croatian society (Ramet and Matić, 2007).

In Serbia, the articulation of power is slightly different, because power is structured in a centralized government, whose headquarters is in Belgrade, and an autonomous region (Vojvodina). Vučić's leadership as PM since 2014 and currently as President of Serbia is strongly contested by the opposition. They complain that his authoritarian style and the context of fear, intimidation and intolerance are paralyzing the country. Some NGOs and independent journalists have protested, because they were targeted as 'mercenaries' or 'traitors' in public statements. These issues have attracted virtually no interest in the EU, because Vučić has the reputation of a committed and credible partner in negotiations with Kosovo. Recently, he released a declaration to the Croatian respected weekly newspaper *Globus* where he admitted that all Serbs are aware that Kosovo is lost, although he will do his best to avoid a situation where Serbia would be the only loser (Udelist, 2018; also Murati, 2012).

As for Vojvodina, the region can rely on a variety of competencies, from spatial planning to environmental protection, multilingualism, tourism, agriculture, culture and local infrastructure. Minorities can also rely on the newly established National Councils, a series of organizations whose establishment has been inspired by the old Austro-Marxist idea of cultural autonomy.

In addition, a number of very different groups lobby for change in Serbia proper. Some advocate for European integration, others promote 'cultural decontamination' or more tolerance in inter-ethnic relations, particularly with Albanians. In contrast, different radical factions well rooted in the political arena claim to be the 'true defenders' of Serbian identity. Their main aim is to reject any compromise

on Kosovo by maintaining intense contacts with people in the municipalities of Northern Kosovo and Republika Srpska. Others publicize revisionist historical accounts, advocate a return to the monarchy or express their homophobia violently, when they have the opportunity.

The smallest state of the 'region' is Montenegro, a country where Serbs from Serbia are often working or spending their vacations, since they consider it the safest area of the former Yugoslavia. Montenegro is culturally very close to Serbia and shares a long history of solidarity with Belgrade. However, political orientations have gradually diverged over the last decades. Currently, Montenegro is a parliamentary republic, a NATO member, and is negotiating EU membership. All these events contribute to enhance the image of a relatively advanced, democratic, and stable small state, even though the level of domestic polarization is high. On the one hand, the local Serbian community is claiming the respect of their language rights (while they do not consider themselves a minority in Montenegro). In this case, group pressures find support in Serbia, where the cultural and ethnic boundaries with Montenegro are often disputed, if not totally denied. On the other hand, Montenegro's NATO membership was harshly opposed in the country. Allegedly, members of the opposition organized a plot to kill the long-serving leader Milo Đukanović during election day in 2016, with the aim of hindering NATO accession. The plot failed, but two Russian citizens were arrested, among others. At the end of the investigations, the prosecutors concluded that Russian institutions were actively involved in the coup (Moscow, however, has sharply denied this). The trial began in 2017, but the real dynamics of the event remain hazy, leaving public opinion in doubt.

To sum up, the democratization/group dynamic of the small post-Yugoslav states severely suffers from deep divisions. A confrontational atmosphere is dominating their societies and affecting their governance. A plurality of irreconcilable parties, ethnic, religious, military, and social-cultural groups, with different identification and transnational 'regional' links, marks the general context, jeopardizing the construction of cohesive societies. This is the outcome of the brutal Yugoslav collapse: its political and individual implications are still to be culturally understood and mentally assimilated, locally and internationally.

THE INFLUENCE/AUTONOMY DILEMMA

The interdependence of the 'region' involves the bilateral relations of the small states as well as their bonds with external players, increasingly interested in influencing the peninsula for geopolitical and strategic reasons. This is reminiscent of the 'Eastern Questions' of the seventeenth and eighteenth centuries, but under new, modern conditions. As in the past, the influence/autonomy dichotomy is not only a 'one-way pattern' to the advantage of the great powers, but also reflects mutual exploitation of interests, with small states looking for their own opportunities for agency and action.

To start with, human migration and mobility has been particularly intense in recent decades. The internal flows from rural to urban areas escalated after the Second

World War, particularly expanding the capital cities. Recent data confirms that between 20 and 30 per cent of these small states' populations now live in Podgorica, Belgrade, Skopje and Zagreb; while Ljubljana was less affected and the effect on Sarajevo is unclear. The 1990s wars multiplied the 'regional' flows of displaced people and refugees, generating new demographic structures, whose implications are still politically contentious and a factor of frustration, hostility and insecurity. For example, President Vučić visited the associations of Serbian refugees from Croatia on 4 August 2018, on the day before the triumphant celebrations in Croatia of the Krajina takeover in 1995. Commenting on those events, he claimed that Croatia wanted a state without Serbs, as Hitler wanted a world without Jews. He also added that the implementation of this decision began on 4 August, precisely because this was the day when Anne Frank and her family were arrested in the Netherlands in 1944 (B92, 2018). The declaration raised sharp reactions in Croatia, fraying fragile relations with Belgrade. This is the atmosphere that still rules in the Yugoslav cultural space.

'Regional' migration flows spilled over, mainly towards Europe, and partially overseas, to the US and Australia. This process began in the middle of the 1960s and accelerated during and after the wars of the 1990s, while the birth rate declined sharply. As a result, the populations of particularly Serbia, Croatia, Bosnia-Herzegovina and Kosovo have declined heavily by some 17–20 per cent in the last two decades (World Bank, 2018). Most of their rural areas are abandoned; and the countries suffer from an acute 'brain drain'. However, stable remittance transfers help to improve local livelihoods while the decline of available human resources has helped to boost incomes and employment rates.

There is a third effect of the migration flows outside the region: migrants outside the region have created 'national associations' that, especially in the US and Germany, lobby in support of their own small state, propagating conflicting narratives. These associations have influenced public opinion and government policies during the wars and, later, have leveraged the European Commission to develop strategies for involving their own country of origin in the EU enlargement process. Similar outcomes – but with a broader regional orientation – were stimulated by pro-European NGOs and civil society organizations who nurtured their contacts directly with Brussels, often mitigating the negative attitude of EU officials or policy-makers towards the perspective of offering EU membership to all Balkan states.

The EU made a public statement in Thessaloniki in 1993 when the membership was offered to all Yugoslav successor states. This commitment was followed by a huge flow of financial support to governments, public administrations, universities and civil societies. According to recent calculations, the aid per capita between 1990 and 2005 to 'post-Yugoslavia' was significantly higher than the Marshall Plan contribution to Western Europe after the Second World War. However, the Western post-war financial contribution was highly conditional, requiring not only the implementation of reforms to harmonize local legislations to the Western neoliberal approach, but also cooperation with the International Criminal Tribunal for former Yugoslavia (ICTY), the respect of human rights, and peace accords (Bianchini et

al., 2007). Nonetheless, the coordination of aid was rather ineffective and lacked consistency. Clearly depending on domestic public opinion, the donors became more generous after the Dayton agreement and the war over Kosovo, downgrading their commitment subsequently, when they (wrongly) assessed that the situation was stabilizing. Moreover, local authorities tried to take advantage of the new situation using aid for patronage and consolidating their power positions (Bianchini, 2014).

Over time, this mechanism contributed to postpone relevant reforms aimed at improving industrial competitiveness and economic development, even when GDP growth was encouraging, but never high enough to decrease the gaps with EU economies. The EU and US have suggested creating a 'regional market' inspired by the Benelux or CEFTA. At any one time, the proposal has been positively received by some players, but rejected by others. The main reason was the fear that Yugoslavia might be re-established. As a result, the trade balance is predominantly bilateral with EU member states: up to 58 per cent of imports and 70 per cent of exports (according to Eurostat data of 2017). Furthermore, the private banking system is dominated by German, Italian and Austrian, and more recently, Hungarian, actors.

From 2013 to 2017, EU interest in the 'region' decreased, mainly because of the EU's own internal crisis, but also driven by disappointment in the modest political and economic progress of the Balkan small states. In contrast, NATO was enlarged with Croatia, Albania and Montenegro, raising Russian concerns. Realizing its declining role in the post-Yugoslav space, the EU launched a common strategy for the 'region' in 2017, under the umbrella of the Berlin process. This strategy sought to reinforce the development of infrastructure, while the Commission envisaged, for the first time in years, potential deadlines for new members. The main reason for such renewed dynamism is, to a large extent, motivated by the EU alarm about the activism of new players, mainly Russia, China, Turkey and the Emirates – and more recently the US, which is seen as a less reliable partner under the Trump administration.

Russia is still seen as the main competitor to the West and the main threat to its sphere of influence in the Balkans. In a renewed context of geopolitical confrontation with Moscow, the Western effort is currently aimed at curbing the role of Moscow, which is seeking to preserve some 'niches' of influence in the Balkans (Bechev, 2017). However, Moscow is aware of its limited possibilities. Militarily, after the inclusion of Montenegro, NATO has achieved solid control of the whole Northern Mediterranean shore. In addition, it can rely on Camp Bondsteel, the US military base built in Kosovo immediately after the 1999 war. Macedonia might also be included in NATO as soon as the name agreement with Greece has been ratified. Moscow has been critical of all these steps and has adopted a multi-vectoral approach as a response. For example, Russian officials nurture intense contacts with opposition parties in Montenegro and Macedonia, and the leadership of Republika Srpska. Recently, Putin has reinforced relations with Croatia, following the initiative of its President, by expressing interest in investing in agriculture and energy, in evident competition with the EU project to build a LNG terminal on the Adriatic island of Krk.

Moscow's cooperation with Belgrade is particularly intense, albeit not without some Serbian prudence. On one hand, Gazprom acquired the majority of shares of

the Serbian multinational corporation of oil and gas (NIS) in 2009. Joint military exercises have been organized in Serbia since 2014. Moreover, a centre for assisting in disaster relief cooperation is operating in the urban centre of Niš, although the US suspects that the centre is actually hosting a Russian military base. On the other hand, Serbia joined NATO's Partnership for Peace Agreement in 2009, and initiated negotiations for EU membership in 2014. Serbia has accepted EU mediation on the Kosovo issue, and was promised EU membership by 2025 together with Montenegro. Still, Serbia has refused to apply sanctions to Russia after the Russian annexation of Crimea and its products enjoy preferential access to the Russian market, although Russian trade with Serbia in 2015 reached only 9 per cent against the EU share of 62 per cent of the country's total (Bieri, 2015; LSEE, 2015). However, Belgrade's policy depends, to a large extent, on two main factors: the future of the dialogue with Kosovo and the real perspective of EU membership (Uvalić, 2012).

The question of Kosovo is the real battleground between local interests and great powers. The recognition of independence is not only a Serbian matter, but also a 'regional' and EU issue. Russia recently expressed support to the idea of a borders exchange, if Serbia would agree. UK and US scholars have frequently raised similar proposals, suggesting that the Serbian municipalities of Northern Kosovo should be given to Serbia in exchange of the Preševo Valley (currently in Serbia, but with a majority of Albanians) to Kosovo. This hypothesis has been formally rejected by the EU (Bianchini, 2017, p. 273; Less, 2016; Schindler, 2017; Weber and Bajrami, 2018; Janjić, 2018). The fear is that such an act would open Pandora's box, with serious territorial repercussions in Bosnia-Herzegovina, Macedonia and Sanjak (a strip region with a Bosniak majority population between Serbia and Montenegro). As a result, the 'region' still runs the risk of far-reaching alterations.

Meanwhile, China is penetrating the area with huge investments in infrastructure, which are increasingly connected to the ambitious project of the twenty-first century 'Belt and Road Initiative' (BRI). China concentrates on building bridges, railroads, harbours and motorways to connect the Eastern Mediterranean to the Danube Basin. Tourism and food distribution are two other sectors where Beijing has been keen to invest, especially in Croatia.

Turkey, whose relations with NATO are increasingly problematic, is strengthening its links with the Muslim areas of the Balkans, for example Macedonia, Sanjak and the federation of Bosnia-Herzegovina, by encouraging the twinning of municipalities, building private universities, and offering scholarships to local and Turkish students. Moreover, Ankara is investing in infrastructure (such as airports), intensifying air connections, and supporting the restoration of mosques. President Erdoğan is also developing a regional diplomatic profile, which includes promoting a meeting in Istanbul with the President of Serbia and the Bosniak leader of Bosnia. His public statements in support of Belgrade have raised alarm in the West, which is also concerned about the influential role of Erdoğan in elections in Bosnia. Meanwhile, the Emirates have also expressed interest in investing in the 'region', including a new futuristic urban project of Belgrade along the Sava river.

CONCLUSION

The small post-Yugoslav states are facing the three dilemmas identified in the introductory chapter of this volume, but each dilemma unfolds in the 'regional' context of the Balkans. The three dilemmas are deeply interconnected. Nationalism remains predominant, with few exceptions, in public opinion, collective memory and official statements. As a result, the role of globalization is hardly debated in the public sphere, although depopulation, brain drain and the increasingly confrontational role played by a number of the great powers confirm that the 'region' is becoming once again a key geopolitical global battleground, where local authorities try to maximize their benefits by juggling among the great power competitors.

Nationalism is deeply influencing the democratization process, even at the cost of affecting social cohesion. The Yugoslav successor states are severely divided within and between them. Different interest groups play an influential role in government policies, even when these policies are detrimental to the interests of the majority of the population, which is becoming increasingly disillusioned and alienated.

Finally, the influence/autonomy dynamic is retracing historical routes, where the relationships of local and great power interests are intermixed, mirroring a complicated chessboard, despite the opportunities offered by the European integration process. Growing divisions and uncertainties among the Yugoslav successor states open old geopolitical wounds, including interference from the great powers. This threatens the long-term stability and peace of the so-called Western Balkans and Europe.

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PART III

MIDDLE EAST AND AFRICA

13. Mediation by small states: Norway and Sweden in the Israeli–Palestinian conflict

Jacob Eriksson

The classic image – or caricature – of a mediator is of “a single, usually prestigious figure travelling between capital and capital with a briefcase full of peace plans, compromise solutions and face-saving formulae, ready to produce these as soon as he [*sic*] confronts the leaders of the parties in conflict, hoping that, by use of ingenious arguments and the force of his [*sic*] prestige, one or other of his [*sic*] schemes will provide the long-sought-for solution” (Mitchell, 1989, p. 287). As this chapter will show, however, the reality of mediation can be quite different. It involves a vast array of contributions from different people at various stages of a peace process, and mobilizing the different components towards a successful outcome requires a combination of skill, diligence and good fortune.

Whether or not a mediator should be powerful (and what power means) remains the subject of significant debate (Heemsbergen and Siniver, 2011). Some argue that a mediator should ideally possess power and influence in order to give them leverage with which to coerce the conflicting parties (Carnevale, 2002; Touval and Zartman, 1985). However, others argue that less powerful mediators may be preferable (Azar and Moon, 1986; Burton and Dukes, 1990; Kelman, 1992). Such processes focus on communication and dialogue to explore the issues in dispute, enhance understanding of the other side, and thereby help them find their own solutions. Given the complexity of conflict resolution processes, both approaches have undeniable merits at different stages (Eriksson, 2019), but this chapter is particularly concerned with the latter approach which tends to be adopted by small states.

After briefly exploring the theory of small state mediation, this chapter examines mediation efforts in the Israeli–Palestinian conflict undertaken by two such countries, Norway and Sweden, who American negotiator Aaron Miller has referred to as the “guardian angels of the peace process” (Interview with Aaron Miller, 4 February 2009). Whether or not these channels and their products have had a positive impact on the conflict resolution process remains hotly debated, but the fact that they had a significant impact is undeniable. The chosen case studies illustrate the complex relationships between the state, non-governmental organizations (NGOs) and individuals in processes of mediation, which are particularly likely when mediation is undertaken by small, liberal democratic states. The interplay between these different actors is central to both the Norwegian and Swedish cases. By harnessing the benefits of these characteristics, such small states are able to project power and influence internationally beyond what might otherwise be expected.

SMALL STATE MEDIATION IN THEORY

Bercovitch (1992, p. 7) defines mediation as “a process of conflict management, related to but distinct from the parties’ own efforts, where the disputing parties or their representatives seek the assistance, or accept an offer of help, from an individual, group, state or organization to change, affect or influence their perceptions or behaviour, without resorting to physical force or invoking the authority of the law”. While there are many other definitions available in the literature, the strength of this interpretation is that it acknowledges the wide variety of possible mediators and strategies that they can employ, while making no assumptions as to the goals or expected results of a mediation attempt. This is particularly important when acknowledging the contributions of small state mediators, which are often more subtle than more powerful mediators who tend to rely on leverage and coercion. Moreover, these contributions are often one part of a broader peace process, and therefore not all instances of mediation are geared towards completely resolving a conflict. As Bercovitch’s definition notes, the main goal is “to change, affect or influence . . . [the] perceptions or behaviour” of the parties; not necessarily to seek a complete resolution in one fell swoop, as this is often extremely demanding and unrealistic.

This definition also identifies multiple types of mediators beyond the representatives of sovereign states, such as individuals and organizations, who are highly relevant to understanding the possible complexity of small state mediation. Obviously, all mediation is conducted by individuals, and a number of personal characteristics or skills are desirable, such as knowledge of the conflict, empathy, active listening, communication skills, stamina, patience, and a sense of humour (Bercovitch and Jackson, 2009, pp. 35–36). However, one has to distinguish the nature of the individual’s representation; an individual can represent themselves, an NGO, or an international organization, and each has different implications for their acceptability as a mediator, the mediation strategies they can use, and what resources they can bring to bear on the process.

Individuals who represent themselves can often be former officials with relevant diplomatic experience, academics with expertise in conflict resolution, or members of a faith group (such as the Quakers) associated with pacifism and peaceful dialogue. Similarly, NGOs who mediate normally have a reputation for expertise in peace and conflict studies, conflict resolution, or a particular conflict or geographic region. Since they are normally more informal in their approach, it is sometimes difficult to clearly distinguish between an individual mediator and a representative of an NGO, as they can represent both interchangeably or simultaneously. The case studies considered later in the chapter will illustrate these complex dynamics.

Why do conflicting parties consent to the involvement of a particular mediator? Conflicting parties will submit to mediation only when they believe that the mediator can act fairly and recognize the importance of their interests (Bercovitch, 2002, p. 12; Bercovitch and Gartner, 2009, p. 26). The term ‘neutrality’ is often erroneously used in conjunction with mediation, as this is an ideal which does not exist. Instead, Young (1967, p. 81) argues that impartiality is key: “a high score in such areas as impartial-

ity would seem to be at the heart of successful interventions in many situations” (also Princen, 1992). A mediator should be perceived to be impartial, working for the best interests of both parties, and it is subjective rather than objective impartiality which is crucial. A third party can have a reputation for impartiality, perhaps through observed interaction in other peace efforts or a history of finely tuned diplomatic relationships which can serve to create such a conception and thereby lead to acceptability.

This is primarily a characteristic of individual mediators and small state mediators. Small states tend to be invited to mediate because of their generally non-threatening political posture: they do not normally have the capability to directly threaten the security of the parties (Aggestam, 2002a, p. 65; Bercovitch, 2002, p. 12; Rubin, 1992, p. 267). Their position within the international system is often a criterion used to deem them suitable, often characterized by existing reputations for skilled diplomacy, impartiality or regional expertise. Norway and Sweden, the two case studies in this chapter, are prime examples.

Leira (2013, pp. 340–346) argues that the origins of Norwegian foreign policy are rooted in the desire to have “a foreign policy of peace” as distinct from the great power politics and *realpolitik* of late nineteenth- and early twentieth-century Europe. Such idealism was seen as a way to overcome a lack of power by pursuing influence through value diplomacy (Stokke, 2012, p. 213). Prominent humanitarian initiatives such as the Nansen International Office for Refugees in the 1920s and the legacy of this work also inform this international reputation (Stokke, 2012, p. 215). As the Norwegian Ministry of Foreign Affairs argues, “the lack of an imperial past and great power ambition, coupled with a long-standing peace tradition, close connections between the state and humanitarian NGOs, readily available funds and broad domestic political consensus made Norway a particularly suitable country for pursuing mediation” (Leira, 2013, p. 349; see also Stokke, 2012, p. 218).

Similarly, Sweden also has a long-standing tradition of so-called ‘engagement politics’ of peace. Neutrality as a cornerstone of Swedish foreign policy was predicated upon freedom from alliances in peacetime to ensure credible neutrality in the event of war. The Cold War foreign policy of ‘active neutrality’ spearheaded by Social Democratic Prime Minister Olof Palme made Sweden a vocal proponent of the UN and the underlying principles of the non-use of force, the peaceful resolution of disputes, and adherence to international law to ensure international peace and security (Eriksson, 2015, pp. 56–57). This was explicitly designed to protect small states like Sweden from the threat of more powerful states. At Palme’s funeral, future Conservative party leader, Prime Minister and Foreign Minister Carl Bildt said Palme’s outspoken policy “left a distinctive mark on Sweden’s international engagement” and “made Sweden bigger” (Åström, 1992, p. 141). Later Swedish foreign policy, such as the focus on conflict prevention in the 1990s, was rooted in these ideas, described in policy documents as “a natural development of Sweden’s traditional policy of promoting peace and solidarity” (Björkdahl, 2007, p. 176).

While impartiality is traditionally associated with mediators and small state mediators in particular, it is not always a defining characteristic. Touval (1982, pp. 11–14) argues that bias on behalf of a mediator is not necessarily a negative factor, but that

such a dynamic can work in a variety of different ways. After all, ‘confidence’ in a mediator is the key desirable attribute, which can stem from a variety of different factors. Influencing factors such as “common bonds, history, experiences, values, and interests”, can “all act to establish a degree of familiarity, rapport, understanding, trust, and acceptability of a mediator” with one of the parties (Bercovitch and Houston, 2000, p. 181). A mediator with strong links to one side can indeed jeopardize their accountability by appearing biased, but at the same time a close relationship or a certain degree of influence over one party can also be useful to the other. Each side must consider the possible utility of having a particular mediator involved. During the Iranian hostage crisis (1979–81), for example, when Iranian revolutionaries stormed the US embassy in Tehran and held 53 Americans hostage for 444 days, Algeria played the vital role of intermediary in the efforts to negotiate their release. Having fought a war of independence themselves not long before, the Algerians had the necessary revolutionary credentials to make them acceptable to the Iranians, and they in turn admired the Islamic revolution in Iran. Algerian–American relations were not directly unfriendly, but were in this case aided by the fact that the Algerians had never publicly endorsed or condemned the embassy takeover (Carnevale, 2002, p. 30; Slim, 1992, p. 208).

Mediation is a complex, intensive process, so why would a mediator choose to mediate? Individuals, whether representing themselves, states or organizations, may opt to mediate in order to enhance their personal prestige and international profile. Success on the international scene can translate into important domestic political capital, or an enhanced reputation can be important for advancement within international organizations. Officials may be trying to secure a foreign policy success, a historical legacy, or a Nobel Peace Prize. Involvement in a high-profile peace process can serve to enhance the image and reputation of the individual but crucially also of the institution represented, by demonstrating adherence to ideals prized and respected by the majority of the international community. For states, for example, mediation can represent a foreign policy strategy to magnify and project power or increase international status. After its role in the negotiation of the Oslo Agreement, Norway became synonymous with the peaceful resolution of disputes. Norwegians representing either the state or NGOs have since been called upon by a multitude of conflicting parties to help reach negotiated resolutions, such as in Afghanistan, Bosnia-Herzegovina, Colombia, Guatemala, Libya, the Philippines and Sri Lanka (Stokke, 2012, p. 208). Beyond foreign policy interests, Leira (2013, p. 339) and Stokke (2012, p. 210) emphasize the domestic importance of a normative liberal drive as a key motivator for Norwegian policy, and argue that this is where the policy originally emerged.

How do small states mediate? There are three commonly identified strategies in the mediation literature (Beardsley et al., 2006; Bercovitch, 1992, 2002; Bercovitch and Gartner, 2009; Touval and Zartman, 1985; Wilkenfeld et al., 2003), two of which are particularly relevant to small states. First, there is the role of ‘facilitator’, where the mediator serves primarily as a host for communication between the two parties. A facilitator can communicate messages between them if their relationship makes

direct interaction impossible, arrange interactions between the parties, and give them a secure space to clearly identify interests, issues and points of contention or agreement to improve mutual understanding. There is, however, no substantive contribution to the negotiations themselves, and the mediator is not present at the table. This strategy represents an unintrusive form of mediation also referred to as ‘pure’ mediation (Aggestam, 2002b, p. 73), which Bercovitch (2002, p. 12) has identified as the role where small states are at their most useful.

Second, similar to the role of facilitator but more involved is the role of ‘formulator’. Here, the mediator exercises a greater degree of control over the meetings in terms of their frequency, pace, formality, protocol and procedures, and the physical setting. A formulator thus continues to develop the relationship between the parties, but can also make some substantive suggestions or proposals if they deem it appropriate or requested by the parties.

Third, there is the role of ‘manipulator’. It is a coercive strategy, in that the mediator often uses material power and leverage to guide the negotiations, by for example pressuring the parties to be flexible or rewarding concessions by promising resources. In other words, the mediator offers ‘carrots’ or ‘sticks’ to the parties.

Clearly, there are limits on the choice of strategy imposed by the nature of the mediator itself. Small states are unlikely to be in a position to exert serious leverage on parties to extract concessions or to ensure compliance with an agreement. Rather, they tend to use tools of moral and intellectual persuasion to their advantage. However, as a formulator they can affect the negotiations significantly by setting agendas and guiding them in a particular direction, which may overlap with their own interests (Smed and Wivel, 2017, p. 82). Alternatively, they may need or want the acquiescence or tacit backing of great powers to enable their mediation to even take place, as one of the case studies in this chapter illustrates.

A final element of mediation strategy relates to the distinction between formal and informal mediation (Aggestam, 2002a, pp. 58–60; Bercovitch, 2002, pp. 10–11). ‘Track II diplomacy’ has become an important element in conflict resolution, and as this chapter will demonstrate, has been prominent in the Israeli–Palestinian conflict context. The term comes from the concept of two levels of interaction; one formal, often publicly acknowledged, known as Track I, while Track II is informal and often clandestine. While there are many different types of Track II talks (Jones, 2015, pp. 7–31), this chapter focuses on those which are discussions between unofficial representatives of conflicting parties looking to explore the options for resolving their conflict, thereby preparing the ground for official negotiations. Participants should ideally have a connection to decision-makers on each side in order to make the fruits of their talks potentially politically meaningful. The informality allows parties to improve their understanding of the other side’s position and bottom lines, exchange ideas freely, and explore potentially controversial solutions without commitment (Agha et al., 2003, p. 1; Jones, 2015, pp. 24–25; Klein and Malki, 2006, p. 113).

THE OSLO CHANNEL

It was perhaps fitting that when US President Bill Clinton oversaw the handshake between Israeli Prime Minister Yitzhak Rabin and PLO Chairman Yasser Arafat on the White House lawn on 13 September 1993, the Norwegian mediators who had successfully brokered the agreement were not in the limelight. After all, they had created this breakthrough by providing a secret alternative to the official US-dominated negotiating process. US Secretary of State James Baker and his peace team worked hard to put the Madrid Conference of October 1991 together, which was a significant achievement. However, while American pressure had formally brought selected representatives together, it was not applied to generate any concessions in the negotiations that ensued in Washington, DC (Kurtzer et al., 2013, pp. 31–33; Rynhold, 2007, p. 424).

These negotiations and the multilateral working groups held in parallel demonstrated the limits of these official and publicly known channels. They mainly served as fora for political posturing to sceptical domestic constituencies extremely sensitive to any concessions or renunciation of principles (Aggestam, 2002a, p. 61; Kurtzer et al., 2013, p. 33). This prevented any real discussion of the issues, since negotiators were wary of giving away too much and being personally associated with controversial positions. A “war of microphones was being waged” which, over months of talks, “degenerated into sour name-calling by both sides” (Corbin, 1994, p. 17).

Another significant weakness was Israel’s refusal to allow official representation of the PLO, insisting instead on Palestinian representatives from the West Bank (excluding East Jerusalem). As a result, Palestinian negotiators always had to consult PLO representatives in Tunis, the real centre of Palestinian political power, who were reluctant to move at all in a process from which they had been excluded. Terje Rød-Larsen, head of Norway’s Institute for Applied International Studies (FAFO), and his wife Mona Juul, a Norwegian diplomat, reached this conclusion during their involvement in the multilateral working group on refugees in Ottawa (Interview with Terje Rød-Larsen, 11 February 2009). Juul had previously served at the Norwegian embassy in Cairo, while Larsen had taken the opportunity to conduct a study on living conditions in Gaza through FAFO, thus developing expertise on the conflict and a contact network in Israel and the Palestinian territories.

A number of Israelis and Palestinians shared the belief that secretive communication facilitation was required in order for Israel and the PLO to communicate directly. In April 1992, Larsen met Israeli Deputy Foreign Minister Yossi Beilin, who had been advocating talks with the PLO for years, and they agreed on the need for secret talks. So too did his academic associates, Yair Hirschfeld and Ron Pundak, who had engaged in intensive dialogue with the local Palestinian leadership in the West Bank, including Hanan Ashrawi, Faisal Husseini and Sari Nusseibeh. In these talks, “the message from the local Palestinians was that, on all issues, if we would like to see progress, we must speak with the PLO” (Interview with Ron Pundak, 7 May 2009). Israeli, Norwegian and Palestinian thinking was thus aligned.

The nature of the mediator and the participants, however, remained unclear. Norwegian Foreign Minister Thorvald Stoltenberg had for many years sought to develop contacts between Israel and the PLO, and had offered his government's services to the parties as a mediator multiple times, without success (Waage, 2002, pp. 604–607). One such instance was in September 1992, when Deputy Foreign Minister Jan Egeland, Larsen, and Juul met Beilin and Hirschfeld in Israel to discuss a possible alternative channel. Waage (2002, p. 609) recounts how Egeland repeatedly offered Beilin the services of the Foreign Ministry but that Beilin was reticent, presumably for fear of being politically connected to such an initiative at such a preliminary stage. Faisal Husseini had been envisioned as a potential Palestinian participant, but it later became clear that Arafat had forbidden his participation, which he feared would undermine the PLO (Interview with Terje Rød-Larsen, 11 February 2009). Hanan Ashrawi instead suggested Abu Ala, a prominent Palestinian banker heading the Fatah financial institution, Samed, and a PLO member. Through Juul, Larsen had previously met Abu Ala, and the two had maintained contact. Larsen presided over a secret meeting between Hirschfeld and Abu Ala in London in December, and after Larsen travelled with Abu Ala to meet Arafat in Tunis later that month and get his endorsement, all the pieces were in place (Corbin, 1994, p. 34; Jones, 1999, p. 112).

The secret talks which began in January 1993 under Larsen's stewardship, between Hirschfeld and Pundak on the Israeli side, and Abu Ala, Hassan Asfour, and Maher al-Kurd on the Palestinian side, can predominantly be characterized as Track II, despite the fact that Abu Ala was a PLO representative. The Israeli negotiators were both academics, and the talks were being held in parallel to the Track I talks in Washington. Larsen was mediating either in an individual personal capacity or as a representative of FAFO, depending on one's perspective. Larsen's personality was central to the atmosphere, known as the "Oslo spirit", that characterized the talks (Waage, 2002, p. 600). FAFO was organizing the logistics, paying the associated bills, and providing cover for the talks and hence deniability should they be exposed. The ability to "avoid the reporting and filing routines which civil servants are bound by" helped further guarantee secrecy (Larsen in Waage, 2008, p. 59).

Note that the Norwegian Ministry of Foreign Affairs was not directly involved at this stage. As illustrated earlier, Egeland had been assigned to lend support and prepare the ground for the talks in any way possible. Wary of upsetting the US, who was their ally and the principal mediator, Juul and Egeland had travelled to Washington, DC in the summer of 1992 and sounded out the Deputy Assistant Secretary of State for Near Eastern Affairs at the State Department, Dan Kurtzer, who advised them to proceed and correctly predicted American indifference to the idea (Interview with Dan Kurtzer, 13 February 2009; Eriksson, 2015, p. 101). Moreover, the Norwegian Foreign Ministry gave substantial support and funding to FAFO and its activities, including the Oslo channel, to the point where Agha et al. (2003, pp. 49–50) argue that it should not be considered an NGO. Although not directly involved in the talks, key members of the Ministry like Egeland had extensive personal relationships with Larsen and FAFO. Larsen's wife Juul was working

with Egeland in the Ministry, and they were friends of Stoltenberg. This enabled informal communication about the channel without arousing suspicion, and helped further the already strong relationship between state and civil society.

These personal links were further strengthened when Johan Jørgen Holst became the Norwegian Foreign Minister in April 1993, as he and his wife Marianne (who was a researcher at FAFO) were close friends with Larsen and Juul. When Larsen raised the idea of Holst meeting Abu Ala and involving him in the talks, Holst initially refused on the grounds that he did not think it would succeed (Interview with Terje Rød-Larsen, 11 February 2009). However, he then joined the enterprise in May shortly before the Israeli delegation was upgraded and led by Uri Savir from the Israeli Ministry of Foreign Affairs. At this point, it ceased to be a Track II exercise and became a secret, official back-channel. Details of a draft Declaration of Principles were negotiated in July, during which time Holst, Larsen and Juul shuttled between Tunis, Tel Aviv and Jerusalem, delivering letters and conveying messages but also encouraging each party that the other was acting in good faith (Eriksson, 2015, p. 106; Waage, 2005, pp. 12–15). An extensive negotiation session to finalize the agreement was held in Stockholm, where the Norwegian trio sat with Israeli Foreign Minister Shimon Peres and his team, and Holst passed positions over the phone to the Palestinians in Tunis. While this was facilitation, Holst later became an active formulator when negotiating the wording of the mutual recognition between Israel and the PLO in Paris in early September (Beilin, 1999, p. 127; Interview with Yossi Beilin, 12 May 2009; Qurie, 2006, pp. 239–240; Waage, 2005, pp. 15–17).

Different scholars place different emphasis on the role of the state and the role of Larsen and FAFO as the reason for the Oslo channel's existence. In her analysis, Waage (2002, p. 601) emphasizes the history of Norwegian policy towards the parties as "the most crucial element" to Norwegian involvement, citing Arafat's historical interest in involving Norway as a mediator due to their excellent relations with Israel. However, Pundak argued that Norway was one option among many and was not selected on the basis of their historical engagement (Interview with Ron Pundak, 7 May 2009). Rather, Larsen's commitment and energy, combined with the close relationship between FAFO and the Ministry of Foreign Affairs, were the central components. Aggestam (2002a) acknowledges the difficulty of separating the formal (state) and informal (NGO) elements of the Oslo channel, because it was both at different points. While Waage (2002, 2005) and Eriksson (2015) both acknowledge the formal and informal roles, they differ in their emphasis, with the latter focusing on Larsen as the linchpin. Aggestam (2002a, p. 68) argues that the deepened role Holst eventually played in the negotiation of mutual recognition was made possible because of the credibility he and Norway accrued through the previous negotiations, an argument lent credence by the rejection of Stoltenberg and Egeland's early offers to mediate.

In 2007, a spokesperson for the Norwegian Foreign Ministry stated that the Ministry "had a very limited involvement in the secret negotiations. On behalf of Norway, it was mainly Foreign Minister Holst and Larsen from FAFO who were involved" (Waage, 2008, p. 60). In a similar vein, Aggestam (2002a) has described

Holst and Larsen as individual mediators. While Larsen’s personal role has been addressed above and is more complex, it is difficult to conceive of a sitting Foreign Minister not being affected by this association, whether positively or negatively. Indeed, when Holst was mediating the mutual recognition and Oslo was no longer a secret, he felt that not only was his personal prestige on the line, but also his country’s; his main concern was to “protect the Norwegian peace project and Norway’s role” (Waage, 2005, p. 16).

THE BEILIN–ABU MAZEN UNDERSTANDINGS¹

Far from a fully-fledged peace agreement, the full title of the Oslo Agreement was “The Declaration of Principles on interim self-government arrangements”, accompanied by the mutual recognition mediated by Holst. As this suggests, it was a framework agreement which started the negotiating process and provided for interim arrangements, but left all of the deeply contentious final status issues (such as Jerusalem, borders, illegal Israeli settlements, and the Palestinian refugee question) unresolved. Based on the principle of ‘gradualism’, the idea was that the gradual implementation of different interim agreements would generate the trust required to eventually approach the final status issues in good faith (Eriksson, 2015, p. 121).

Beilin, Hirschfeld and Pundak, however, argued that the ‘gradualism’ of Oslo would fail without a clearer understanding of what a final peace agreement would look like (Eriksson, 2013, pp. 211–212). In the summer of 1994, they met with two Palestinian academic counterparts, Hussein Agha and Ahmad Khalidi, both based in the UK. Together, they developed a joint proposal for a set of Track II talks to draw up the contours of a final status agreement, effectively seeking to apply the successful strategy used in Oslo; the progress they made in a Track II setting was then intended to be used as a basis for future formal Track I negotiations, when the time came (Agha et al., 2003, pp. 71–72).² When looking for external sponsors for the initiative, Agha happened to be at a conference in Stockholm and gave the proposal to members of the Swedish Ministry of Foreign Affairs who in turn passed it on to the Swedish Foreign Minister, Margareta af Ugglas, who quickly expressed interest in funding it. Although the academics were aware of Sweden’s stance as outspoken advocates of Palestinian statehood and the two-state solution since the days of Olof Palme in 1974, and Foreign Minister Sten Andersson’s role in brokering the opening of relations between the US and the PLO in 1988, this did not immediately inform the decision to approach the Swedes. The Swedish connection was, in other words, simply fortuitous (Interview with Hussein Agha, 13 September 2010; Interview with Ahmad Khalidi, 9 September 2010; Eriksson, 2015, pp. 122–123).

¹ While this is the commonly used name for the document that was produced, the Palestinian participants prefer to call it “the Stockholm document”.

² The Declaration of Principles had stipulated that final status talks were to begin no later than 4 May 1996.

While the talks were initially sponsored by the Foreign Ministry, who also devoted a budget to it, management of the talks was delegated to an NGO, the Olof Palme International Center (OPIC). Following elections in September 1994, the Social Democrats (the Labour Party) came to power and the new Foreign Minister, Lena Hjelm-Wallén, was supportive of the talks but was not an expert on the Israeli–Palestinian conflict. She deferred the issue to former Foreign Minister Sten Andersson, who in December became the official government envoy on the peace process. In November, he had also become the new chairman of OPIC, which had its roots in the Social Democratic Party. OPIC’s new director, Sven-Eric Söder, had been involved in Palestinian–Swedish NGO relations since the 1980s and had nominated Andersson as chairman to further these links. Although Söder was unaware of the proposed talks, the idea of a possible secret channel similar to Oslo had in fact been on his mind when suggesting Andersson. Together with Andersson and Söder, Ann Dismorr from the Ministry of Foreign Affairs completed the main team of facilitators (Eriksson, 2015, pp. 125–126).

The eponymous mentors of the talks were Beilin on the Israeli side and Abu Mazen, otherwise known as Mahmoud Abbas, on the Palestinian side, widely considered to be the second-most senior figure in the PLO after Arafat. Having been involved in the secret Oslo channel and as a long-time advocate of a two-state solution, Abu Mazen was entrusted by Arafat to supervise the talks. Each set of negotiators briefed their respective mentors, but for purposes of deniability they did not attend the sessions in Sweden.

Much like the Oslo channel, there were thus both formal and informal elements to these talks. They were clearly anchored in the Foreign Ministry, as the initiative had originally been sponsored and funded by them, Andersson was a government envoy, and Dismorr was a sitting diplomat. In addition to their informal discussions with the academics, Ministry officials were briefed on the progress of the talks. Moreover, prior to the handover from the Foreign Ministry to OPIC, Pierre Schori, a Swedish Social Democrat and diplomat friend of Yossi Beilin’s, had met with Beilin and promised to protect the talks and ensure that they survived the change of government (Eriksson, 2015, pp. 126–127). However, Andersson was also simultaneously an NGO representative and OPIC provided a level of deniability, crucially helping keep the talks secret by arranging all the necessary logistics, although security was provided by SÄPO, the Swedish Security Service. Furthermore, the Israeli and Palestinian participants were academics, which made it a more traditional Track II activity (Agha et al., 2003, p. 78).

Again, similarly to Oslo, personality played a big part. Agha has praised Andersson’s involvement in particular, observing that “he never tried to take sides at all. . . . Privately, he was very reassuring, of course, but he did not interfere in any of the meetings. Whenever there were arguments, whenever the atmosphere was heated, he always tried to cool it down without taking sides, and by stepping back from the substance and trying just to save the moment. And he was very good at that” (Interview with Hussein Agha, 13 September 2010).

After some 21 meetings throughout 1995, the academics outlined the principles of a final status agreement, focusing on the core issues of borders, settlements, refugees, and Jerusalem (Agha et al., 2003, p. 71). A working draft of the document ready to be presented to Rabin and Arafat bore the date of 1 November 1995, just over a month after the signing of the Oslo II interim agreement. While Arafat was happy to use them as the basis for future discussion – in his characteristic manner, he was happy to pursue multiple avenues without necessarily committing to any one (Interview with Hussein Agha, 13 September 2010; Interview with Ahmad Khalidi, 9 September 2010) – Israeli adoption of the document was marred by a combination of circumstance and content. On 4 November 1995, just days before they were due to be presented to Prime Minister Yitzhak Rabin, he was assassinated at a peace rally in Tel Aviv. A week later when Beilin presented them to Rabin’s successor, Shimon Peres, the new Prime Minister did not endorse them. In the difficult atmosphere following the assassination, Peres did not want to introduce something which had the potential to further divide the secular and religious elements of Israeli society. The Oslo II interim agreement had recently been reached, and Peres wanted to implement it before moving to the final status issues. Moreover, he had doubts about an Israeli withdrawal from the Jordan Valley of the West Bank, a concept which the document endorsed (Eriksson, 2013, p. 217).

Although the document did not become the basis for official negotiations as its creators had hoped, it nonetheless became a point of reference in future final status negotiations, for example at the failed Camp David summit in 2000. A number of ideas now widely considered fundamental to a potential two-state solution were presented there for the first time. First, what is Arab in Jerusalem goes to the Palestinians, and what is Jewish goes to Israel. Second, the idea of land swaps. Third, the distinction between the right of return and the actual physical exercising of that right. Fourth, the idea that the Jordan River can be the security border of Israel, but not the sovereign border (Agha et al., 2003, pp. 72–75; Eriksson, 2013, p. 222). The document thus had a profound impact on thinking about the contours of a two-state solution.

CONCLUSION

When it comes to mediation, small states are in a position to offer a number of advantages that other larger, more powerful, or high profile states cannot. As this chapter has shown, small states are able to more readily provide venues for secret negotiations away from the public eye. This level of secrecy can be crucial when negotiating sensitive issues, such as those involved in protracted, identity-based conflicts like the Israeli–Palestinian case. Norway and Sweden each had their own history of involvement in the conflict which undoubtedly contributed to their mediation roles, but their broader political identities as small, non-threatening states with reputations for diplomacy were crucial. All of these different elements helped create the trust necessary to be accepted as a mediator.

As the two case studies demonstrate, there are different ways to view the suitability of Norway and Sweden as mediators in this conflict. Some have emphasized the relevant historical engagement of the government, others stress the personalities involved, and some argue that the mediator role was essentially fortuitous. However, it is also plausible that the political nature and political culture of the two states was critical to the effectiveness of the mediation. As liberal democracies, they have vibrant civil societies which also have a relationship with the state; but nonetheless stand apart from it in important ways. These formal and informal relationships were central to the establishment and (at least partial) success of the two channels presented. Alternative political systems would not necessarily have these resources or structures to draw on.

Consequently, it is difficult to generalize from the Norwegian and Swedish experience to all small states. Both Norway and Sweden are not only liberal democracies, but are comparatively secure due to their demography and wealth.³ As a result, they have the resources available to focus on issues beyond their borders, which many other small states lack. However, it is important to acknowledge that this security also stems from and is reinforced by their foreign policy posture based around international law, conflict prevention and peace, which is deemed a strategic international interest. The literature on small states emphasizes the interest of small states in a peaceful and institutionalized international system (Thorhallsson and Steinsson, 2017). This could therefore be a common shared agenda among small states more widely, depending on how they perceive and understand their own interests.

For analysts of mediation, the mingling of state and non-state actors also generates tricky questions. To what extent can we separate the state from civil society in these instances, or the individuals from the organizations they are associated with? How can we credit the roles that each actor plays in any successful mediation? The complexity of the two cases examined here demonstrates that this is not always possible.

For all of the strengths of small states and NGOs as mediators, one must also acknowledge their limitations. A more coercive mediator would have a greater ability to affect the substance of negotiations. The substance of the Oslo agreement in particular has been the subject of heavy criticism, but Larsen argues that Oslo was the best that could have been achieved at that point in time (Interview with Terje Rød-Larsen, 11 February 2009; Eriksson, 2015, p. 111; Rothstein, 2006, p. 343). As the Oslo process showed, the Norwegians were also unable to ensure compliance with the agreement they helped deliver. The lack of coercive power that made them attractive was simultaneously a shortcoming when it came to implementation (Waage, 2005). While this goes beyond the mediation of the agreement itself, more powerful mediators are often called upon to play this role, which falls under the definition of a manipulation mediation strategy.

³ One could argue that their peripheral position in northern Europe also contributes towards this security; although Stokke (2012, p. 213) argues that Norway's geostrategic location in fact adds to this vulnerability.

When considering the Beilin–Abu Mazen Understandings, even though they affected broader thinking about the outlines of a two-state solution, they were not used as a framework for final status negotiations and thus failed to accomplish their goal. Moreover, when the document was leaked to the public in early 1996, it harmed the Labour leadership in the upcoming Israeli election campaign as the party more broadly and Peres specifically became associated with the concessions it was perceived to contain, despite the fact that he did not adopt those positions (Eriksson, 2013, pp. 220–221).

Whether one focuses on the successes or the failures associated with these two examples, it is undeniable that these instances of small state mediation had a significant impact on the conflict, on how the parties related to one another, and on thinking about a possible peaceful solution. As the late Ron Pundak observed, “if ever peace will be achieved, the contribution of these two countries is huge” (Interview with Ron Pundak, 7 May 2009).

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14. Politics and economy in small African island states: comparing Cabo Verde and São Tomé and Príncipe

Edalina Rodrigues Sanches and Gerhard Seibert

INTRODUCTION

Small island states are markedly different, in terms of their social, political and economic landscapes, when compared to larger and non-island states. They claim to be more culturally homogeneous and cohesive and stand out for being more democratic, for promoting more direct forms of political participation, and for using power sharing institutions (Anckar, 2008; Anckar, 2002, 2010, 2018; Prasad, 2008; Veenendaal and Corbett, 2014). However, the politics of daily life in smaller jurisdictions is far more complex; the supremacy of personalism and informal linkages means that formal institutions have less impact in how politics actually plays out, and this can either hinder or foster democratic politics (Baldacchino, 2012; Corbett and Veenendaal, 2018). Economically speaking, small island states have inherent disadvantages – remoteness, isolation and vulnerability to economic shocks – but some success stories show that effective economic policies can help improve the living standards of their populations (Baldacchino and Milne, 2000; Briguglio, 1995; Prasad, 2008; Silve, 2012).

Some of these features are present in the five small African island states with less than 1.5 million inhabitants: Cabo Verde, São Tomé and Príncipe, Comoros, Seychelles and Mauritius (see Table 14.1). These five nations gained independence between 1968 and 1976, when most countries across the continent had already acquired that status. As much as elsewhere, anti-colonial political movements, informed by socialist ideological frameworks, played an instrumental role in the negotiation processes leading up to independence. In the aftermath of independence, all cases except Mauritius and Comoros adopted socialist single-party constitutions that outlawed opposition political parties: however, in practice, the Comoros functioned as a single party regime (Clemente-Kersten, 1999; Fleischhacker, 1999; Poupko, 2017; Thibaut, 1999).

While Mauritius became democratic shortly after independence, and remains one of the most exemplary democracies in Africa, the other islands experienced regime change in the early 1990s, during the African democratic wave (Bratton and van de Walle, 1997). Cabo Verde and São Tomé and Príncipe joined Mauritius in the group of liberal democracies – that is, ranked ‘free’ by Freedom House – in 1991; but Cabo Verde managed to stand out in world/regional indices as an exceptional democracy,

Table 14.1 Background information on the five small African island states

Country	Former colonial power	Year of independence	Population	HDI (Africa rank)	IIAG (Africa rank)	GDP (current US\$) per capita
Cabo Verde	Portugal	1975	546,390	0.654 (11)	71.2 (5)	1,772
Comoros	France	1975	813,910	0.503 (32)	53.6 (25)	1,068
Mauritius	United Kingdom	1968	1,264,610	0.790 (2)	84.6 (1)	13,266
São Tomé and Príncipe	Portugal	1975	197,500	0.589 (17)	64.9 (11)	393
Seychelles	United Kingdom	1976	95,840	0.797 (1)	83.8 (2)	1,498

Sources: World Bank, Human Development Index (HDI), Ibrahim Index of African Governance (IIAG). Date relates to 2017.

with stable institutions and good governance performance (Baker, 2006; Meyns, 2002; Sanches, 2018a, 2018b; Seibert, 2002, 2006, 2016). Comoros and Seychelles are classified as electoral democracies, and still struggle to fortify their institutions. Comoros is the most fragile regime in this sample, as it has experienced continuous political instability since independence, with several successive coups taking place as a result of inter-island rivalry and the reluctance of its elites to share political power (Baker, 2009; Poupko, 2017). Moreover, Comoros's fourth island (Maoré or Mayotte) remains under French control and voted on 29 March 2009 to become a full overseas department of the former colonial power (Massey and Baker, 2009).

In terms of economic development, the case of Mauritius has been widely praised as an African success story (Osei-Hwedie, 2000; Sobhee, 2009). However, Seychelles is also improving on some important social indicators. Both countries are Africa's top ranked countries on the Human Development Index (HDI) and on the Ibrahim Index of African Governance (IIAG). Cabo Verde and São Tomé and Príncipe also score fairly well on both indices, particularly when compared to resource-rich countries such as the small-sized Equatorial Guinea or the larger Nigeria and Angola. Finally, Comoros exhibits the lowest levels of development (ranks 32 out of 54 in HDI) as well as weak governance performance out of these five small island states (25 out of 54 in IIAG) (Table 14.1).

The political and economic performance of each of these individual cases is remarkable. Despite the odds, they managed to transition to at least a minimal form of democracy and to improve their economic and social indicators, albeit at different speeds. To better understand the multiparty and economic trajectories of African small island states, we here carry out a comparative study of Cabo Verde and São Tomé and Príncipe. These are two relatively homogeneous Creole societies with a similar colonial experience (Nascimento, 2012; Seibert, 2014). They negotiated and acquired independence from Portugal and had to organize national elections to sanction the transfer of power. At independence they installed socialist one-party

regimes, which in the late 1980s began to implement liberalization reforms to counteract economic and political crises. The process culminated in the introduction of multiparty democracy with a semi-presidential regime in 1990. Despite these similarities, they differ in the pervasiveness of personalism in politics, the nature of political parties, government stability, and in the way they have faced their development challenges. This chapter's main goal is precisely to describe and clarify these political and economic developments.

Following this introductory section, the second section discusses political trends in both countries, with an emphasis on the functioning of democratic politics: the nature of party politics, elections and institutional relations between government and president. The third section examines the presumed vulnerabilities and opportunities of economic development in Cabo Verde and São Tomé and Príncipe and reflects on how these states responded to these opportunities and challenges. The conclusion summarizes the main findings of this study and raises implications for further research.

POLITICS IN SMALL AFRICAN STATES

Cabo Verde and São Tomé and Príncipe are small states with fairly well functioning democracies, but they each represent different sides of the 'small is beautiful' debate. In the following sections, we explore how and why politics is more consensual in the former and more conflict-prone in the latter.

Cabo Verde: Building a Stable Party System and Symmetric Intra-Executive Relations

Cabo Verde comprises 10 islands (net area 4,033 km²) and almost half of its population of 546,000 (2017) lives on Santiago, the main island, where the capital, Praia, is located. After five centuries of colonization, the country became independent from Portugal on 5 July 1975, under the direction of *Partido Africano da Independência da Guiné e Cabo Verde* (PAIGC): a party founded by Amílcar Cabral and other nationalists in 1956 in Bissau, to struggle for total independence and socialist development of Guinea-Bissau and Cabo Verde (Andrade, 2002; Foy, 1988; PAIGC, 1974). Thanks to the PAIGC's successful armed struggle in its territory, Guinea-Bissau unilaterally declared independence in 1973. While Cabo Verde experienced no armed conflict, the PAIGC had to organize elections to legitimize the transfer of power. Following Constitutional Assembly elections that approved the PAIGC's lists, independence was proclaimed and Aristides Pereira and Pedro Pires were designated President and Prime Minister respectively. The PAIGC subsequently installed a one-party socialist regime which outlawed opposition parties. The Organic Law of the Political Organization of the State served as a transitory constitution until 1980, when a new constitution was adopted following the rupture with Guinea-Bissau and the formation of the *Partido Africano da Independência de Cabo Verde* (PAICV) in 1981.

The PAICV remained in power for the following decade, but started reforming the regime from the mid-1980s onward, as a reaction to political and economic crisis. Between 1985 and 1987, a series of laws – e.g. electoral law giving more decision power over the composition of party lists, press law and association law – helped expand the sphere of political participation (Sanches, 2018b, p. 74). The reforming strategy continued in the Third Party Congress in November 1988 which embraced privatization more openly and altered the fundamentals of the social contract (Koudawo, 2001; Lima, 1992; Silva, 2001). The reforming context propelled the emergence of the *Movimento para a Democracia* (MPD) in March 1990. Formed by regime dissidents, intellectuals and a disaffected state elite, the MPD managed to successfully influence the transition agenda, partly because the PAICV underestimated its potential (Sanches, 2018b, p. 83). Both parties agreed on a semi-presidential constitution inspired by the Portuguese example (despite divergence on presidential powers), on a proportional representation system for parliamentary elections and a two-round system for presidential elections. The first multiparty election took place in January 1991 and there have since been regular elections for presidency, parliament and local municipalities. Elections have been largely peaceful, transparent and fair, and the governments stable and effective.

In the founding elections of 1991, only the PAICV and the MPD competed. The speed of the transition process, and the strict party laws adopted, impeded two other political parties that existed at that time – the *União dos Povos das Ilhas de Cabo Verde* (UPICV) and the *União Cabo-Verdiana Independente e Democrata* (UCID) – to register in time of elections (Sanches, 2017; Semedo, Barros, and Costa, 2007). The PAICV relied on historical legitimacy and government experience to argue that there was no time for adventures (*Nu ca cré aventura*), while the MPD proposed full political change and criticized the repressive nature of the outgoing regime. In these elections, the MPD won an unexpected qualified majority of seats (56 out of the 79 parliamentary seats), while the PAICV polled 32 per cent of votes and 23 seats (see Table 14.2). MPD's victory was reinforced a month later when its candidate – António Mascarenhas Monteiro – defeated Aristides Pereira of the PAICV by 73 per cent to 27 per cent of the votes cast. Both elections were deemed free and fair and the PAICV nobly accepted the result, despite the hard defeat. The PAICV relied on historical legitimacy and government experience to argue that there was no time for adventures (*Nu ca cré aventura*), while the MPD proposed full political change and criticized the repressive nature of the outgoing regime. In these elections, the MPD won an unexpected qualified majority of seats (56 out of the 79 parliamentary seats), while the PAICV polled 32 per cent of votes and 23 seats (see Table 14.2). MPD's victory was reinforced a month later when its candidate – António Mascarenhas Monteiro – defeated Aristides Pereira of the PAICV by 73 per cent to 27 per cent of the votes cast. Both elections were deemed free and fair and the PAICV nobly accepted the result, despite the hard defeat.

The following rounds of parliamentary elections were marked by a healthy competition and alternation between these two parties, with average levels of turnout hovering at 67 per cent. After winning two systematic qualified majorities in the first

Table 14.2 *Parliamentary elections in Cabo Verde 1991–2016: votes and seats*

	1991	1995	2001	2006	2011	2016
PAICV	32% (23)	28% (21)	48% (40)	52% (41)	53% (38)	38% (29)
MPD	63% (56)	59% (50)	39% (30)	44% (29)	42% (32)	54% (40)
Other parties		6% (1)	6% (2)	3% (2)	4% (2)	7% (3)
Turnout	75%	77%	54%	54%	76%	66%

Source: Authors' elaboration. Rounded percentages with the number of seats in brackets. Data retrieved from the National Electoral Commission of Cabo Verde, <http://www.cne.cv/>.

elections of the new democratic regime (in 1991 and 1995), the MPD lost the following three elections (2001, 2006, 2011), which were won by the PAICV with broad parliamentary support (more than 50 per cent of the seats). But, power alternated again in the 2016 elections: the MPD regained the majority (54 per cent of the seats and 40 out of 72 seats) while support for the PAICV dropped dramatically to 38 per cent of the votes and 29 seats. In these 2016 elections, the UCID elected three MPs in what was its best electoral performance ever.

A persistent feature of Cabo Verde's politics is that the party that wins the parliamentary elections also manages to elect the president, which provides the basis for unified government. Antonio Mascarenhas Monteiro, the candidate supported by the MPD, was in office throughout the MPD incumbency (1991–2001), while Pedro Pires's presidency spanned most of the years the PAICV was in power (2001–11). The only exception happened in 2011 when the PAICV received the most votes for parliament but the MPD was able to elect its presidential candidate, Jorge Carlos Fonseca. However, since 2016, 'normality' has returned: there is again a situation of unified government – MPD has a majority in the parliament and its nominee occupies the presidency. Scenarios of cohabitation often carry a potential for conflict; but, in the Cabo Verdean case, intra-executive relations remained relatively friendly (Sanches, 2018a).

The case of Cabo Verde may suggest that small is indeed beautiful; however, the internal party dynamics presents a more nuanced picture. The MPD has suffered two schisms since its formation. The first split was under the leadership of Carlos Veiga, and resulted in the formation of the *Partido da Convergência Democrática* (PCD), by a group of dissidents who criticized how the party had handled a corruption scandal at the Lisbon Embassy that became known in 1993. The second split originated the *Partido da Renovação Democrática* (PRD), and had similar political motivations – alleged clientelism and corruption in the public administration. This crisis set Jacinto Santos, the then president of the Praia municipality and member of the MPD's political committee, against Gualberto do Rosário, the then prime minister, but the latter saw his legitimacy confirmed in the 2000 convention.

The PAICV has also experienced some instability. In the 2011 presidential elections, the party split over the selection of its candidate. On one side, Manuel Inocêncio Sousa was the party's official candidate; and, on the other side, Aristides Raimundo Lima, president of the National Assembly, decided to run as an independent candidate despite lacking the party's support, dragging with him a considerable group of supporters. This was promptly criticized by then prime minister and party leader José Maria Neves and led to internal divisions and cabinet dismissals. A new crisis emerged in 2014 when José Maria Neves, prime minister since 2001 and party leader since 2000, announced he was not going to run in the party primaries. Despite being young and less experienced, Janira Hopfer Almada became the first female to be elected party leader and to run for prime minister. However, the party never supported her leadership unanimously and she eventually lost the 2016 elections; nevertheless, her legitimacy as leader was sanctioned in the 2017 primaries (Sanches, 2018a).

Since 1991, democratic politics in Cabo Verde has been mainly driven by the PAICV and the MPD, the two main parties in the system. Leadership successions – both within the parties and in the executive – have become routine, sufficiently institutionalized, and widely accepted, which reveals the importance of elite behaviour for democratization. Over time, the MPD has been more vulnerable to personalism and factionalism than the PAICV, but the little success obtained by splinter groups reveals that both parties managed to close the space of competition and deter new party entry. Adding to the stable two-party system the relationship between the president and the prime minister has been balanced and symmetric whoever is in leadership. Though politics in small island states is usually marked by informality, personalism and clientelism (Corbett and Veenendaal, 2018), the Cabo Verdean case seems to suggest that stable political institutions and political elites' acceptance of the 'rules of the game' help democracy to prosper.

São Tomé and Príncipe: Party System Instability and Conflicting Intra-Executive Relations

São Tomé and Príncipe (1,001 km²) is a Creole society with a population of 197,000 (2017). With independence on 12 July 1975, the two-island republic became a socialist one-party state governed by the *Movimento de Libertação de São Tomé e Príncipe* (MLSTP) with Pinto da Costa as president (1975–90) and Miguel Trovoada as prime minister. The MLSTP introduced multiparty democracy in 1990, adopting the Portuguese semi-presidential regime model. Irrespective of the democratic transition, local political culture has been dominated by personalized politics, neo-patrimonial relations, clientelistic networks, corruption and rent-seeking, to the detriment of economic rationality and administrative efficiency; some of these features are present in other small jurisdictions (Corbett and Veenendaal, 2018). Elections for the 55-member National Assembly are held every four years, and candidates are elected by proportional representation. The president is elected by a two-round system every five years by universal suffrage. Administratively, São Tomé (859 km²) is divided

into six districts ruled by a district council. Príncipe (142 km²), with a population of 8,300, has been an autonomous region with a seven-member Regional Assembly and a five-member Regional Government since 1994. The elections for the six district assemblies and Príncipe's Regional Assembly are held every three years by proportional representation. Local and regional elections were first held in 1992 and 1995 respectively, but after a long interruption due to various constraints, they were held thereafter every four years: in 2006, 2010, 2014 and 2018.

In contrast, legislative and presidential elections have always been held regularly and transparently. This record has been stained by the persistent phenomenon of vote-buying, another feature of venality in local politics. São Tomé and Príncipe's oldest political party is the MLSTP/PSD, founded 1972 as the MLSTP by nine exiled nationalists in Equatorial Guinea. Soon after independence, cleavages emerged within the MLSTP regime that in 1979 culminated in the imprisonment of Trovoada. In 1981 he was allowed to leave for exile in Paris, from where he returned only in 1990. The conflicts within the MLSTP and the rivalry between Pinto da Costa and Trovoada that passed to the latter's son Patrice have had a significant impact on politics under multiparty democracy.

During the democratic transition in 1990, the country's second political party appeared, the *Partido de Convergência Democrática* (PCD), founded by dissidents of the MLSTP. In the same year, the MLSTP was renamed *Partido Social Democrata* (PSD) to emphasize its shift away from Soviet socialism. Since then more than 20 parties have been founded; however, only four have played a prominent role in local politics: MLSTP/PSD, PCD, the *Acção Democrática Independente* (ADI) and *Movimento Democrático Força da Mudança* (MDFM). The parties do not differ in terms of ideology, but represent conflicting group interests and rival personalities. Both ADI and MDFM were founded in 1992 and 2001 respectively by followers of presidents in office: Miguel Trovoada (1991–2001) and Fradique de Menezes (2001–11). In fact, ADI emerged as a splinter from PCD when the party leadership was involved in a power struggle with Trovoada. In turn, the MDFM was created after Menezes, who had been the ADI's presidential candidate, dissociated himself from Trovoada and his party.

Locally, PCD and ADI have been known as the parties of change, since historically they were opposed to the MLSTP. However, the animosities between ADI, PCD and MDFM have brought the latter two closer to the MLSTP/PSD. Unlike the MLSTP/PSD and the PCD that have a history of competitive leadership elections, the leaderships of ADI and MDFM have been imposed by Trovoada and Menezes. Consequently, the two parties lack intraparty democracy. When Trovoada left the presidency in 2001 he imposed his son Patrice Trovoada as leader of ADI. Since then, Patrice has run the party autocratically as his private business.

Irrespective of vote-buying, multiparty democracy has been marked by considerable electoral volatility. Seven times – in 1991, 1994, 2002, 2006, 2010, 2014 and 2018 – legislative elections have resulted in a peaceful transfer of power (see Table 14.3). However, usually a change of government results in an excessive replacement of senior office holders, since parties reward their followers with government jobs.

All the four major parties have governed, either alone or in varying coalitions. After having lost the 1991 elections with 30.5 per cent of the votes, the MLSTP/PSD increased its votes to 46.1 per cent in 1998. However, thereafter the party consecutively lost votes, securing only 23.6 per cent of votes cast in 2014. Thanks to a new leadership, the party recovered, winning 42.5 per cent of the votes cast in 2018. In 1991, the PCD won the first free elections with 54.4 per cent, but thereafter continuously lost votes in all elections. The downward spiral was only interrupted in 2002 and 2006 when the PCD ran in an electoral alliance with the MDFM.

Since 2008, when the MDFM revoked the alliance with the PCD, the party has almost disappeared from the scene. In 2017, the MDFM merged with the *União para a Democracia e Desenvolvimento* (UDD), another splinter from the ADI. In the 2018 elections, the MDFM/UDD formed an alliance with the PCD. In 1994 and 1998, during Miguel Trovoada's presidency, the ADI secured 22.9 per cent and 25.6 per cent of votes cast. After his departure from the presidency, the ADI formed an electoral alliance with four small parties that obtained only 16.2 per cent in 2002. Irrespective of his autocratic leadership, Patrice Trovoada increased the ADI votes from 20.6 per cent in 2006 to 50.5 per cent in 2014. Thanks to this absolute majority, the ADI government with Patrice Trovoada as prime minister was the first to survive to the end of the four-year legislature since 1991. However, due to his controversial authoritarian style of government, in 2018 the ADI won only 25 seats (44.2 per cent of votes cast), three less than the MLSTP/PSD (23) and the PCD-MDFM/UDD (5) coalition. Although the ADI remained the biggest party, it lost power to a coalition government of MLSTP/PSD and PCD-MDFM/UDD (see Table 14.3).

São Tomé's multiparty democracy was marked by political instability provoked by frequently changing governments. From 1991 to 2012, the country has had 17 different governments. Until a constitutional revision curbing presidential powers in favour of parliament in 2006, the president could easily dismiss the prime minister and dissolve parliament. Altogether, five prime ministers were dismissed by presidents until 2004. Two largely bloodless one-week coups in 1995 and 2003, triggered by grievances of the military, further aggravated this instability.

Another factor that has contributed to political instability is that most of the time president and prime minister are from different parties. Presidential elections have largely been dominated by the rivalry between Pinto da Costa and the Trovoadas. In 1996 Miguel Trovoada, who won his first election in 1991 unopposed, was re-elected president when he defeated Pinto da Costa in the final ballot. In 2001, Menezes, then ADI candidate supported by the Trovoadas, won against Pinto da Costa. Menezes was re-elected in 2006 after having beaten his erstwhile mentor Patrice Trovoada by a wide margin. In 2011, 20 years after his departure from the presidency, as independent candidate, Pinto da Costa was elected president after he won the run-off against ADI candidate Evaristo Carvalho. Finally, in 2016, Carvalho won the final ballot unopposed after Pinto da Costa had withdrawn his candidature. Only Menezes and Carvalho ruled two years each with a government of their own party in power.

Table 14.3 *Parliamentary elections in São Tomé and Príncipe 1991–2018: votes and seats*

	1991	1994	1998	2002	2006	2010	2014	2018 ^a
MLSTP/PSD	30.5% (21)	37.1% (27)	46.1% (31)	39.6% (24)	28.9% (20)	32.0% (21)	23.6% (16)	42.5% (23)
PCD	54.4% (33)	21.4% (14)	14.5% (8)			13.6% (7)	10.4% (5)	
ADI		22.9% (14)	25.6% (16)	16.2% ^b (8)	20.0% (11)	42.2% (26)	50.5% (33)	44.2% (25)
MDFM-PCD ^c				39.7% (23)	37.2% (23)			
MDFM						7.1% (1)	3.3% (0)	
PCD-MDFM/UDD ^d								10.0% (5)
Other parties	6.7% (1)	5.8% (0)	4.7% (0)	4.6% (0)	11.4% (1)	2.0% (0)	7.9% (1)	3.6% (2)
<i>Turnout</i>	76.4%	52.1%	64.7%	66.3%	64.0%	89.0%	74.9%	80.7%

Notes:

^a The results for 2002 and 2018 exclude blank, null and invalid votes.

^b In 1998, the ADI ran together with four small parties in an electoral alliance.

^c In 2002 and 2006, MDFM and PCD ran together on a joint list.

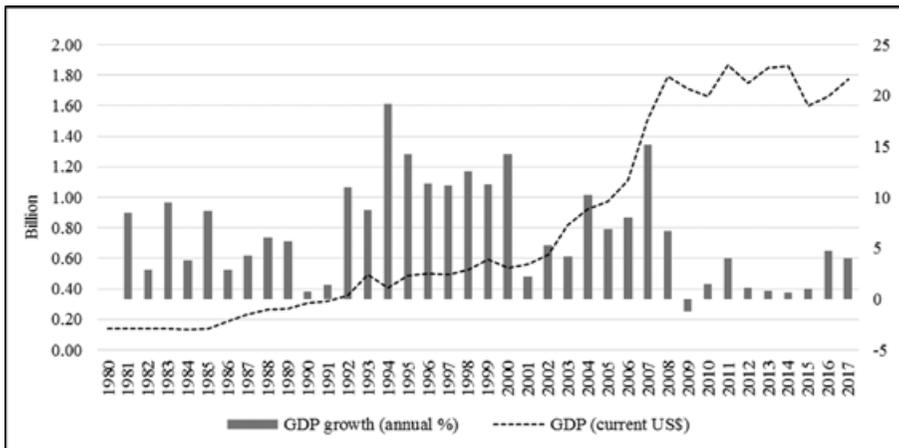
^d In 2018, PCD and MDFM/UDD ran together on a joint list.

DEALING WITH ECONOMIC VULNERABILITY: OPPORTUNITIES AND CHALLENGES

Cabo Verde and São Tomé and Príncipe are marked by distinct natural environments. The former has a dry and arid climate, while the latter has fertile volcanic soils and abundant rains. They face similar inherent development handicaps – e.g. small size, isolation, insularity, lack of natural resources and diseconomies of scale – but have managed, to some extent, to improve their social indicators, albeit with significant differences. This section explores the economic trajectories of both countries, discussing the main opportunities and challenges they have faced, and how they have responded to them.

Cabo Verde: From Vulnerability to International Credibility

At independence, Cabo Verde was one of the poorest countries in the world. The archipelago had experienced droughts since 1968 and consequent erosion of arable land. “Agriculture suffered from a severely unequal distribution”, the nutritional situation was extremely poor, and there were high levels of illiteracy and unemployment (Andrade, 2002, pp. 266–268). Considering the frail economic conditions, the country functioned with two main programmes funded through emergency food aid over 1975–7 and 1977–80 (Fialho, 2013, p. 748). These emergency programmes



Source: World Bank.

Figure 14.1 Cabo Verde: GDP growth 1980–2017

were followed by the First (1982–5) and the Second Development Plans (1986–90) which focused on agrarian reform, health education, rural development, fisheries, transport and communication (Andrade, 2002; Fialho, 2013). Through the implementation of these development plans, the newly-formed PAICV government managed to obtain some relative economic success in the first decade after independence. Average GDP growth reached 6 per cent between 1982 and 1985 and 4 per cent in the 1986–90 period. The state emerged as the main agent of social regulation, increasing its infrastructural capacity, human resources and bureaucracy (Silva, 2001). The mainly *assistentialist* vocation of the state implied that it deviated from the African neo-patrimonialist model (Andrade, 2002; Fialho, 2013). The state played a decisive role in the economy for most of the post-independence era; but political and economic reforms introduced in the late 1980s culminated in a multiparty system and an open-market economy.

Once in power, the MPD-led government implemented major structural reforms of the economy. The Third and Fourth Development Plans (1992–5; 1997–2000) brought a paradigm shift, and led to reforms “aimed at macroeconomic stability, privatization of state-controlled companies, trade liberalization and renewed focus on export-oriented production as the engines of economic growth” (African Development Bank, 2012, p. 9). The economy grew at an annualized 10 per cent average between 1991 and 2001 underpinned by the privatization of several state enterprises, growth in private investments and expansion of the tertiary sector. In the following decade, the economy showed resilience, despite the global economic turn and the decrease in Official Development Assistance (ODA). The economy reached 6 per cent annual growth in 2002–11 and averaged just 2 per cent annually in 2012–2017 (see Figure 14.1).

Table 14.4 *External financing for Cabo Verde 1980–2017*

	1980–1985	1986–1994	1995–2000	2001–2006	2007–2012	2013–2017
Migrant remittance inflows (US\$ million)	27	57	87	110	152	199
Net ODA received (% of GNI)	42.6%	33.8%	22.8%	15.6%	14.2%	10.2%
Foreign direct investment, net inflows (% of GDP)	–	0.4%	5.1%	6.0%	8.6%	6.9%

Source: World Bank.

Cabo Verde is highly dependent on imported food and energy and on external capital inflows. Given the weak contribution of the agricultural and industrial sectors, economic performance is mainly underpinned by the activities of the tertiary sector: trade, transport, tourism and public services represented more than 74 per cent of GDP in 2016 (AICEP, 2018). In 2000, tourism represented 7.5 per cent of GDP, but it now hovers at 21 per cent, generating over 8,000 jobs (AICEP, 2018). The boom in the tourism industry has brought a major expansion in Foreign Direct Investment (FDI), one of the most important types of external financing for the economy (see Table 14.4). This has been facilitated since the mid-1990s when property rights legislation and fiscal incentives were introduced, although it was only in the mid-2000s that FDI experienced a significant and sustained jump (Resende-Santos, 2013, p. 717). FDI has mainly concentrated on tourism (43.8 per cent of the total in 2016), with the most benefited islands being Sal, São Vicente and Santiago. Portugal and the UK are the main investors, with 29 per cent and 3.6 per cent of FDI in 2016 respectively (AICEP, 2018). Migrant remittances are another important share of external financing for the Cabo Verdean economy, currently representing some 12.8 per cent of GDP. The number of Cabo Verdeans living abroad today is estimated to be double the number of domestic residents. The main recipient countries are the United States and Portugal (IOM, 2019).

Like Mauritius and Botswana (Silve, 2012; Sobhee, 2009), Cabo Verde is often depicted as an African success story that performs well on several development indicators: human development, good governance, political stability, civil liberties and political rights (Resende-Santos, 2013). In 2007, it became the second African country – after resource-rich Botswana – to graduate from the group of Least Developed Countries (LDCs) to the group of middle-income countries. This recognition rewarded the country's progress and efforts towards international credibility and showed that effective policy-making and implementation can counteract inherent structural vulnerabilities. Nevertheless, Cabo Verdean government structures were hesitant about the graduation process: they feared the collapse of a development financing model that was heavily based on international support measures, since the country was no longer entitled to concessionary loans (Fialho, 2013, p. 771). Indeed: ODA levels (as percentage of GNI) fell steadily from a 42.6 per cent average in 1980–1985 to a 10.2 per cent average in 2013–17 (see Table 14.4). Small African

states experiencing a similar reduction of ODA include the Comoros, Guinea-Bissau and Seychelles (ECA, 2015).

Cabo Verde also made enormous progress in achieving several Millennium Development Goals (MDGs) (ECA, 2015). In 2012, it was a member of the group of countries that recorded a net compulsory school enrolment rate of over 90 per cent and met the target of improving sanitation facilities. It also included the narrower group of countries that reduced the maternal mortality ratio by more than 75 per cent between 1990 and 2013, hence meeting MDG 5 (Improve maternal health). The country also recorded an impressive performance in terms of youth literacy which is today over 95 per cent as in much richer African countries such as Libya, South Africa, Equatorial Guinea, Botswana, Seychelles and Swaziland (ECA, 2015).

Like other small island developing states (SIDS), one of the greatest challenges for Cabo Verde is to build an economy capable of overcoming some of its structural vulnerabilities; its small domestic market, high transportation costs, reduced fiscal base and limited economic diversification. Cabo Verde is an archipelago of nine inhabited islands separated by considerable distances, and it has an inhospitable natural endowment (Resende-Santos, 2013). Adding to this, Cabo Verde is not as resource-rich as other countries, and is disproportionately exposed to both climate-related risks and security risks related to organized crime such as drug trafficking (UNDAF, 2018). Given its heavy reliance on external flows, one of the main challenges Cabo Verde faces is (mainly external) public debt. A recent IMF Debt Sustainability Analysis places Cabo Verde in high risk of external debt distress, with total public debt higher than 120 per cent, and expected to grow (IMF, 2018a; also AICEP, 2018).

However, Cabo Verde comes with clear strengths in its development strategy. They include: political stability and good governance, macroeconomic stability and credibility, investments in human capital, international assistance and steady remittance flows (African Development Bank, 2012; Resende-Santos, 2013). The country has an exceptional record of free and fair elections, alternation in government and cabinet durability. Through competent and creative management, successive governments have managed to place Cabo Verde among Africa's best performing countries in terms of governance, development indicators and human development. Investment in education and human capital is illustrative: the country has achieved all MDGs in the area of education. Cabo Verde is also one of the top recipients of remittances in sub-Saharan Africa, receiving high inflows relative to other small island economies, and this constitutes a large share of the country's external financing (Pop, 2008, pp. 91–92). Finally, the country has been able to widen its international network, on several fronts. In terms of trade, Portugal is its largest trade partner and bilateral donor; but the US, France, Italy and the Netherlands also play an important role. It is a member of various regional and international organizations: African Union (AU), the Economic Community of West African States (ECOWAS), the Permanent Interstate Committee for Drought Control in the Sahel (CILSS), Community of Portuguese-speaking Countries (CPLP), and the Macaronesia Summit. In late 2007, it entered two important and innovative partnerships with the European Union: the Special Partnership Agreement (SPA) which provides a framework for cooperation

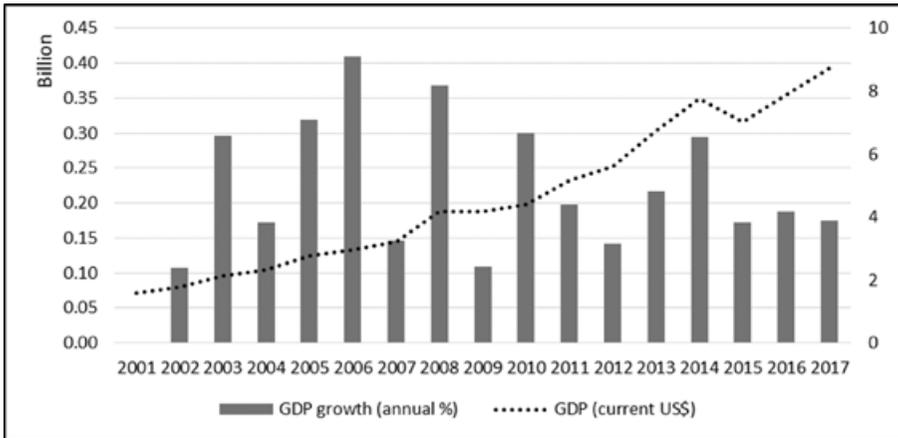
in several areas of governance, security, technical know-how and sustainable development; and the Mobility Partnership, which will facilitate the movement of people between their respective territories.

São Tomé and Príncipe: Persistent Aid Dependency

São Tomé and Príncipe is Africa's smallest economy with a GDP of \$392.6 million (2017) (Figure 14.2). Per capita income has been estimated at \$1,847 in 2017, below the average of other comparable small-island developing economies (IMF, 2018b, p. 45). Two-thirds of the population lives in poverty. In addition to the legacy of a plantation economy, its insularity, the small size of its economy, high transportation costs and excessive dependence on imports have restricted its options for economic development. Until the 1990s São Tomé and Príncipe was a plantation economy based on cocoa monoculture. After independence, the MLSTP regime nationalized the Portuguese-owned cocoa industry. However, due to a lack of adequately qualified personnel and mismanagement cocoa output dropped from 10,000 tons before independence to 3,400 tons in 1984, but represented more than 90 per cent of exports of goods. In 1986, the MLSTP regime signed a cocoa rehabilitation programme financed by the World Bank. Under this programme, foreign companies received management contracts to run the state-owned plantations with the aim of increasing cocoa production. However, in the end, cocoa rehabilitation failed since the privately managed cocoa estates were not able to increase production.

Consequently, the World Bank recommended transforming the plantation economy into a new agrarian structure dominated by smallholders and medium-sized farmers. The objective of the agrarian reform was to diversify and increase food and cash crop production to reduce food imports and increase exports. From 1993 to 2003, a total of 43,522 ha of former plantation lands were distributed to a total of 8,735 small farmers on a usufruct basis. However, many of the new owners were constrained by several shortcomings such as lack of training, shortage of tools and credit and poor access to markets due to insufficient transport. And so, privatization also failed to increase cocoa production or diversify agricultural exports. Between 2005 and 2017, annual cocoa exports fluctuated between 2,413 and 3,372 tons, while they still represented more than 80 per cent of exports in goods. This failure further accelerated rural migration that had started due to the decline of the plantation economy after independence. Consequently, census data confirms that the urban population increased from 33 per cent in 1991 to 54.5 per cent in 2001 and reached 67 per cent in 2012.

While the agrarian reform was still in progress, oil production emerged as a panacea to overcome poverty when in 1997 São Tomé signed its first oil exploration contract. The oil sector comprises the Joint Development Zone (JDZ) with Nigeria, established in 2001, and the country's Exclusive Economic Zone (EEZ). Under the JDZ agreement, profits and costs are shared at a proportion of 60:40 between Nigeria and São Tomé. The initial enthusiasm for oil wealth was replaced by frustration when in 2006 exploration drillings in the most promising block failed to discover commercially viable oil. Subsequent exploration drillings in three other blocks were also negative.



Source: World Bank. No data available prior to 2001.

Figure 14.2 São Tomé and Príncipe: GDP growth 2000–2017

As a result, by 2013, several oil companies, including Chevron, Sinopec and Total, had abandoned the JDZ, which has largely become moribund. In March 2019, new hopes for the JDZ were raised when Total signed a production-sharing contract for three blocks that had never been explored before. From 2001 to 2015, the JDZ generated revenue of \$304.3 million, of which \$273.8 million as signature bonuses. Due to preferential rights conceded to several oil companies, São Tomé's share in JDZ revenue was only \$51.4 million (PWC, 2017, p. 17). The amount has largely been used for current budget expenditures, but has not financed any investment projects.

In comparison with the JDZ, the outlook for future oil production in the country's EEZ has been more favourable in recent years. From 2011–2019 the National Oil Agency (ANP) signed production sharing contracts with various oil companies for nine blocks totalling signature bonuses of \$26 million. In 2017, 3D seismic surveys were conducted in four blocks. However, exploration drillings in the EEZ are not expected before 2020. Without the drilling results, the existence of commercial oil in the EEZ cannot be guaranteed.

In the 1990s, tourism surpassed cocoa as the country's principal revenue source. Since 2008, foreign companies have made several investments in hotel accommodation in both islands. Between 1994 and 2005, the number of foreign tourists gradually increased from 6,150 to 15,746; dwindled from 12,266 in 2006 to 7,963 in 2010; then recovered from 10,319 in 2011 to 28,500 in 2016 and 2017 (INE, 2017). About half of the tourists come from Portugal, the only country outside Africa with direct flights to São Tomé. From 2010 to 2017, the number of hotel units increased from 23 to 54, with currently a total of 1,508 beds. Altogether, in 2017 the sector employed 1,834 people (BEDGTH, 2019). Meanwhile, income generated by tourism is almost ten times that of cocoa exports: for 2018, the value of cocoa exports was estimated at

Table 14.5 *External financing for São Tomé and Príncipe 2000–2017*

	2001–2006	2007–2012	2013–2017
Net ODA received (% of GNI)	34,6	31,0	13,7
Foreign direct investment, net inflows (% of GDP)	9,4	12,9	7,2

Source: World Bank. No data available prior to 2001.

\$8.3 million, whereas tourism was expected to generate income of \$78.7 million (14 per cent of GDP) (OECD, 2017).

Despite the recent growth in tourism, the country has largely remained dependent on foreign aid. Together with geographic and historical factors, external assistance has been the main driver of the country's foreign relations. São Tomé maintains embassies in Lisbon, Brussels, Abuja, Luanda, Libreville, Malabo, Praia, Beijing and a permanent mission at the United Nations in New York. Portugal is the only European country that maintains a resident ambassador in São Tomé. The other countries with a local diplomatic mission in São Tomé are Brazil, Angola, Cabo Verde, Equatorial Guinea, Gabon, Libya, Nigeria, South Africa and China.

From 2000 to 2017, the country received annual development assistance from OECD countries of between \$36 million and \$47 million (OECD, 2018) (Table 14.5). As in other developing countries, the international aid industry has been flourishing. São Tomé's most important bilateral donors are Portugal, Japan, China and Angola. In 1997 President Miguel Trovoada capitalized on the China–Taiwan divide and established diplomatic relations with Taiwan in exchange for annual development aid of about \$15 million. In response, China – having maintained bilateral relations since 1975 – cut all ties with São Tomé. In December 2016, Prime Minister Patrice Trovoada re-established relations with Beijing in return for a five-year aid package of \$146 million. At the time, São Tomé was one of three remaining African countries that recognized Taiwan. Japan provides São Tomé with rice supplies and development assistance in exchange for the latter's support at the International Whaling Commission (IWC).

Angola has always been São Tomé's most important regional partner. Its state oil company Sonangol holds a monopoly as fuel supplier and owns 77.6 per cent of country's fuel company *Empresa Nacional de Combustíveis e Óleos* (ENCO). Since 2011 Sonangol has maintained concessions for the management of São Tomé's sea port and its international airport. Together with Portugal, Angola is São Tomé's principal bilateral creditor. In 2007, IMF and World Bank awarded São Tomé debt cancellation of \$317 million under the Enhanced Highly Indebted Poor Countries (HIPC) initiative. Nevertheless, in 2017, the country's total public debt stood again at \$267.6 million, of which \$190 million of external debts. According to the IMF's debt sustainability analysis, the country was classified at high risk of debt distress (IMF, 2018a). At least for the time being, São Tomé and Príncipe will continue to depend heavily on foreign assistance; consequently, debts are likely to increase.

CONCLUSION

Cabo Verde and São Tomé and Príncipe are small African island states with functioning democracies. After a peaceful democratic transition in 1990, both countries managed to hold regular legislative and presidential elections. However, in comparison, Cabo Verde was more successful in improving the well-being of its population against a background of structural handicaps. The comparative analysis carried out in this chapter has revealed that although they share the same semi-presidential regime, politics in both countries functions in different ways. While Cabo Verde has developed a stable two-party system, strong institutions, and governance stability, São Tomé and Príncipe has been more conflict prone: there, excessive personalization, unbalanced intra-executive relations and clientelism seem to have a higher influence in how politics actually plays out. Still, despite the higher levels of electoral volatility, party fragmentation and cabinet instability, democracy has remained resilient in São Tomé and Príncipe.

When it comes to development trajectories, we can spot some interesting differences in the opportunities and challenges faced by each country. In Cabo Verde, good governance, competent management, human resources development, receipts from tourism, foreign investment and migrant remittances have helped the economy prosper and nudged the country's drive towards international credibility. Though at a considerably slower pace, São Tomé and Príncipe has also managed to improve on some socio-economic indicators. Political instability provoked by frequently changing governments has, however, deteriorated already weak institutions that suffer from a lack of adequately trained personnel. Although in terms of human resources at independence the country had much more deficiencies than Cabo Verde, it has invested much less in education. Despite considerable inflows of foreign aid in per capita terms, São Tomé has not succeeded in either significantly reducing poverty or in diversifying its exports. The country has also become a showpiece for the failures of development aid. Possibly, only the discovery of oil can save the country from persistent aid dependency.

This comparative case study contributes to a better understanding of politics and governance in small states in at least two ways. First, it contributes to the literature on the relationship between democracy, smallness and insularity. Cabo Verde is the case that fits best the description that 'small is beautiful', but it is important to note that the more personalistic and conflictual nature of politics in São Tomé and Príncipe has not yet developed into more despotic politics. In both countries, as much as in Mauritius, democracy remains the 'only game in town': conflicts are resolved within the boundaries of democratic institutions. In contrast, the cases of Seychelles, and particularly of Comoros, tell a different story. Here, as much as in other small island states, personalism, clientelism, inter-island rivalries and authoritarian behaviour have created higher hurdles for democratic development. Making sense of this diversity requires surveying both the structural (historical, economic and institutional) and attitudinal dimensions (values, behaviours and choices) that help foster or hinder democratization in small states.

Second, with regard to economic literature on small states, vulnerability and sustainable development, the study shows that effective policy-making and implementation can countervail some of the inherent disadvantages small states are presumed to face. Cabo Verde and Mauritius offer a clear illustration of this: both are consolidated democracies, with strong institutional capacity, and successful development trajectories. São Tomé and Príncipe lags behind but it has improved its social indicators as well; while Seychelles stands out in terms of governance indicators but it still needs to improve its democratic credentials. Finally, the Comoros couples endemic political instability with poor development indicators.

Overall, this study suggests that further comparative research is warranted in two directions. On the one hand, on the nature and functioning of formal political institutions in small states, as they seem to be crucial for democratic performance and development as the cases of Mauritius and Cabo Verde demonstrate. On the other hand, on how small states build international credibility and international networks in their quest for development.

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PART IV

CENTRAL AND SOUTH AMERICA AND THE CARIBBEAN

15. Small states in Central America

Tom Long

INTRODUCTION

The seven states of Central America often portray themselves as a bridge: between North and South America and between the Atlantic and Pacific, which the Central American isthmus divides with a strip of land that is, at points, only some 50 kilometres wide. Although the region is, in English-language commentary, often used to invoke poverty, state weakness and external intervention, a closer examination reveals just how much variation Central America contains. What economic historian Victor Bulmer-Thomas (1987, p. xiv) wrote three decades ago still holds: “the region exhibits both conformity and diversity and the problem facing an author is to see the one without losing sight of the other”.

Central America is a microcosm of the opportunities and challenges of small states, and its diversity offers a great deal to their study. The region’s states faced similar pressures – smallness, proximity to an oft-interventionist superpower and myriad transnational challenges – but their political and economic developments have followed remarkably different paths. In the most basic terms, the richest Central American country (Panama) has a per capita income nearly seven times higher than the poorest (Nicaragua), a disparity that mirrors the divide between Latvia and Timor-Leste. Divergent paths are reflected in tremendous differences in state capacity, internal security, human development and international influence. This variation has been affected, but not determined, by great powers. To understand Central American variation, one must understand both agency and asymmetry.

All seven states in the region – Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama – can be understood as small states under the definition used in this volume: they are constrained by limited domestic size and capacities and are shaped by their role as weaker partners in asymmetrical international relationships (see Table 15.1). In this chapter, we briefly discuss the historical context of Central American state formation, political development and international relations. We then turn to the domestic and international characteristics and challenges of these states before assessing their abilities to affect domestic developments and international contexts.

HISTORICAL BACKGROUND

With the exception of Belize, which became a British possession and only gained independence in 1981, the states of Central America were Spanish colonies. Before

Table 15.1 The small states of Central America

	Resident Population ^a	Land area (km ²) ^a	GDP per capita (US\$) ^b	Currency ^a	Year of independence ^b
Belize	360,346	22,806	4,905	Belize dollar	1981
Costa Rica	4,930,258	51,060	11,630	Colón	1821 ^c
El Salvador	6,172,011	20,721	3,889	US dollar	1821 ^c
Guatemala	15,460,732	107,159	4,470	Quetzal	1821 ^c
Honduras	9,038,741	111,890	2,480	Lempira	1821 ^c
Nicaragua	6,025,951	119,990	2,221	Córdoba	1821 ^c
Panama	3,753,142	74,340	15,087	Balboa/US dollar	1903

Notes:^aSource: CIA World Factbook.^bSource: World Bank national accounts, current US\$.^cIndependence from Spain as Central American Federation; formal independence under current names c. 1838.

colonization, the regions to the north had large and advanced indigenous civilizations, primarily Mayan. The southern region of the isthmus was home to important though smaller coastal indigenous communities. Colonization and the slave trade led to transnational Afro-Caribbean communities that predate nation-state borders. Social marginalization of both meso-American indigenous and black populations remains a core social challenge. The region was largely a colonial backwater, despite scattered mining. However, narrow sections of the isthmus were important entrepôts and connections for the transport of goods from the Pacific Coast of South America to the metropole. This created coastal elites in a few places, notably in what would become Panama.

If the history of colonial control was broadly similar, Central American states had different patterns of experiences in the immediate post-independence period. Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica gained independence alongside Mexico, and were briefly claimed as part of the new Mexican Empire. After the fall of the Mexican emperor Agustín Iturbide, those states formed the Central American Federation centred in Guatemala City. The federation was never cohesive, but gained international recognition from the British and United States (Smith, 1963) before effectively dissolving in the late 1830s. As the former colonial administrative centre and largest province, Guatemala led the federation; Costa Rica remained most distant (Soto, 1991). Conversely, Panama became part of Simón Bolívar's Gran Colombia, and later part of Colombia. It would not gain independence for another eight decades. Intra-Central American rivalries were common, as were feuds between Liberals and Conservatives, indigenous and *criollos*, and landlords and peasants. Forced plantation labour and press-ganged military and militia service

were a common, and resented, form of repression of the indigenous population at independence and a century afterwards (Dunkerley, 1988, pp. 4–16).

National integration, initially minimal, gradually emerged in the late nineteenth century, led in part by export-driven coffee plantations under a new market-driven elite. Mahoney (2001) emphasizes this period as formative, though with different effects among the Central American republics. The small states' domestic disputes invited external meddling, despite minimal resources and scant markets. Central America was as an important site of US–British contestation, as well as US expansionist tendencies, including armed interventions by privately financed 'filibusters' during the mid-nineteenth century, some of whom hoped to bring Central America into the United States as slave states (Findling, 1987; Leonard, 1991, pp. 15–34). Less noted is that the states often intervened in one another's affairs, leading occasionally to war.

The state-to-state Anglo-American contest focused on dreams of an inter-oceanic canal. An emerging regional parity was marked by the 1850 Clayton-Bulwer Treaty, in which the US and Britain agreed to the joint construction and control of any future canal; and signed without Central American backing (Bourne, 1961; Findling, 1987). However, that treaty soon came under pressure from the US public and nationalist politicians little disposed to legitimize British power so close to US shores (Sexton, 2011). US economic influence was expanding quickly, notably through Cornelius Vanderbilt's and Minor Keith's railroads and investments (Findling, 1987; Greene, 2009). That later would lead to the long-influential United Fruit Company presence in the region. Still, British influence persevered, with formal empire in Belize and a broader coastal protectorate covering parts of Nicaragua and Honduras.

Growing US power and expansionism after the Civil War renewed clashes and by the 1890s, the British were retrenching and 'passing the baton' in Central America to the assertive United States. US diplomats continued denouncing the Clayton-Bulwer Treaty while making entreaties to Central Americans for canal rights on their own terms (Findling, 1987, pp. 36–40; Zeren and Hall, 2016). The British finally acquiesced, and the Hay-Pauncefote Treaty of 1900 gave the United States unilateral rights for canal construction, signalling a definitive shift in power. The effect of the power transition for Central Americans was ambivalent. Both the British and the Americans were disdainful of Central American sovereignty when it impinged on their investments or security concerns. Ultimately, though, the US role would be transformative. As a proximate power, the US became an arbiter of domestic disputes. This role was enforced by frequent Marine deployments and several long-lasting occupations, especially in Nicaragua (McPherson, 2014). But the most enduring exercise of US power was to support Panamanian independence from Colombia in tacit exchange for an unequal treaty to build a canal and establish a military and administrative presence in the heart of the new country (Major, 1993). The US role reshaped Central American institutions in far-reaching ways: with stated progressive aims, the United States advocated elections (of questionable fairness) and professionalized national militaries to replace militias (Schultz, 2018). Given the weakness of counterweights, militaries became crucial powerbrokers in Honduras, Guatemala,

Nicaragua, El Salvador and (somewhat later) Panama, independently or in collaboration with economic elites. Only Costa Rica largely avoided the curse of military rule (Pérez, 2015).

Most of Central America followed the United States into the First World War with nominal declarations of war (Rinke, 2017). Their links to the US economy made the Great Depression a punishing experience, but one that spurred urbanization and social transformation. The region again followed the United States into the Second World War despite some authoritarian leaders' initial fascist sympathies and important German populations. Proximity and wartime concentration weighed heavily. The contrast between purported democratic war aims and US-friendly authoritarian rulers sat uneasily with a nascent urban class. Combined with post-war economic pressures, anti-dictatorial movements emerged (Bethell and Roxborough, 1997; Leonard, 1984). Most importantly, one movement unseated military rulers in Guatemala and elected centre-left leaders. For a brief period, these democrats organized a feared, if somewhat exaggerated, 'Caribbean Legion' to topple authoritarians (Ameringer, 2010; Moulton, 2015). Soon, the rising Cold War tide swamped this democratic spring. In 1954, Guatemalan President Jacobo Arbenz was ousted in a CIA-sponsored coup, returning the country to conservative civil-military dominance (Glejeses, 1991).

The first decades of the Cold War, then, were marked by military rule. This was dynastic and personalist in Nicaragua, and by civil-military junta in El Salvador, Honduras and Guatemala. Panama experienced a rotation of populist elected presidents and elite-backed military coups under the shadow of the massive US presence, until a reformist military dictator took power in 1968. Again, only Costa Rica escaped, establishing a tradition of pragmatic, democratic centrism after a brief but bloody civil war in 1948 (Longley, 1997). Some regional cooperation re-emerged, namely the Central American Common Market during the 1960s, but it was undermined by a 1969 war between El Salvador and Honduras. Integration would be reactivated in the 1990s with greater economic effects (Bulmer-Thomas, 1998).

If relative dictatorial stability marked the first two decades of the Cold War, the subsequent two decades saw explosive revolutionary and reactionary ferment; a Cold War frontline seen by Washington as crucial to reversing Soviet-Cuban gains. This was concentrated in Nicaragua, El Salvador and Guatemala, where civil wars led to hundreds of thousands of deaths during the 1970s and 1980s (LeoGrande, 1998; Rabe, 2011). In Nicaragua, the armed left gained power in 1979, but faced a US-backed counterrevolutionary attack (Pastor, 2002). El Salvador experienced death-squad violence amid shifting, military-dominated governments (Crandall, 2016). An outcast Guatemalan government launched a genocide against its largely indigenous peasantry despite the dubious threat from the armed left. Honduras remained under military rule, hosting large US security deployments. Panama's military rule became more reactionary and corrupt with the ascension of Manuel Noriega (Scranton, 1991). Costa Rica retained its democracy and played an outsized role in trying to mediate its neighbours' wars, sometimes putting it at odds with the United States (Aravena, 1989; Meyer, 1992).

The end of the Cold War truncated Soviet and Cuban support and, more importantly, diminished the force of anti-communism on the right (Brands, 2010; Pastor and Long, 2010; Rabe, 2011). Later investigations showed that right-wing governments, militaries, and their shadowy allies were responsible for the vast majority of killings in Central America during these turbulent decades. Within a matter of years, intractable conflicts ended, elections were held, and formally democratic governments came to power in every country in Central America (LeoGrande, 1990). In most cases, this was accompanied by a programme of economic liberalization (Lehoucq, 2012); the six Spanish-speaking countries launched the Central American Integration System (SICA) in 1991, promoting liberalization and intra-regional trade (Sánchez, 2010).

Democratization was celebrated, but it was clearly inadequate. Deep divisions remained, both in politics and socio-economically. In macroeconomic terms, “Most economies of the isthmus have fallen behind since 1980” (Lehoucq, 2012, p. 98). Greater external openness and some successes in export diversification and attracting investment have not produced per capita growth in most countries (Condo, Colburn, and Rivera, 2005, pp. 5–7). There has been little redress of the socio-economic inequalities that broadened the revolutionary left’s appeal. Many high-level officials involved in the conflicts’ massive human rights violations have escaped justice, despite truth commissions and transitional justice frameworks.

DOMESTIC CHARACTERISTICS

Elections and formal democratization have not been a panacea for Central Americans. The supposed benefits of smallness for democratic communalism – proximity to and accountability of ruling elites – do not materialize when societies are so unequal that the majority is marginalized from the democratic process. To a great extent, that has been the case in Honduras, Guatemala and Nicaragua; in El Salvador, economic improvements have been offset by skyrocketing crime. Both in terms of democracy and economic growth, Costa Rica and Panama have performed relatively well. Elsewhere, as Lehoucq (2012, p. 118) notes, democracy “has fused with some blatantly autocratic elements in the other republics of the isthmus”. In recent years, elections have become less clean, particularly in Honduras and Nicaragua, and the playing field is heavily tilted. In Central America’s poorest and most unequal states, democratic governance has done little to reduce poverty or improve the lives of most citizens. Inequality in the region has barely budged since 1980, despite modest improvements in extreme poverty rates and some social and health indicators (Lehoucq, 2012, pp. 129–131), threatening to undermine satisfaction with democracy.

Central American states are marked (with important variation) by limited state capacity (Schneider, 2012). This has been exacerbated by recurrent inter-branch conflicts, sometimes solved through extra-institutional means (Lehoucq, 2012, pp. 124–127). Politics are often marked by deep cleavages among the small elite

groups, to the extent that high politics at times sparks notable intra-family divisions. While the smallness of this elite group can be exaggerated – references to the ‘14 families’ in El Salvador remain a common trope – it is the case that Guatemala, Nicaragua, El Salvador and Honduras are deeply unequal societies where both political and economic power are restricted to a narrow stratum. Even in wealthier Panama and Costa Rica, with more effective states, smallness means that elite circles are notably narrow. This has shaped government policies that “grant particularistic benefits to narrow groups” with taxation schemes “pocked full of particularistic holes” (Schneider, 2012, p. 7).

Weak, elite-dominated state and fiscal structures have limited the development of a positive role for the state in society. With the exception of Costa Rica, Central American states spend far less on social programmes than their Latin American counterparts, per capita. For Honduras, Guatemala and Nicaragua, this figure has usually sat near 25 per cent of the regional average (Lehoucq, 2012, p. 130). This continued low social spending bucks a post-democratization Latin American trend of greater expenditures, reduced extreme poverty, and better social outcomes in many countries (Levy and Schady, 2013). Smallness has meant that external actors have played outsized roles in shaping domestic policies. The United States and the Pan American Union, and even private foundations, played major roles shaping social policy decades ago. Today, international financial institutions, including the Inter-American Development Bank, compensate for low policy-planning capacity. However, external involvement has been a poor substitute for elite commitment to state institutions, with tax revenues as a percentage of GDP staying below the global average, with the exception of Belize. Outside of Costa Rica, states are “organisationally primitive” with “bureaucracies of inferior quality” that are highly subject to partisan vices (Lehoucq, 2012, pp. 146–148). This weakness has exacerbated a number of the challenges the region’s states face, discussed below.

Domestic Challenges

In domestic policy, the states of Central America share some common challenges, plus particular ones driven by differentiated levels of economic development. These include poverty, low human development, inequality, corruption, gender-based discrimination, and violence. Inequality, corruption and violence also pose challenges to effective democratic governance in El Salvador, Guatemala and Belize. Panama and Costa Rica face many different challenges from their neighbours, though both still suffer high inequality exacerbated by rural/urban divisions. Guatemala, Honduras, Nicaragua and El Salvador have only a fraction of the per capita income as their richer southern neighbours, while being characterized by similar maldistribution. These states rank near the bottom of the UN Human Development Index and have struggled to improve economic performance despite liberal macroeconomic reforms that pleased international markets. The countries lack major industries and the environment for small business is disastrous: high insecurity, including extortion of small business owners, little certainty regarding rule of law, and weak domestic demand.

In addition, Nicaragua and Honduras face problems of democratic breakdown linked to incumbent authoritarianism. While Honduras democratized at the end of the Cold War, its elite structure shifted little and its military remained closely tied to politics (Pérez, 2015, Chapter 3). This became evident in 2009 when civilian elites and military officials conspired to oust elected President Manuel Zelaya, fearful of his drift to the left and plans to hold a referendum to remove presidential term limits. Political uncertainty struck again in 2018, when conservative incumbent Juan Orlando Hernández, having removed the prohibition on re-election without upsetting his right-wing allies, faced a closely disputed election against a leftist newcomer. With the election marked by major irregularities, Hernández closed ranks with the US government and security forces to thwart the electoral challenge and defy international pressure. The election and ensuing dispute were marked by deadly violence. In Nicaragua, former left-wing guerrilla Daniel Ortega returned to power via fair elections in 2006; but, as President, he has steadily undermined checks and balances while using quasi-legal tools to decimate the opposition. In 2018, responding to street protests, initially against social service cuts, his government resorted to state and para-state violence. Unlike the conservative, pro-US Hernández in Honduras, Ortega has faced US sanctions. While preserving formal democratic institutions and conducting elections, both have effectively undermined democracy and weakened already poor governance.

All the countries under review face problematic levels of corruption and growing levels of violence; but these problems are much worse in northern Central America. Violence has tormented Honduras and El Salvador, which have alternately suffered the world's highest per capita homicide rate in recent years. Sky-high murder rates, facilitated by impunity so widespread that virtually no one is prosecuted for murder, have made northern Central America as deadly as during the civil war period (Arnson and Olson, 2011). While much lower than Honduras and El Salvador, Guatemala and Belize have homicide rates several times the global average. Relatively peaceful Costa Rica and Panama have also seen growing problems of criminality, some of it with transnational dimensions. The violence is, in part, fuelled by transnational drug and arms trafficking, though it has deep roots in local problems and state weakness; and, in many cases, state complicity (Wolf, 2016). Violence and dismal economic prospects fuel outmigration from northern Central America, which has complicated relations with their neighbours and the United States (Clemens, 2017; Swanson and Torres, 2016).

While the roots of this violence are complex, the size of the nations involved has complicated attempts to address it. Small domestic security institutions lack capacity; to gain capacity (and funding) they have looked abroad, sometimes in unison. The Honduran, Guatemalan and Salvadoran presidents launched an intermittent joint lobbying effort in recent years. While they gained attention in Washington, political support, and some new resources, what they (and their US counterparts) lacked was new ideas about how to deal with the problems bedevilling their countries. Nor is it clear that these leaders had the political will to tackle widespread impunity. Honduran and Guatemalan political elites have sought to disrupt international

anti-corruption agencies (discussed below). Both countries' leaderships, along with El Salvador's, have undermined the rule of law to protect their own governments and the families of top leadership implicated in corruption. High-income Panama has also seen expansive corruption scandals, involving both its role as a shady centre for global tax evasion as evidenced in the Panama Papers, and of its political class; this has led to the prosecution of former president Ricardo Martinelli in 2018. Costa Rica has largely remained at the margins of this region-wide epidemic.

INTERNATIONAL CHARACTERISTICS

As noted in the introduction to this volume, small states are gripped by the dilemma of gaining influence through alignment with great powers versus trying to maintain maximum autonomy. In the shadow of the United States, Central American states face an extreme version of this problem. Historically, almost all governments opted for at least tacit alignment (with notable exceptions like Nicaragua's Sandinistas) with Great Britain and then with the United States. Some leaders played the card of explicit pro-US alignment against their domestic opponents (Clark, 1992); only a few tried to maintain a delicate balance. Today, despite trends towards global multipolarity, Central America remains closely connected to the US. While those connections were once largely political, military, and via exports, today they run much deeper. Central American economies are highly interdependent with the US; their societies are linked through migration; and their security problems are deeply connected with transnational, US-tied illicit markets.

Given that context, it is perhaps unsurprising that these countries' foreign policies are deeply focused on Washington and profoundly impacted by this asymmetrical relationship. Central America's foreign policy concentration on Washington has rarely been reciprocated during the post-Cold War period. Before that, US attention was intense but sporadic, driven by a 'whirlpool' of US perceptions of crisis and threat (Pastor, 2001). Furthermore, many of Central Americans' top concerns with the United States are seen by US politicians as essentially domestic – notably the status of large Central American migrant communities.

US-centrism exists economically as well. The economic relationship has been formalized in a free trade agreement between the region and the United States: the US-Dominican Republic-Central America Free Trade Agreement (referred to as CAFTA or CAFTA-DR). However, that trade pact captures only one aspect of economic interdependence – perhaps dependence for the northern states – on the United States. Remittances have been central to bilateral relations: as much as 20 per cent of El Salvador's GDP has come from remittances in recent years, almost entirely from Salvadorans in the United States. This creates a vulnerability unique to small states in highly asymmetrical relationships. Seemingly minor changes in US domestic policy – such as the cancellation of certain protected immigration statuses – send economic and social shockwaves through the smaller country (Rathod et al., 2017b). It adds to small states' vulnerability to external economic fluctuations, particularly US

recessions, Federal Reserve borrowing rates and the price of oil, for which Central America is almost entirely dependent on imports.

One often overlooked aspect of this asymmetrical relationship is how it extends beyond executive branch diplomacy. Because Central America is usually a peripheral concern for the White House, individual members of Congress play outsized roles in the making of Central America policy. On the left, a handful of Congress members, in conjunction with human rights and labour NGOs, have sought to condition economic and security assistance and trade preferences on improvements in rights protections. On the right, vestiges of the 1980s anti-communist coalition and antagonists of Cuba's communist government denounce anything that resembles a leftward drift. In 2009, this translated into outspoken support from members of Congress for the military coup in Honduras (Ruhl, 2010). Powerful Congress members use their perches to shape consequential bureaucratic politics of the State Department, Pentagon, and Drug Enforcement Agency.

In one respect, at least, the vision of Central America as single-commodity exporters – pejoratively, ‘banana republics’ – is seriously out of date. While coffee, bananas and other agricultural goods remain important, for much of Central America light manufacturing is now a greater source of exports and employment. Three-quarters of El Salvador's exports are manufactures. For Guatemala, Costa Rica and Honduras, the figure is nearly half. Central America is linked into global value chains much more deeply. Traditionally, manufacturing was focused on textiles, though investment has expanded several other internationalized enclaves of the economy. Costa Rica has upgraded to higher value-added exports and is known as a hub for computer giant Intel. Panama focuses on service exports connected to shipping, insurance, logistics and banking, which have driven one of Latin America's highest growth rates and made it one of the region's wealthiest per capita economies.

The region has at times attempted to rebalance its diplomatic relations to counteract the centrality of the northern power. Given its unique role in global trade transport, Panama has been, in many ways, the most globalized and cosmopolitan of the Central American countries. Costa Rica has also expanded and upgraded its diplomatic representation, and it has sought to play niche roles in international diplomacy. Mexico remains an important player in the north of Central America, particularly as it tightens controls over migration and illicit flows at its own southern border (Wilson and Valenzuela, 2014). Regional dynamics of migration have made Mexico both the major transit country and a destination for Central American migrants.

Central America has occasionally tried to revive aspects of its early nineteenth-century confederation and to engage in regional and sub-regional organizations. Like two centuries ago, it has done so in ways that place few limits on state autonomy (Legler, 2013). Central American states have been active in the Organization of American States, though as Malamud (2015) has argued, the most important role of this engagement has often been to provide legitimacy for incumbents in their domestic contexts. While a logic exists for small states to unite and improve their bargaining positions vis-à-vis their larger neighbours, that has rarely occurred in practice. Instead, Central American regionalism has often advanced

with the participation or at least encouragement of the United States; such as under CAFTA. Without external impetus, Central American economies had largely been too small and concentrated to make integration a consistent priority, but that has somewhat changed over the past two decades. The revitalized Central American Common Market has lowered external tariffs and signed several free trade and investment agreements, including a 2012 association agreement with the European Union. Like many small states during recent decades, Central Americans have bet on a strategy of economic openness and integration with the global economy (Booth, Wade, and Walker, 2014).

The region has occasionally turned to global international organizations in search of influence and support, and to avoid the heavy hand of the US in bilateral relations. From 1989–92, UN peacekeeping played an important role in the implementation of regional accords to end the civil conflicts (Koops, 2014). During the ensuing transitions to democracy, international election monitoring was a crucial part of achieving buy-in from formerly warring parties (Farer, 1996). Building on these experiences, Central Americans turned to international organizations to combat corruption and impunity. The most innovative effort was the International Commission against Impunity in Guatemala (Comisión Internacional contra la Impunidad en Guatemala, or CICIG). Granted unprecedented powers in Guatemala’s legal system, the commission launched investigations and brought cases against powerful figures (Gutiérrez, 2016; Krylova, 2018). This made enemies in the political elite, spurring a clash with President Jimmy Morales. In response to similar problems in Honduras, public pressure forced the government to accept an OAS-led Support Mission against Corruption and Impunity in Honduras (Misión de Apoyo contra la Corrupción y la Impunidad in Honduras, or MACCIH). However, facing stronger and more cohesive elite opposition, this body never gained CICIG’s powers, and entrenched elites set out to hobble it from its inception (Call, 2018).

Another important issue – in which smallness has been central – has been the One China Policy. For decades, Central America was a key reservoir of support for Taiwan/Republic of China. This was influenced by US pressure, especially from pro-Taiwan conservatives in Congress, by domestic anti-communist forces, and by economic statecraft (including now-exposed bribery). However, in 2007, Costa Rica changed its recognition to the People’s Republic of China, lured by hundreds of millions of dollars in projects and trade. Central American countries began to re-evaluate their pro-Taiwanese positions. In 2017, Panama recognized the People’s Republic of China; in 2018, El Salvador announced it would change its recognition (Tudoroiu, 2017). While Panama’s announcement largely escaped censure, El Salvador was criticized by some in the US Congress, in particular by Senator Marco Rubio, who threatened to withhold aid. The US ambassador followed suit (Harris, 2018). Such is the asymmetry between the US and El Salvador that US officials insist San Salvador refuse to recognize the world’s second largest economy: 40 years after the United States changed its own recognition policy!

International Challenges

Central American states face a host of international and transnational challenges. While many are not strictly related to size – larger states like Colombia and Mexico also face aspects of the same problems – asymmetry shapes the challenges and the options for response.

Transnational organized crime is the paradigmatic case. The very nature of this problem is shaped by asymmetry. Most ‘product’, whether cocaine or trafficked persons, originates in weaker countries, destined for the larger markets of the United States, Europe and increasingly Asia. The policy paradigm to address these illicit markets primarily originated in the large, powerful countries – though the elites of small Central American states have usually embraced militarized responses (Wolf, 2017). The major exception to this pattern regards the arms trade; many weapons used by illicit actors originate in legal or grey markets in the United States, which refuses to aggressively address the problem for domestic political reasons. The problem of illicit actors and violence is not a problem of smallness per se (Panama, Nicaragua and Costa Rica have been less affected); however, it is certainly a problem of asymmetries. For Central America, this asymmetry is even more complex; not only are these states in a weak position vis-à-vis the US, but they suffer the effects of changing enforcement in Mexico and Colombia. Central America’s role has largely been as a transshipment point; due to its geography and low state capacity, trafficking through the region boomed when neighbouring Colombia and Mexico increased pressure on illicit groups. Some of these groups expanded operations in Central America to compensate (Dudley, 2011). The history of armed conflicts meant there were individuals experienced in violence and available, if dated, arms.

Though the image of mega-cartels that rival small states in their financing and armed force lingers, the reality of transnational organized crime has largely changed. Under a relentless, if ultimately counterproductive, attack on top leadership, large organizations have fragmented into smaller, locally oriented groups. While this largely was the intention of the so-called ‘kingpin’ or ‘decapitation’ policy, the effects have been disastrous. Local authorities were no better prepared to address smaller groups, who were often more violent in their competition for market share (Phillips, 2015). With less access to lucrative transnational shipment of drugs, their criminal activities have been locally pernicious. New fragments joined existing local gangs, especially in Honduras and El Salvador. Those gangs, called *maras*, are themselves connected to international asymmetries: founding members were deported from US cities, and they brought US gang cultures to Central American streets, where poverty and economic marginalization created large pools of potential recruits (Wolf, 2017). Transnational connections increased the flow of funds and drugs into local markets. In some cases, this has increased the ability to corrupt officials; in many others, state security forces have themselves become key operators in illicit markets. In extreme cases, police units have acted as murder squads for organized crime, with high-level involvement.

The limited resources of the small Central American states have made them dependent on external assistance to combat this wave of violence. Since 2008, this has been linked to the US-funded Central American Regional Security Initiative (CARSI), which has funnelled hundreds of millions of dollars to Central America. While meant to balance security and social programmes, most funding has gone to security. Signs of increased US presence have been notable; most tragically, this included a May 2012 shootout in which US-assisted Honduran security forces killed a group of civilians. The US DEA was faulted in US government reports for poor practices and covering up its misdeeds.

Not all Central America's challenges are related to external asymmetries. The region faces vulnerabilities of environmental precariousness, linked to geographical smallness. The small countries have long faced difficulties in diversifying agricultural production, developing food self-sufficiency, and (especially in heavily populated El Salvador) meeting demands for arable land. These problems are complicated by anthropogenic climate change. Geography, poverty and poor governance have made the region susceptible to natural disasters, especially hurricanes, earthquakes and (in places) volcanic eruptions. Today, rising sea levels and flooding are near-term challenges, exacerbated by poor land use and conservation, leading to deadly catastrophes.

CONCLUSION: PAWNS OR POWERS?

The region's history highlights its vulnerability to external intervention. This shaped fundamental trajectories of Central American states: the independence of Panama, three decades of occupation in Nicaragua leading to an authoritarian dynasty, the overthrow of elected democracy in Guatemala, and the toppling of a dictator in Panama in 1990 (Rosenberg and Solís, 2012). Smallness made these interventions feasible for the great power, seemingly reducing the costs of action (though only in the short term). The feasibility of intervention meant that actors in Central American states looked to outside powers to resolve disputes or strengthen their hand against domestic opponents; this had deep, though hard to measure, effects on state-building projects at home. They also at times armed one another's domestic opponents and militarized intra-Central America disputes.

Still, there are important examples of effective action by Central American states. In some ways, Costa Rica has been nearest the role of the active small state that is highlighted in the literature. In the midst of Cold War pressures, astute Costa Rican statesmanship allowed the country to insulate itself from global and regional pressures, pursuing its own successful path (Longley, 1997). It sought out roles as an international mediator, most notably in the Central American conflicts of the 1980s. Taking advantage of its history of democratic practice in a region known for the opposite, Costa Rica has been a pro-democracy voice in the region and further afield. Likewise, it has drawn on its reputation for ecological tourism to play a more active role in international conversations around sustainable development. In another signal

case, during the 1970s, persistent Panamanian pressure and an astute use of allies led to the reversion of the Panama Canal under favourable conditions (Long, 2014). Panama later resisted US pressures to maintain a substantial military presence in the Canal Zone; after nearly a century, US troops left Panama. Today Panama positions itself economically as a Central American Singapore, though it faces growing international pressures over secretive banking practice, tax avoidance and money laundering.

These instances suggest that international legal recognition, and the recourse it provided to international institutions, can provide useful tools for small states. However, it is clearly not sufficient. There are fewer and less notable examples of successes for the northern Central American countries. International influence has largely been factional. Honduras, for example, has successfully attracted resources, both military and humanitarian, from the US, but these have done little to improve general conditions there. During the 1980s, the Guatemalan government resisted international pressures; but it did so to carry out a genocide in the name of anti-communism. Nicaragua shunned US pressures during the 1980s with limited support from Cuba and the Soviet Union; it has done so again since the 2006 return of Daniel Ortega, initially with assistance from Venezuela. This has made the country a pariah, not an influential international actor.

In recent years, Central American leaders have attempted to increase cooperation. One impetus was economic. Central America gained substantial preferential access to the US market under the 1982 Caribbean Basin Initiative. However, businesses in the region wanted additional security for a broader range of exports; a free trade agreement also would lock in liberalization and secure future market access. The proposed agreement provoked domestic division, but Central American governments strongly supported the proposal (Condo et al., 2005). The US responded positively in 2001, but complex US domestic politics on trade, and particularly Democratic opposition due to poor conditions for organized labour and environmentalists in much of Central America, delayed Congressional approval for years. Central America's "collective power" (Long, 2017b) seemed to bring positive effects under the Obama administration. Initially hesitant, the administration supported CAFTA in Congress. The US encouraged joint action from Honduras, Guatemala and El Salvador, hoping it would lead to reforms that would stem violence and northward migration, particularly of unaccompanied minors.

Cooperation has continued, but the results under the Trump administration have been less positive. Perhaps the most important case study regards these countries' diasporas in the US. Hundreds of thousands of Central American migrants lived in the US under the administrative designation of Temporary Protected Status (TPS). Despite the name, the status had been extended for decades, allowing migrants to work legally (and send remittances). Despite intense lobbying and attempts to ingratiate themselves to Trump – Honduras and El Salvador relocated their embassies to Jerusalem to back the controversial US move – the Trump administration cancelled TPS, setting up potential mass repatriations to countries ill prepared to reintegrate citizens (Rathod et al., 2017a, 2017b). This underscores how US–Central American

asymmetrical interdependence converts Central America's most pressing foreign policy issues into 'intermestic' challenges that touch sensitive aspects of US domestic politics. Small size makes gaining US high-level policy attention difficult, while the issues' nature often draws in Congressional and bureaucratic opponents (Long, 2017a).

Given their similar histories and external conditions, but variation of social, political and foreign policy outcomes, Central America should provide a rich area of study for students of small states in International Relations. The cases may be ideal for the middle-range theory the editors of this volume advocate (Baldacchino and Wivel, 2020). However, the region has garnered comparatively little attention from authors using a small states framework, perhaps due to the history and perception of US intervention. Certainly, international pressures have constrained foreign policy options, just as they have shaped the domestic political and economic trajectories of these countries. But, as this chapter sketches, those pressures have not prevented diversity from emerging. Central America, then, reinforces the notion that effective international action requires effective governance at home. However, it shows this more through intra-regional variation than through generalizations about the region as a whole. In short, some small states in the region have historically maintained relatively strong state institutions. They have generally managed to pursue their interests effectively, despite difficult international constraints. However, for states that have lacked domestic capacity, the combination of smallness and weakness has led to incoherent international action at best and invitations (at times literal) for external intervention at worst. Small does not mean weak; however, small and weak almost certainly do mean vulnerable.

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16. The foreign policy of South American small powers in regional and international politics

Leslie E. Wehner

INTRODUCTION

South America is a unipolar region in which there is a regional power (Brazil), a series of secondary powers (Argentina, Colombia, Venezuela and perhaps Chile) and a clutch of small powers (Schenoni, 2017). Bolivia, Ecuador, Paraguay, Peru and Uruguay are states that have limited capacity in their external relationships. South American small powers move between bilateral relations with neighbouring countries, membership in regional integration schemes and foreign policies that oscillate between autonomy and dependency with regards to Brazil as the regional power and the United States as global hegemon – while also taking note of the growing presence of China in the region.

This chapter critically reviews the most important contemporary international relations and characteristics of South America's five/six small states in relation to both their region and beyond. It also assesses how the goals, choices and behaviours of these small states confirm and/or defy assumed expectations on small powers as international actors (Baldacchino and Wivel, 2020). A role theory approach is used that sits comfortably with the definition and key characteristics of small powers. This role approach highlights both the asymmetrical position of a given actor within an organized group, as well as the type of actor that is within the realm of possibility for them (Thies, 2010, pp. 2–3).

Small power is a relational master role from which the self and others define mutual expectations and patterns of behaviour. This master role creates asymmetrical social relations, and the ensuing interactions can shape the types of auxiliary role that the small power enacts and plays with respect to other powers in regional and extra-regional relations (Wehner, 2015). Auxiliary roles can also be conceived of as the activities of a state that sustain and give overall meaning to the everyday practice of a master role, such as leader, competitor, rival, faithful ally, follower, mediator and honest broker (Thies, 2013; Wehner, 2015; also Breuning, 2017; Harnisch, 2011; Holsti, 1970; Thies, 2010). Moreover, a government's standing towards economic globalization, its type of economic development model and its political ideology can be considered as key drivers of how South American small powers navigate the constraints of these asymmetrical relations – and of the type of roles that they perform.

Thus it is expected that small powers in South America will tend to follow the leadership of the global hegemon, of the regional power or of those others competing for regional powerhood. Consequently they will tend to adopt more of an ally and partner role in their quest to augment their international presence, and/or to reduce or increase their autonomy from regional and/or global powers (Thies, 2017). Moreover, political leadership can also explain why some states change their foreign policies recurrently (Merke, Reynoso, and Schenoni, 2020). Thus, South American small powers with weak institutional capacity will tend to follow their own and current set of governmental political, economic and ideological priorities rather than develop and stick to a long-term and planned foreign policy, as would be expected in the case of states with strong domestic institutions.

The rest of this chapter assesses the different regional and international foreign policy behaviours of South American small powers. The subsections appear in alphabetical order, and the analysis of each small power will touch upon its domestic conditions and its foreign policy towards neighbours, regional powers, regional groups and extra-regional actors – mainly the US, as global hegemon. The chapter concludes with an overview and comparison of the different foreign policies of these small powers.

THE POLITICS OF SOUTH AMERICAN SMALL POWERS

Bolivia

Bolivian politics in the twenty-first century has been that of Evo Morales (2006–present), even before he became president of the Plurinational State of Bolivia. Morales was key in mobilizing indigene and *cocalero* (coca-leaf producer) groups against the policies of successive presidents through MAS (the Movement to Socialism) from 2001 onwards. Bolivia had four presidents between 2001 and Morales taking power. This high number of short-term presidencies reflects Bolivia's political instability. Bolivia, a landlocked state, is one of the poorest in South America. The government of Gonzalo Sánchez de Losada (1993–1997) introduced a series of neoliberal reforms, such as the privatization of strategic public companies. The succeeding government of Hugo Banzer (1997–2001) – who did not complete his mandate due to terminal cancer – introduced a policy to eradicate coca-leaf production in order to show its commitment to and cast itself in a partner role with the US. Subsequent presidencies were marked by political instability, popular mobilizations and a rivalrous relationship with Chile: under Sánchez de Losada's second presidency (2002–2003) and then Carlos Mesa (2003–2005), domestic sectors contested the possibility of Bolivia selling gas to Chile without reaching a solution to the problem of sovereign access to the sea (Crabtree, 2017).

Evo Morales was elected president on the promise to renationalize gas and oil resources as well as to protect *cocaleros* (Ceppi, 2014; Mayorga, 2008). Domestically, Morales and his redistributive economic policies have been relatively successful:

poverty has fallen and robust economic growth achieved (Crabtree, 2017). Between 2016 and 2019, Bolivia's gross domestic product grew at an annual rate of over 4 per cent (World Economic Outlook, Bolivia 2019) and the poverty rate fell from 60 per cent in 2007 to 36 per cent in 2017 (World Bank, 2019). Nevertheless, a lack of economic and political resources tends to hamper Bolivia's bilateral, regional and extra-regional relations.

Bolivia has a long-standing rivalry with Chile, but overall cooperative relations with Argentina, Paraguay, Peru and Brazil; apart from the tensions with the latter over Bolivia's renationalization of its oil and gas sector, which affected Brazilian company Petrobras (Ceppi, 2014; Sá Guimarães and Maitino, 2019). Brazil under Lula da Silva (2003–11), Argentina under Néstor Kirchner (2003–7) and then Christina Fernández (2007–15) and especially Venezuela under Hugo Chávez (1998–2013) sympathized with Bolivia's claim to sovereign access to the Pacific Ocean through Chile. Bolivia's condition of being a landlocked country was a consequence of the Nitrate War (1879–83), which both Peru and Bolivia lost against Chile. The new border configuration in which Bolivia lost access to the Pacific was confirmed bilaterally between Chile and Peru in 1929. Bolivia and Chile had signed a peace treaty in 1904; Morales claims that this treaty was imposed on Bolivia by Chile, however.

Overcoming this landlocked condition has become the main goal of Bolivian foreign policy. Under Morales's presidency, Bolivia first agreed with Chile to advance a 13-point bilateral agenda in which the sea access issue was included (Wehner, 2011a). A lack of progress on regaining sovereign access to the Pacific was followed by lodging a case against Chile with the International Court of Justice (ICJ), but the resolution of the court favoured Chile's position (Crabtree, 2017). In spite of this, Bolivia persists in its claim and narrative to regain access to the sea.

The policies adopted by Morales made him a close ally of Chávez and his 'Socialism of the 21st Century'. Morales's government was one of the direct beneficiaries of Chavez's policy of using resources generated by the high price of oil on the world market (Corrales and Romero, 2015). Thus, Morales adopted the role of faithful ally and follower of Venezuela. Bolivia used the regional group created and led by Venezuela in 2004, the Bolivarian Alliance for the People of Our America (ALBA), to receive support and protection in advancing its new political and economic model of development (Raby, 2011). In the context of a majority of governments being centre-left, a phenomenon also known as the pink tide, the South American Union (UNASUR) established in 2008 and led by Brazil as the regional power also offered an additional layer of protection to the economic and political model adopted by Morales. In fact, UNASUR under the interim leadership of Chilean President Michelle Bachelet (2006–2010 and 2014–2018) acted to solve the governability crisis affecting Bolivia in 2008. A series of regions within Bolivia mobilized to achieve autonomy from the central government of Morales, which put at risk the territorial integrity of the Bolivian state. UNASUR's action was key to solving the internal tensions and to sustaining Morales's leadership (Nolte and Wehner, 2014). Bolivia's enactment of the role of faithful ally to Venezuela and its domestic policies of respecting coca-leaf producers also led to a frosty and uncooperative relation-

ship with the US as global hegemon and its war on drugs policy. In fact, Morales's narrative has been one of blaming the US for trying to interfere and change the course of Bolivian domestic politics (Rochlin, 2017, pp. 1336–1337).

Thus, Bolivia used its role relationship with Venezuela, and the regional platforms of ALBA and UNASUR, as protective mechanisms to achieve more autonomy from the US. Bolivia has behaved as a small power, as it enjoys only a limited capacity to change its asymmetrical relationships with bigger South American powers such as Chile. Even when locating itself in the faithful ally to Venezuela or friend of Brazil roles, Bolivia places itself in a subordinate position – while using these sets of relationships to create distance from the hegemonic role of the US.

Chile

Chile is an in-between case of a country holding master roles of both a secondary and a small power. Chile's domestic political and economic system has been recognized as having strong capacity, as well as being one of the most stable in the whole of South America. Chile enjoys a high capacity to influence South American affairs, as it was key to the creation of the PA – Pacific Alliance – (2012) and PROSUR – Forum for the Progress and Development of South America – (2019) regional groups. However, Chile's leadership usually takes the form of a dual or joint venture. It led the creation of the PA with Peru and PROSUR jointly with Colombia; while before, within UNASUR, Chile used its bilateral security experience with Argentina to provide the underlying template and conceptions of security cooperation for South America within UNASUR's South American Defence Council (CDS) (Nolte and Wehner, 2014). However, Chile's capacity to exert influence beyond South America diffuses as it takes the stance of a small power in its relationships with the US, China and the European Union, as well as within the multilateral governance system.

In its bilateral relations with neighbours, Chile still has a distant and rivalrous relationship with Peru and especially with Bolivia (as noted above), while having one of mutual trust and friendship with Argentina. Chile and Argentina have established a binational operation force called Cruz del Sur, operating under a unified command for peacekeeping operations (Oelsner, 2016, p. 181). In contrast, Chile and Bolivia do not have formal diplomatic relations. Due to Bolivia's proactive seeking of political support for its claim to sovereign access to the sea, Chile has experienced a moment of regional isolationism – especially under the government of Ricardo Lagos (2000–2006). In part, the support from the rest of the subcontinent to Bolivia was seen by Chile's foreign policy elite as a reaction to their country's lack of commitment to the Southern Common Market (MERCOSUR), to its bilateral FTA policy beyond Latin America, and to being constantly monitored regarding economic achievements by the US (Fernandois, 2011; Wehner, 2011a). Chile's narrative of success clashed with the expectations of the rest of South America on the need for the country to show a strong South American regional vocation (Wehner, 2011a).

To make up for this sense of misplacement in South America, Chile acted as the first interim president of UNASUR in 2008. Chile also became one of the main con-

tributors to the United Nations peacekeeping operation in Haiti under the leadership of Brazil (MINUSTAH 2004–2017) (Nolte and Wehner, 2014). However, under the first presidency of right-wing Sebastian Piñera (2010–2014) Chile appeared to be more committed to the new PA than to UNASUR. The refusal of then Brazilian president Dilma Rousseff (2011–2016) to officially visit Chile was interpreted as a sign of discontent and protest against Chile's leadership of the PA. Members of the foreign policy elite in Chile interpreted the PA as potentially detrimental to Brazil's role as an emerging regional power. A fragmented region could affect Brazil's claims for higher status in the international system (Wehner, 2015). Chile during the second presidency of Sebastian Piñera (2018–present) also led the creation of the new regional group PROSUR and has withdrawn its membership from UNASUR along with Argentina, Brazil, Colombia, Ecuador, Peru and Paraguay. In these bilateral and regional actions, Chile has had the capacity to influence South American affairs – and in some cases also play a joint leadership role. In part, this secondary power master role reflects Chile's institutional capacity in trade, political and security matters – as well as its role attributions from key actors in South America, such as Argentina and Brazil.

Chile is also recognized as a reliable partner and consistent supporter of economic globalization. Chile's main international strategy in the 1990s and first decade of the new century had been to champion the role of global free trader. It secured free trade agreements (FTAs) with its main trade partners: the US, the EU, Japan, South Korea and China, mostly during the second half of the first decade of the new millennium (Fuentes, 2006). Chile has been able to use these FTAs to diffuse and reduce its excessive political and economic dependence on the US by creating links with other important actors (Wehner, 2011b). Chile is also a member of the APEC forum (1996), and was recently party to the Trans-Pacific Partnership Agreement that was signed by all 11 of its members in 2018 (after the US, under President Donald Trump, withdrew). In its proactive FTA agenda beyond South America, Chile has however become more of a rule-taker than a rule-maker. Chile's negotiating capacity vis-à-vis the US, the EU and China in its FTAs has been rather limited (Wehner, 2011b). Chile has had moments of contesting the US hegemonic role when it voted against that country's decision to invade Iraq in 2003; however, as a non-permanent member of the UN Security Council, Chile voted in line with key principles of small powerhood, such as a strong commitment to multilateralism and international law (Fernandois, 2011).

At the same time, Chile could join forces with other countries such as France and Germany while also receiving support from Brazil, Argentina and Mexico to reduce pressure from the US (Muñoz, 2005). Even in this case of contesting US hegemony, Chile acted as a small power as it was able to use the clout and solidarity of other major international actors to offset the effects of not supporting the US venture. Indeed, Chile feared that recently concluded FTA negotiations with the US would not be approved by the US Congress as an act of reprisal; such a blockage did not ultimately happen, however.

Thus, Chile's master role in international affairs is that of a small state in which other actors such as the US also attribute this condition to the South American country. Moreover, Chile also accepts the attribution of a small state role beyond South America by locating itself in a subordinate position in its asymmetrical social relationships. This is reflected in the way Chile enacts its role of free trader, in which it also takes on the role of rule-taker from major and great powers. Chile's foreign policy is driven by prioritizing key norms such as democracy and human rights, and above all playing the roles of a multilateral actor and a faithful respecter of international law – as ways to reduce the effects of its asymmetrical relations in the international system. When it comes to Chile's actions in South America, it adopts the master role of secondary power – as it has the capacity to articulate key regional initiatives and lead them with the support of other key regional actors.

Ecuador

In the first two decades of the new century, Ecuador has experienced different types of development policy. These diverse experiences have arisen from numerous changes of president and from the low level of institutionalization of policy practices. The state of Ecuador has a low capacity to articulate a coherent and long-term foreign policy due to the enduring sense of systemic crisis that the country has experienced economically and politically for most of the new century (Bonilla, 2006). Ecuador had the highest per capita debt in Latin America, and its economy contracted by a staggering 7.3 per cent in 1999 (Hey, 2003). Moreover, it had seven presidents in 11 years: some were impeached, others did not complete their presidential terms due to economic crises, social pressures or corruption charges (Martín-Mayoral, 2009, p. 131).

Only with the rise to power of Rafael Correa in 2007 was Ecuador able to project a sense of political continuity and stability. President Lenin Moreno (2017–present) – who hails from Alianza País, the same coalition as Correa – has followed a more liberal economic policy and a more conservative political agenda than Correa: while the latter identified himself with the pink tide movement and especially with the government of Chávez, President Moreno has preferred a more pro-US approach. However, the continuity of a coalition in power for a number of years does not mean that institutional practices have taken root; politics in Ecuador are still conducted in a context of *caudillismo*. Correa, and now Moreno, have been able to stabilize the economy and reduce poverty; the economy still remains highly dependent on the extraction of fossil fuels (gas and oil), however, as well as on the export of cash crops such as bananas.

The systemic economic and political problems of Ecuador and its lack of institutional stability have affected its international actorness. Ecuador is a small state with few resources that seeks out regional and multilateral approaches to solve its domestic, regional and international problems (Hey, 2003). Ecuador under Correa relied on UNASUR to mediate and help solve the challenge and mobilization of police forces against the government in 2010 that was seen as an attempted *coup d'état*. Under

Correa's leadership, Ecuador joined ALBA (Nolte and Wehner, 2014). Ecuador's enactment of a faithful ally role vis-à-vis Venezuela was meant to cement an ideological alliance, securing support for its state model from peers and more powerful South American states – as well as to reduce the effects of asymmetrical dependence on the US. While ALBA represented ideological affinity and the closest ally, Ecuador also used UNASUR to prevent regional isolationism and receive support in case of a domestic governance crisis (Weiffen, 2017).

Moreover, UNASUR was seen as the appropriate umbrella institution to deal with bilateral relations and security challenges, such as that with Colombia and the effects of Plan Colombia in and for Ecuador (Malamud and García-Calvo, 2009). The latter was perceived to have porous borders, which the paramilitary group FARC took advantage of in order to escape Colombian military operations. Tensions escalated when the Colombian government bombed a FARC camp in Ecuadorian territory in 2008. Venezuela expressed its support for Ecuador and showed a willingness to act if the conflict were to escalate and if Colombia were to continue eroding Ecuadorian territorial sovereignty (Herz, Siman, and Telles, 2017).

Ecuador used UNASUR security arrangements and practices to develop its position within South America and to reduce its asymmetrical dependence on the US. Under Correa's presidency, Ecuador did not renew permission for the US military base in Manta – which had been used by the North American country since 1999 to conduct operations within the framework of Plan Colombia and the war on drugs (Malamud and García-Calvo, 2009). Correa's words in 2009 to justify his decision contain references to sovereignty, autonomy and non-interference:

As long as I am president, I will not allow foreign bases in our homeland, I will not allow interference in our affairs, I will not negotiate our sovereignty and I will not accept guardians of our democracy. (Telesur, 2016)

UNASUR and the support from Brazil and Venezuela were key to Ecuador making this decision, as US Air Force personnel being based in Manta was seen as a security threat to these neighbouring countries as well.

Thus, Ecuador was able to contest US hegemony by securing asymmetrical bilateral ties with Brazil and Venezuela as well as by using the umbrella protection of two regional groups: ALBA and UNASUR. Yet, recently President Moreno withdrew Ecuador's membership of these two regional groups. Ecuador played the role of Venezuela's faithful ally during the presidency of Correa. Ecuador promoted a foreign policy based on the leadership of its president, rather than on rolling out a long-term foreign policy strategy. Indeed, Moreno has reoriented Ecuador's foreign policy towards the US and the new PROSUR group, leaving behind the ally role with Venezuela. Part of this constant reorientation of the foreign policy of Ecuador is based on the lack of economic, political and diplomatic institutional capacity at the domestic level to articulate long-term goals and policies. This lack of institutional capacity gives Ecuadorian presidents more latitude to leave their personal mark on the country's foreign policy.

Paraguay

Paraguay's institutions and bureaucracy have been described as permeated by patrimonial and clientelistic networks, and its foreign policy based on the sole figure of the president. Paraguay lacks institutional capacity to form and advance a consistent and long-term state foreign policy (Mora, 2003). Under the presidents from the Colorado Party – Juan Carlos Wasmosy (1993–1998), Raúl Cubas Grau (1998–1999) and Luis González Machi (1999–2003) – the country experienced severe political and economic crises that prevented a proactive foreign policy being formulated (Mora, 2003). Attempts by previous president Andrés Rodríguez (1989–1993) – who had overthrown the authoritarian government of Alfredo Stroessner in 1989 – to set the foundations for a long-term foreign policy evaporated in favour of improvisation, ad hoc behaviour and dilettantism within the country's foreign service (Arce, 2011, pp. 110–111; Lambert, 2011).

The political instability of Paraguay permeates all sectors of the state apparatus, which also creates windows of opportunity for different *caudillos* to destabilize respective governments. For instance, General Lino Oviedo tried to overthrow the government of González Machi in a failed coup attempt in 1996 (Mora, 2003); Congress removed Fernando Lugo (2008–2012) from office in 2012 meanwhile (Lambert, 2012). After Lugo, and the transitional presidency of Fernando Franco (2012–2013), Horacio Cartes (2012–2018) completed his mandate in the face of severe political difficulties and acute civil unrest (Richer, 2012). Thus political crises have been an integral part of Paraguay's political landscape over the last 20 years, despite a respectable economic score sheet: namely, average annual GDP growth of 4.5 per cent in the period 2004–2017 (World Bank, 2019). Yet, the low levels of socio-economic development, poor infrastructure and an isolationist orientation have restricted Paraguay's options as a foreign policy actor (Lambert, 2011).

Despite these weaknesses of Paraguay as an international actor, there are some visible patterns in its foreign policy as a small state within South America and in its relations with the US. Part of Paraguay's foreign policy is to prevent excessive dependency on its two powerful neighbours: Brazil as the regional power and Argentina as the regional competitor of Brazil. Moreover, Paraguay's foreign policy has oscillated between dependency and the quest for autonomy from the US. In times when it has been closer to the US, Paraguay has been distant and sought a foreign policy of *hiding* from its South American partners, in fact. However when it has advanced a foreign policy of autonomy from the US, Paraguay has sought to use the protective shelter of Brazil and of South American regional integration schemes (Lambert, 2011, 2016).

In the first years of the presidency of Nicanor Duarte (2003–2008), Paraguay was able to achieve more stability in crafting its foreign policy (Arce, 2011). It became closer to MERCOSUR and the leaderships of Lula and Kirchner, as well as promoted the principles of regional integration and solidarity, non-intervention and human rights (Lambert, 2011). Economically Paraguay increased its exports to MERCOSUR member states (Masi, 2008). Along with Uruguay, Paraguay usually

complained to the two big powers of MERCOSUR about the existing asymmetries that favoured Brazil and Argentina at the cost of a more cohesive grouping. In 2005, MERCOSUR approved Structural Development Funds (FOCEM) with the purpose of reducing existing economic asymmetries among its members (Lambert, 2016).

The pivot towards South America was the cornerstone of the foreign policy of the following president, Lugo. However he faced some difficult moments, such as the renegotiation of the Itaipú Treaty with Brazil. The countries share the ownership of the Itaipú hydroelectric dam, but while both are entitled to 50 per cent of the energy produced by it, Paraguay uses less than 20 per cent of its share. Rather than selling its unused energy to third parties at market prices, Paraguay must cede the surplus to Electrobras, the Brazilian state electricity company – at cost rather than at market price. Yet Electrobras itself can resell this unused energy to domestic actors, making huge profits in the process. The Itaipú Treaty shows the asymmetry and weak power position of Paraguay in its relationship with the regional power. Presidents Lula and Lugo renegotiated the terms of this agreement in 2009 due to Brazil's need to minimize the potential negative impact on its master role as regional power and auxiliary role as leader of South America, in tandem with its aspirations to be a global power (Lambert, 2016; Masi, 2014). The Itaipú Treaty comes to an end in 2023, and right-wing presidents Jair Bolsonaro of Brazil (2019–present) and Mario Abdo Benítez of Paraguay (2018–present) have already met to renegotiate its terms.

During the two previous presidencies of Duarte and Lugo, Paraguay was able to demonstrate a more coherent foreign policy that combined elements of pragmatism with ideology. During these two presidencies, Paraguay showed a strong vocation towards South America and a distant but pragmatic approach to the US (Masi, 2014). Once Lugo was removed from office, Paraguay was suspended from MERCOSUR and UNASUR under the interim presidency of Franco. As Paraguay needed to be re-accepted into the South American concert, the new presidency of Cartes implemented a foreign policy of followership to Brazil. Paraguay has traded the values of sovereignty and independence that were promoted by Duarte – and later, more concretely, by Lugo – for effective submission to Brazil (Lambert, 2016). In this period (2013–2018), Paraguay also followed Brazil's leadership in UNASUR. Paraguay's role in UNASUR, and especially in the CDS, was that of rule-taker. Moreover, it distanced itself from Venezuela's revolutionary role. Yet, under Benítez's leadership, Paraguay has followed the rest of the right-wing governments in the region, withdrawing from UNASUR and supporting the creation of PROSUR. In addition, Benítez has also sought to establish closer links with the PA – although membership in this group is based on the fact that member states should have FTAs with each other.

Paraguay's foreign policy towards the US in the last 20 years has, as noted, oscillated between dependency and the quest for autonomy. During the first years of the presidency of Duarte, Paraguay's foreign policy was more in line with the values of governments from the pink tide in South America – which created a more distant yet pragmatic relationship with the US (Masi, 2014). For instance, Paraguay opposed the US military intervention in Iraq and even voiced its opposition to US agricultural

subsidies during the negotiation of the Free Trade Association of the Americas (FTAA), rather than hiding behind the negotiating clout of Brazil as regional power. However, as Paraguay experienced some setbacks and a lack of substantial material gains within MERCOSUR, it decided to re-approach the US. Duarte was the first Paraguayan president to be received at the White House, and the two states signed agreements on trade and aid for Paraguay (Lambert, 2011). Under Lugo's presidency, meanwhile, Paraguay revoked plans for US troops to hold joint military exercises, yet at the same time he reassured the US about Paraguay's willingness and commitment to cooperate in the war on drugs with the Drug Enforcement Administration. While ideologically adopting a narrative of regionalism and regional solidarity, Lugo still pursued a foreign policy of pragmatism towards the US (Lambert, 2011).

However, President Cartes realigned the country's foreign policy priorities and adopted a role of followership and non-contestation towards the US. Cartes even decided to follow Trump's initiative and move Paraguay's embassy in Israel to Jerusalem (Churm, 2018), although incoming president Benítez relocated the embassy back to Tel Aviv a few months later (Sawafta and Desantis, 2018). Despite this impasse, Paraguay has tried to show itself as supportive of US initiatives in South America and as a follower of the North American country (rather than of its current president, Trump, *per se*) – especially with regards to the crisis in Venezuela under the presidency of Nicolás Maduro (2013–present).

Thus, Paraguay's master role as a small power and its subordinate position within asymmetrical social relations are amplified by recurrent domestic political crises and political volatility that undermine its capacity to articulate and pursue long-term foreign policy goals and actions. Paraguay has overall played the role of rule-taker within regional integration schemes in South America, and has adopted a follower role vis-à-vis the leadership of Brazil. However, these key roles being played by Paraguay do not preclude this actor from sometimes seeking more favourable terms by contesting its role relationships with Brazil and the US. Paraguay's foreign policy actions have traditionally oscillated between dependency and autonomy and have involved it taking an isolationist role away from regional powers, regional groups and the US as global hegemon.

Peru

Since the early years of the new century, all presidents of Peru have stuck to the model of export promotion and macroeconomic stability first adopted in the 1990s – with some putting more emphasis on a broader set of redistributive policies than others. Despite Peru's macroeconomic stability and economic growth in the first years of the new millennium, the country still experiences some systemic problems – as a high proportion of its economy is informal in nature. Peru is a country of high political volatility; this has affected different governments that start with a high level of popular support and end with low levels of voter approval. Party affiliation is not strong, so voters are more likely to vote for leaders than parties or policy platforms. Peru has had five presidents since 2001 from different parties and political

movements: Alejandro Toledo (2001–2006), Alan García (2006–2011), Ollanta Humala (2011–2016), Pedro Pablo Kuczynski (2016–2018), who stepped down due to accusations of corruption, and Martín Vizcarra (2018–present). Despite this electoral volatility, Peru's leaders tend to enjoy the possibility of implementing and advancing a consistent foreign policy; Peru's has been consistently pragmatic and conducted independent of who is currently in power (St. John, 2011). One key feature of Peru since 2005 has been its proactive FTA agenda: it has signed 19 FTAs, and has also been an active member of the APEC forum since 1998. The FTA agenda has not budged with changes in political leadership (World Trade Organization, 2013). Thus, Peru has been able to implement enduring goals and principles in its foreign policy by living up to its roles as a free trader, multilateral state, regional partner, and partner of the US in South America.

Bilaterally, Peru was able to put behind it the rivalry role with Ecuador. Peru and Ecuador had a military conflict in 1995, the Cenepa War. Since then, both actors have built a high level of trust and a role relationship of friendship. It was under the presidency of Toledo and his confirmation of the 1998 Brasilia Accords that peace between the two countries was sealed (Toche, 2011). Even when President Correa was aligned with Venezuela's project of Socialism of the 21st Century while Peruvian presidents themselves were rather distant from it, both countries were still able to maintain a constructive bilateral relationship. Ecuador even adopted a neutral role and abstained from supporting Chile in Peru's maritime dispute that ended with a favourable resolution for Peru at the ICJ (St. John, 2011, p. 131).

Peru and Chile have a role relationship of rivalry meanwhile, in which Peru is depicted as the weaker party. Peru blames Chile for a possible arms race as the latter invests in its defence systems more assiduously than the rest of South America. Despite the rivalry role between the actors, cooperation has also advanced. Peru has nevertheless adopted a pragmatic stance in its relations with Chile, and compartmentalized and separated trade issues from the security realm (Toche, 2011). For example, Peru and Chile signed an FTA under Toledo's administration, despite tensions over the maritime border issue. Moreover, Peru under García – along with Chile, Colombia and Mexico – created the PA, despite Chile and Peru then still having the maritime dispute case being heard at the ICJ. Thus, this bilateral relationship of Peru has been handled with a strong dose of pragmatism and relies on the skills of Peru's diplomatic corps to separate the security border affairs from commercial ones (Vidarte, 2016a).

The relationship with Bolivia has been difficult for Peru since Morales took power. As Peru has followed the premises of economic globalization and export promotion, this has clashed with Bolivia's advocacy of socialism and its ally role towards Venezuela (Novak and Namihas, 2013; Vidarte, 2016a). As leader of the Andean Community (CAN) – first set up as the Andean Pact in 1969 – Peru had to witness the group's fragmentation and decline into irrelevance due to disagreements on economic globalization and socio-political models. Venezuela withdrew from CAN in 2006. Bolivia has blocked CAN from negotiating an FTA with the EU. As Venezuela's economic crisis worsens, and South America has shifted to the right,

Peru's approach to Bolivia under the last two presidents Kuczynski and Vizcarra has been one of neglect – increasing Bolivia's sense of being an isolated state in South America, despite both states sticking to their bilateral ministerial meetings (Vidarte, 2018). Conversely, Peru's relationship with Colombia has been cooperative on issues of terrorism and drug trafficking as well as on implementing plans of economic development along their land border. Moreover, both countries have been critics of Venezuela under both Chávez and Maduro. Both have adopted a proactive role within the PA, and in launching – along with Chile – the new PROSUR. Finally, Peru's bilateral relationship with Brazil as the regional power has also been driven by a pragmatic stance and focused on bilateral integration. Moreover, Brazil used to altercast Peru as a good ally and follower within UNASUR.

Peru's commitment to UNASUR was strong: it offered the country a useful forum and arena in which to discuss and settle regional security problems and develop mutual trust mechanisms with Chile, within the CDS. Peru has been a key force in keeping CAN alive, despite the diversity of economic models of development during the pink tide period in South America. Paradoxically, CAN rules have prevented Peru from advancing its own trade agenda. Instead, Peru decided to pursue its own bilateral FTA with the US. This entered into force in 2009, while one with the EU was signed in 2012. Clinching an FTA with the US obliged Peru to modify rules and procedures within CAN, while the initiation of bilateral FTA talks with the EU in 2009 meant leaving behind ambitions of a CAN–EU trade partnership (St. John, 2011). These actions by Peru in line with its model of economic development have simultaneously further undermined the CAN project.

Peru's foreign policy follows the precepts of international law and multilateralism. Peru's actions within the global governance system are that of a rule-taker. It has traditionally adopted a pragmatic approach towards the US, nurturing a close relationship therewith in recent years. President Toledo advanced a narrative of partner of the US in South America, despite some frictions over the invasion of Iraq in 2003. The US agreed to talks with Peru over an FTA that was eventually signed during the presidency of García (St. John, 2017). The latter also cultivated a close relationship with the US, one characterized by enacting the roles of follower and aligned state when it came to commercial issues and the war on drugs (Vidarte, 2016a). This was a policy stance maintained during subsequent presidencies too, including that of Humala. The latter was critical of US policies in South America as presidential candidate. However, once in power, Humala took up the role relationship for Peru of close partner to the US (St. John, 2017; Vidarte 2016b). President Kuczynski was able to keep up the close relationship with the US even with President Trump showing little interest in Latin America beyond Venezuela's crisis and stemming migration from Mexico. Peru has also advanced its commercial agenda with China in order to increase foreign direct investment therefrom: President Xi Jinping visited Peru in 2017 on a state visit, first attending an APEC summit in Lima. Peru has made clear that the relationship with China is commercial in nature and that its main partner in political, security and commercial issues is the US as global hegemon (Vidarte, 2018).

Thus, Peru's foreign policy can be characterized as pragmatic and state (rather than government) driven. This can be seen in the roles that Peru plays, especially those as global free trader and partner of the US. In addition, Peru's relations with its neighbour Chile were strategically cast to improve security and border issues. Despite scepticism, Chile and Peru have been able to prioritize their trade agenda and advance regional cooperation schemes – as the PA shows. Peru has also displayed diplomatic prowess in keeping up good relations with Brazil as the regional power, although the US is its main partner. Moreover, Peru was able to substantially improve its relationship with Ecuador, and stay on good terms with Colombia. It is its relationship with Bolivia under Morales that has been Peru's most distant and difficult one. Hence, Peru's domestic political volatility has not affected the institution of foreign policy-making – with which it has been able to consolidate and advance a long-term agenda and strategy in both South America and beyond.

Uruguay

Uruguay can be characterized as a state with a politically stable political system that has developed a limited but notable institutional capacity to articulate its foreign policy as a small power in South America. This characterization does not mean that there is an overall consensus on the type of foreign policy that Uruguay should follow: constant role contestation on what role and strategy Uruguay should prioritize in its regional and extra-regional relations prevails. This contestation takes place in Congress, and between the government and opposition parties (Chasquetti, 2007; López Burian, 2014). Nevertheless, Uruguay has been able to establish traditional principles of foreign policy that take form of role conceptions that are part of the constitutive fabric of the state, rather than representative of a particular government. Uruguay has traditionally conceived of itself as the holder of a non-aligned role that serves the purpose of promoting principles of international solidarity. It has also advocated for multilateralism, and is a strong promoter of human rights standards within the international system (Clérico, 2006).

Uruguay's regional relationships have been dominated by its quest to reduce its asymmetric dependence on Argentina and Brazil within MERCOSUR. Under President Jorge Battle (2000–2005), the country tried to advance its foreign economic policy of export promotion and integration into global markets. MERCOSUR was seen as the vehicle offering this opportunity for Uruguay. However, the country also experienced the negative consequences of market openness and of economic dependence on Brazil and Argentina: Uruguay suffered an economic crisis in 2002, due to the currency devaluations in Brazil in 1999 and in Argentina in 2001. As a consequence of these crises, and because of the perception that Uruguay had become excessively dependent economically on these two big MERCOSUR powers, the country redirected its foreign policy towards seeking a closer relationship with the US – to the extent that the South American nation broke off relations with Cuba and dropped its non-aligned role altogether (Fernández Luzuriaga, 2003). The International Monetary Fund approval of a financial aid and rescue package was

seen by the political elite of this small country as a confirmation of the US being Uruguay's new faithful ally (Clérico, 2006).

The subsequent presidencies of Tabaré Vázquez (2005–2010), José 'Pepe' Mujica (2010–2015) and of Vázquez again (2015–present), both individuals being from the left-wing coalition Frente Amplio, became icons of the pink tide in South America. However their policies would be rather moderate, both domestically and internationally, and differ from those of Venezuela under Chávez. Yet, they still made some changes to the foreign policy thrust of their predecessor Battle. For instance, Vázquez rekindled Uruguay's vocation for South America and MERCOSUR rather than the US. Uruguay did not totally annul its relationship with the US, but it was certainly not playing the expected role of faithful ally. At the same time, both Vázquez and Mujica advocated for a type of regionalism that was not just trade driven but that incorporated more substantial political and social issues too. In this sense, both actors supported a more social and political MERCOSUR and UNASUR (Caetano, López, and Luján, 2016, p. 284; Riggiozzi and Tussie, 2012). Uruguay has been reluctant to fully support the new PROSUR regional group, wherein it has adopted observer status while the country has not withdrawn its UNASUR membership either; Bolivia, Uruguay and Venezuela are currently the only members thereof.

Within Uruguay's membership in MERCOSUR, then president Mujica prioritized relations with Brazil. This decision to adopt a follower role to the latter was in part a consequence of the dispute with Argentina over the cellulose plants that Uruguay had allowed to be built on its territory but within the space of the binational Uruguay River. The impasse between these two countries was only partially resolved in 2010 (Lamas, 2018). This conflict re-emerged in Uruguay's bilateral relations with Argentina when President Mujica authorized Fray Bentos to increase cellulose production at its plant by 10 per cent more per year. Under the Frente Amplio, Uruguay took up once more its non-aligned role beyond South America and distanced itself from the US by re-establishing diplomatic relations with Cuba (Fernández Luzuriaga, 2009). Moreover, it advocated for Venezuela to become a member of MERCOSUR – something that was approved in 2012. MERCOSUR and UNASUR regional institutions have become umbrella protection mechanisms for Uruguay as a foreign policy actor. However, most of Uruguay's partners in South America – including Brazil and Argentina – have experienced a political shift to the right. This has led President Vázquez in his second presidency to emphasize the maintaining of solid state relations, rather than ones driven by governmental and ideological short-term interests. This change in Vázquez's rhetoric is to prevent Uruguay from falling into an isolationist role within South America, and especially in relation to Brazil and Argentina.

Thus Uruguay has prioritized a non-aligned role beyond South America, with sporadic alignment to the US in the twenty-first century. Uruguay has advanced its regional relationships through membership in regional integration groups. It first pushed for a model of open regionalism, indicating its followership of systemic cues such as economic globalization; but, later on it has adopted a more political and social membership in these regional schemes – though without giving up on the

trade component of MERCOSUR. Its foreign policy dependency on the latter has made Uruguay adopt the role of faithful ally to Brazil at the expense of Argentina because of trade frictions between these countries and because of Argentina's systematic decline as a competitor for a master role as regional power in South America. Nevertheless Uruguay's faithful ally role vis-à-vis Brazil has not resulted in a neglect of Argentina, with which it still seeks a close and pragmatic relationship.

CONCLUSION

The chapter has assessed the different patterns of behaviour demonstrated by small powers in South America by utilizing the analytical benefits and descriptive value of role theory. Moreover, it has followed the conceptualization and characterization of small powers advanced in the introduction to this handbook. The analysis of the different cases of small powerhood in South America tends to confirm that the political, economic and administrative systems of these actors enjoy only limited capacity and that they are generally the weaker parties within asymmetrical relationships (Baldacchino and Wivel, 2020, Chapter 1 this volume).

South American small powers can and indeed have changed their type of foreign policy role relationships with regional powers and regional competitors, as well as with the US as global hegemon. They have done this in ways that see them locate their roles on the weaker side of the role relationship. Most of the small powers in South America have in the last 20 years enacted the faithful ally, partner and follower roles in their relationship with Brazil as the regional power, or with Venezuela under Chávez as a regional competitor of Brazil, or with the US. However, when they prioritize one of these relationships, what they are seeking is to offset or erase an existing asymmetrical dependence on one of the other, bigger powers. Brazil, Venezuela under Chávez and the US would all project themselves as leaders, which means being in need of followers – and, ideally, faithful ones.

These types of dyadic role relationship denote above all social asymmetries, and thus dependence on a bigger and more powerful party. South American small powers are in a constant quest and dilemma as to which relationship to prioritize and with whom to craft asymmetric relationships in order to reduce dependency on other powerful states. As analysed in this chapter, most of the asymmetric relationships of small powers not only happen at the bilateral level but also within the different regional groups that have waxed and waned in South America over the last 30 years. Regional groups are mobilized by small powers to create or reduce asymmetries with bigger local powers, and/or to reduce the systemic pressure emanating from the US as global hegemon. Moreover, these regional groups have also been used to mediate and provide security to the different incumbent governments when facing domestic crises too.

Not all small powers are the same; they differ when it comes to the nature and level of their asymmetrical dependency on powerful actors. Some have been able to transcend their master role as a small power in South American affairs, as the case

of Chile illustrates. Peru's recent economic development and stable foreign policy pillars may eventually elevate it to the same master role as Chile if it continues accumulating both material and social power within South America. However, these two actors enact the small power role as followers and rule-takers when it comes to their relationships beyond the South American sphere. In addition, despite being one of the smallest states within the small power category in South America, Uruguay has managed to promote a sense of foreign policy tradition and continuous strategy therein. Unlike Chile, Peru and Uruguay, the rest of the small powers – Bolivia, Ecuador and Paraguay – have experienced political volatility and economic crises throughout the last 20 years, while their respective state apparatuses lack the capacity to set durable foundations for active and long-term foreign policy stances. Domestic factors and recurrent changes of president have brought about different trajectories of economic and socio-political development for them; these hamper such actors' international footing as small states both within their South American region and within the international system.

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17. Island versus region: the politics of small states in the Caribbean

Godfrey Baldacchino

INTRODUCTION

The Caribbean is the basin with the largest concentration of small states and territories in the world. In a relatively small area – about the same size as the Mediterranean Sea – we find today 13 sovereign states (and an almost equal amount of subnational jurisdictions) all of which are islands or archipelagos. To provide a sense of how small the states in this region are, note that the *largest* state in the Caribbean, by both land area and resident population, is Cuba, with 11.5 million residents (about the same population as either Belgium or Greece), followed closely by Haiti and the Dominican Republic (DR). The largest subnational jurisdiction would be Puerto Rico (PR), an unincorporated territory of the United States, with a population close to 4 million. In this chapter, and for the sake of inclusiveness, the Bahamas – geographically, an archipelagic state just outside the region, and which does not typically consider itself a Caribbean country – is included in the review.

Lying off the coast of Central America, this region was probably the last part of the American continent to be settled by humans, crossing over a land bridge from East Asia: many of the Caribbean islands appear to have sustained the presence of human visitation, exploration and perhaps settlement from about 5000 BC (Siegel, 2018). In contrast – and apart from any temporary homes that the Basques and the Vikings may have established in North America during the Dark and Middle Ages – these same small Caribbean islands were then the first to be ‘discovered’ and occupied by Europeans. Thus, they unwittingly became amongst the first territories outside the ‘Old World’ to be thrust violently and deeply into a global circulation of money, gold, slavery and other exchanges associated with colonialism (Grove, 1996). Most of the three largest islands in the Caribbean – Cuba, most of Hispaniola and Puerto Rico – were consolidated as parts of Spain’s overseas empire; and moved to independence (Cuba, DR) or US suzerainty (PR); while the Western third of Hispaniola saw the world’s first successful slave rebellion in the Western hemisphere, and the establishment of Haiti, the first independent state in Latin America, as early as 1804. Haiti remains the most impoverished country in the Caribbean to date, and the only one to qualify as a least developed state there (Lundahl, 2015).

In contrast, most of the rest of the (much smaller) islands emerged as independent countries, starting with the largest, Jamaica and then Trinidad & Tobago, in 1962; later followed to independence by Barbados (1966), Bahamas (1973), Grenada (1974), Dominica (1978), St Lucia (1979), St Vincent and the Grenadines (1979),

Antigua and Barbuda (1981) and St Kitts-Nevis (1983). This happened after a short-lived attempt at a consolidated, federated state which would still have had a total population of less than 5 million. The logic of scale drove the attempt by the United Kingdom to shepherd its former Caribbean colonies into sovereignty as one entity (Lewis, 1965). But the West Indies Federation (1958–1962) fell victim to island pique and nationalism. The University of the West Indies is the most significant survival of that epoch; although it too must contend and compete with national institutions of higher education (Payne, 1980a). One could say that much of contemporary Caribbean politics continues to grapple with the benefits and limitations that come with doing things alone rather than doing things together (Girvan, 2010). Summative statistics on the Caribbean states are provided in Table 17.1.

This chapter looks at the key political tensions that have held sway in the broader Caribbean in recent decades, examining them from the vantage point of an epistemology sensitive to the issues and implications of small country size (Baldacchino and Wivel, 2020): a literary tradition that has also been pursued, in fits and starts, by scholars in the region (e.g. Lewis, 1976; Lewis, 2002). It examines domestic politics, including the flirtation with socialism, and the towering influence of heroic individuals and dynastic families. It also assesses the state of international relations, reviewing the evolution of institutions for Caribbean economic integration; and the relationships with the US, the regional hegemon (but also Venezuela, an oil producer; and China, as aspiring regional power). Most Caribbean small states have developed a strong brand as all-year-round tourism destinations; all (except Haiti) are considered upper-middle-income countries, with high levels of public health and literacy, and enjoying a decent quality of life. Concurrently, they have had to deal with the fallout of undocumented migration, drug trafficking and money laundering; while their financial services industry has been the target of a shaming campaign by the larger powers, anxious to protect their tax revenue (Bailes, Rickli, and Thorhallsson, 2014); as well as discriminatory practices by the US (WTO, 2019).

ECONOMIC PROFILES

The independent states of the Caribbean fall within three linguistic groups. The three Spanish- and French-speaking countries – Haiti, Cuba, Dominican Republic – are amongst the oldest sovereign states in the region. They are large enough to have a fairly diversified economy and maintain niche export products (including vetiver oil from Haiti; gold from the DR; cigars from Cuba); competitive agricultural industries (including coffee, cocoa and tobacco) organized on an industrial scale; as well as various forms of artisanal and subsistence farming. While also branching into tourism, this activity has not assumed a dominant position, and therefore does not drive national economic policy. Cuba has also made advances in its biotechnology and pharmaceutical industries; while its health services, including Cuban and Cuban trained doctors, are arguably its strongest diplomatic export (Kirk, 2015). One major media coup was Cuba's offer to fly in trained medial teams to New Orleans

Table 17.1 *Small states of the Caribbean (including Bahamas), in order of population size*

	CUBA	HAITI	DR	JAM	T&T	BAH	BAR	STL	GRE	SYG	A&B	DOM	SKN
Land area (km ²)	109,820	27,560	48,320	10,831	5,128	13,878	430	606	344	389	442	751	261
Population	11,116,390	10,788,400	10,298,750	2,812,090	1,215,520	332,630	293,130	165,510	112,200	101,840	95,880	74,020	53,090
Year of independence	1902	1804	1844	1962	1962	1973	1966	1979	1974	1979	1981	1978	1983
Former colonial power	Spain	France	Spain	United Kingdom									

Legend: DR = Dominican Republic; JAM = Jamaica; T&T = Trinidad & Tobago; A&B = Antigua & Barbuda; SKN = St. Kitts & Nevis; DOM = Dominica; STL = St. Lucia; GRE = Grenada; BAH = Bahamas; BAR = Barbados; SYG = St. Vincent and the Grenadines.

Source: CIA (July 2018).

(Louisiana, USA) in 2005, in the wake of the havoc caused by Hurricane Katrina: the US Bush administration declined the offer (Murray, 2005).

The story is very different in the smaller, English-speaking Caribbean. Here, only Trinidad & Tobago – and, to a lesser extent, Jamaica – maintain a thriving manufacturing sector that services the region. Other than some niche crops (as with nutmeg, clove and mace in Grenada), the rest of these independent island states depend largely on two types of export-oriented services for economic survival: (1) tourism and its ancillary industries (such as transport, hospitality, music and construction); and (2) financial services. Such a dependency on exogenous capital obliges a neo-liberal economic model with open markets and generous terms of investment. Small state foreign policy and diplomacy in the region has largely sought to support this economic development model.

Such an economic disposition has grown even stronger after the collapse of the banana regime in especially four countries: Dominica, Grenada, St Lucia and St Vincent & the Grenadines (Myers, 2004). Through a complex system of quotas, licences and tariffs, the European Commission had been providing incentives for traders and retailers in Europe to import bananas from the Caribbean, as well as African and Pacific countries, rather than from their lower-cost competitors (largely in Latin America). This regime was successfully challenged, and subsequently dismantled, since it did not conform to the rules of the World Trade Organization (WTO). Feverish diplomatic appeals by the four affected small states could only postpone the inevitable (Sutton, 1997). Elsewhere, a long dependence on sugarcane, profitable to the European plantocracy in the Caribbean during slavery, has also been eclipsed by changes in consumer behaviour and rising labour costs. In Barbados, sugar now accounts for only 0.2 per cent of foreign-exchange revenues (down from 55 per cent in 1946); St Kitts-Nevis closed its last sugar factory in 2005; Trinidad and Tobago shut its last factory two years later.

With some exceptions – St Vincent and the Grenadines has become the largest marijuana producer in the Eastern Caribbean (Myers et al., 2011) – tourism has taken up most of the slack (Clegg, 2015). The Caribbean is the world's best known and branded tourism playground (Duval, 2014). The favourable all-year-round climate, the availability of long stretches of sandy beaches, the relative safety of these places and the locals' familiarity with the languages of most visitors, has transformed most of these small states into tourism driven economies. The finite nature of land and foreshore, and the relatively high population density of most of these states, conspire to make the controversy between (tourism) development and environmental protection and sustainability a key aspect of domestic politics (Spencer, 2018). Mega resorts, such as Silversands in Grenada and Atlantis in the Bahamas, transform prime real estate into playing grounds for the rich (Rolle, 2016); while projects like the 2,200-bed Baha Mar, also in the Bahamas, have filed for bankruptcy (Lippert and McCarty, 2016). Already in the mid-1980s, in certain places, such as Barbados, locals launched a campaign in favour of 'windows to the sea', such that locals continue to afford glimpses, at least, if not access, of 'their' sandy shore (Archer, 1985). The respective island governments are keen to emphasize their attractiveness to potential

visitors: reputation management is part of their political agenda. Occasional accidents involving tourists can scare off visitors, and major storms can destroy tourism infrastructure: tourism remains a fickle industry. Multiple storms during the 2018 hurricane season ravaged many states and territories in the Caribbean, in some cases causing significant destruction to road networks, ports, restaurants, hotels and other facilities (Seraphin, 2019). The island of Barbuda had to be completely evacuated after the ravage caused by Hurricane Irma (Look, Friedman, and Godbout, 2019).

Appeals have been made by small states in the region for bilateral and multilateral aid, to enable them to reopen quickly for business (Hewitt, 2017). However, the good economic standing of most Caribbean small states disqualifies them from most international aid. Indeed, the world's 38 small island developing states – which include all 13 Caribbean small states – have been seeking to advance a more sympathetic understanding of their predicament through the United Nations. They have their own 10-yearly global summit since 1994 (the first having been held in Barbados); and they have promoted the idea of an 'economic vulnerability index' to explain how their trade openness, along with their small size and export orientation, makes their economies more fragile than the usual economic indicators might suggest (Briguglio, 1995). The idea, however, has been criticized (Baldacchino and Bertram, 2009); it has tended to portray small states as structurally unable to develop; and there is indeed now a greater emphasis on resilience to attract foreign investment (Cooper and Shaw, 2009). The appeal by small states for special funding treatment because of structural vulnerability has been met with much sympathy and acknowledgement, but no formal recognition or adoption by such agencies as the World Bank and the International Monetary Fund.

For all its controversial character, the 'sale of passports' has also developed as a niche economic activity in the Caribbean, pioneered by St Kitts-Nevis (SKN) in 1984. With its 'immigrant investor program', a family of four can obtain SKN citizenship and passports for US\$150,000, allowing visa-free travel to 152 countries (at the time of writing), with no requirement to live in or even visit the country. There is limited disclosure of financial information, and both income and capital gains are tax-free. Dominica has followed suit. Given the degree of discretion that governments exercise when deciding upon naturalization, citizenship by investment schemes have "raised numerous contentious questions, including those related to tax evasion, extradition and corruption" (Dzankic, 2012, p. 2; Shachar, 2017).

Other financial services, including low tax regimes, in these jurisdictions – and including the non-independent territories of the Caribbean, such as Curaçao and the Cayman Islands – have also come under attack from developed countries, spear-headed by the US and the OECD (Persaud, 2001). Citing money laundering practices as pretext, a Financial Action Task Force was established, and this in turn developed 40 recommendations as guidelines for states to criminalize money laundering (Nance, 2018). A Non-Cooperative Countries or Territories (NCCT) list followed in 2000, unilaterally identifying and naming jurisdictions that had not met the 40 recommendations and adopted them as their standard for anti-money laundering legislation and enforcement (FATF, 2000). The list was effectively being used as a

‘blacklist’: small states scrambled to rewrite existing laws or draft new ones to escape the list and the international shaming that came with it. More recently, pressure for political action has again been simmering after the release of the ‘Paradise Papers’ by the International Consortium of Investigative Journalists (Palan, 2017): 53 jurisdictions – including most of the Caribbean states and territories – were given advance notice by the European Commission that they will be blacklisted unless they pledged to change their tax rules (Toplensky, 2017). All along, such and similar small states have cried foul. Their small size allows them to be tax competitive: indeed, this is one of the few viable economic activities where their small size offers a clear competitive advantage, allowing them to expand tax revenues while reducing tax rates. But: this is a zero-sum game: their gain is other countries’ loss of tax revenue. Small states have also dubbed such ‘attacks’ as illegitimate, since they attempt to intervene in the domestic affairs of other (albeit smaller) sovereign states. They have also exposed an implicit hypocrisy when the European Union, the FATF and the OECD have members who have not fully implemented the peddled international standards themselves (Baldacchino, 2010, p. 195; Vlcek, 2008).

Readers must not misread these arguments to suggest that small states survive invariably as rule benders, or even rule breakers, in the international system. Nor do they necessarily gang together, collectively, in order to take on big powers. The ‘Antigua versus United States’ Internet gambling case suggests that matters can work out differently. Antigua (and Barbuda) had opportunistically branched out into electronic commerce and offered its online gam(bl)ing servers to international clients. But, citing moral grounds, the US hit out and prohibited its citizens from accessing such servers (and eventually targeting game providers who provided such Internet-based services). Antigua registered a formal complaint against the US with the WTO, citing that the US action constituted a barrier to free trade. Antigua – a country of 100,000 people – eventually won the case; as well as the appeal. In spite of the legal victory, however, the settlement did neither offer Antigua a ‘payout’, nor the removal of the prohibition on the access to the US market. The WTO dispute resolution mechanism could not oblige the US to change its legal regime; and the US remained “unabashedly uncompliant” (Samuelson, 2017). What Antigua received was approval for cross-retaliation at up to US\$21 million of intellectual property rights held by US firms per year. But not even such a compensation was sanctioned by the US, following heavy lobbying in Washington DC by the motion picture and media industry (Miles, 2018; WTO, 2019).

All in all, this has been a lesson in how a small state can ‘punch above its weight’ and take on a superpower and beat it fairly, according to the rule-based terms of the international system (Jackson, 2012). But, rules are not everything; and Antigua lacks the heft and reach of powerful commercial interests which hold considerable influence in Washington DC (Cooper, 2011).

GRENADA, CUBA, VENEZUELA

The ‘power over rules’ approach by the US with regards to small states in the Caribbean extends into other forms of ‘gunboat diplomacy’. Already in 1983, the US had invaded Grenada, ostensibly to secure the safety of US medical students studying in the country, but also to thwart a Marxist regime that had taken power after a bloodless coup in 1979. Prime Minister Maurice Bishop’s alignment with Cuba and the Soviet Union created what the US Reagan administration had defined as a ‘security threat’ to the United States and its Caribbean allies (Dunn, 2019). A power struggle with Deputy Prime Minister Bernard Coard resulted in an internal coup, during which Prime Minister Bishop was executed (Cody, 1983).

Cuba, meanwhile, had been taken over by communist-inspired militia in 1959; and the US’ attempts to recover that island to capitalism were summarily thwarted by the ‘Bay of Pigs’ invasion fiasco. A commercial and trade embargo, which had eased under US President Obama (2008–2016), has been tightened again under US President Trump. Contemporary Cuba is credited as the world’s most sustainable and self-sufficient island state, perhaps not so much out of policy choice but necessity (Sierra Club, 2014). In 2006, Cuba was the only country in the world to meet the World Wildlife Fund for Nature’s sustainable development standards; and it has become a champion of organic urban gardening (Radio Havana Cuba, 2016).

More recently, Venezuela under President Hugo Chávez also exported its brand of socialism to the Caribbean, supported by relatively cheap oil. The country’s diplomatic clout in the region has, however, been severely debilitated of late: *Chavismo* populism has ruined the country (Hawkins, 2016). The US has imposed a punishing embargo, looking for regime change (Koerner and Vaz, 2019).

US HEGEMONY AND CHINA

Overall, many Caribbean leaders may perceive that “the United States has neglected the region while China has embraced it” (Campbell, 2014). Judging from the number and frequency of visits by its senior administrators, the US comes across of late as practising a benignly neglectful hegemony in the Caribbean; meanwhile, a rising China plays an increasingly active role there. Although not part of the ‘Belt and Road Initiative’, the People’s Republic of China has been practising ‘chequebook diplomacy’ in the region, financing projects with grants and loans – but often tied to the use of Chinese labour and materials – in most of the island Caribbean, particularly with those countries that recognize it (Bernal, 2015; Wenner and Clarke, 2016, p. 9). Significant Caribbean projects in which Beijing has been involved include: a national sport stadium in Antigua & Barbuda; the Baha Mar Hotel Resort (started in 2011, and in receivership by 2015); the renovation of Sam Lord’s Castle hotel in Barbados; the Punta Perla resort, a primary school and the State College in Dominica; highway upgrades in Trinidad & Tobago; a sugar processing plant in St Kitts-Nevis; and a convention centre in Jamaica (Wenner and Clarke, 2016, p. 11). Recipient states

would threaten to switch recognition between the two Chinas in order to extract more aid, thereby exploiting the rivalry between PRC and ROC/Taiwan (McElroy and Bai, 2008). Just 14 states out of 193 in the world recognize the Republic of China/Taiwan and its government as the legitimate representative of China at the time of writing. These include four Caribbean states: Haiti (since 1956); St Kitts and Nevis (since 1983); St Lucia (between 1984 and 1997, and then again since 2007); and St Vincent and the Grenadines (since 1981).

SMALL STATES WORKING TOGETHER

The fragmentation of sovereign states in the Caribbean suggests a highly individualistic pursuit of self-interest, with small countries competing amongst themselves for tourism revenue or Chinese investment. However, a vestige of the rationale of collaboration based on synergies of cooperation has led to the Organisation of Eastern Caribbean States (OECS), perhaps the world's currently most advanced federative project after the European Union (Barrett, 1986). Initially a cooperation agreement in 1981, it matured into an economic union in 2010. The OECS has since operated as a single financial and economic space, within which goods, people and capital can circulate freely; fiscal incentives vis-à-vis foreign companies are harmonized; and member states adopt a common approach to trade, health, education and environmental policy. The member states share a common central bank and a common currency: the Eastern Caribbean dollar. Other notable instances of functional OECS regional cooperation include the Aviation Authority, the Telecommunications Regulatory Authority and the Pharmaceutical Procurement System (Girvan, 2010, p. 11). The admission of Martinique and Guadeloupe (which are Caribbean islands but part of France) to the OECS, as associate members, in 2016 and 2019 respectively, signals the organization's readiness to engage with non-sovereign but neighbouring Caribbean jurisdictions (Byron, 2017). Two other, non-sovereign, subnational island jurisdictions (SNIJs) – Anguilla and the British Virgin Islands – are also associate members of the OECS; but Montserrat, itself a SNIJ, is a full member.

CARICOM, originally the Caribbean Community and Common Market, took effect in 1973. Its first signatories included Barbados, Jamaica and Trinidad & Tobago. CARICOM has 15 full member states, 5 associate members and 8 observers; the most notable exclusion is Cuba, for its lack of democratic credentials. Since 2013, the CARICOM bloc and the Dominican Republic have been part of an Economic Partnership Agreement with the EU (known as CARIFORUM). CARICOM states have developed a number of common institutions, including the University of the West Indies, a news agency, a meteorological association, a court of justice and a free-trade zone (Paul, 2000).

The Association of Caribbean States (ACS), which includes all CARICOM member states, was launched in 1994 with the expectation that the grouping would establish a free trade or preferential trading area. This did not happen; and so, the ACS limits itself to promoting functional cooperation around subjects of common

interest. The *Alianza Bolivariana Para Los Pueblos de Nuestra America* (ALBA) was founded by Cuba and Venezuela in 2004; it has attracted seven Caribbean states to its membership as a grouping based on solidarity and addressing socio-economic inequalities.

AND SMALL STATES FALLING APART

Single islands make unitary states almost as an act of nature: only ten of the world's populated islands – of which two, Hispaniola and St Martin, are in the Caribbean – are shared between more than one country (Baldacchino, 2013). But, when a small state consists of a minimal archipelago, with two or three populated islands, an island specific nationalism can take root; and island specific political parties and movements can clamour for secession (Dodds and Royle, 2003). Evidence suggests that any island, though part of an already small state, is never too small to advance or aspire to independence in its own right. In the Caribbean, the names of various island states bear testimony to attempts at a (sometimes awkward) reconciliation of internal difference.

Consider the intended tri-island country of St Kitts-Nevis-Anguilla. Until 1967, this was a British colony. With independence in the air, Anguilla (population: around 5,000) proceeded to disrupt the ongoing attempts at state-building: Anguillans preferred remaining a colony of the United Kingdom, rather than becoming a colony of St Kitts. The Kittitian police force was evicted from the island; a secession referendum was passed (1,813 votes in favour; 5 against); and a declaration of independence was drafted and read. Anguilla eventually became its own UK overseas territory, which is its current status; while St-Kitts-Nevis proceeded to become a two-island sovereign state (Olwig and Dyde, 2009; Westlake, 1972, pp. 78–79).

More drama was in store: Nevis joined St Kitts into independence in 1983, but only after having secured an 'exit clause' in the new country's constitution. Thus, it could secede, subject to approval by a two-thirds majority of voters via referendum. The threshold looks insurmountable; but Nevis (population: 12,000) failed only by a few votes to pass a referendum in 1998 that would have seen it secede from St Kitts (population: 32,000) (Premdas, 2000).

The next case to review is Antigua and Barbuda. With an eye on the Anguilla episode, Barbudan leaders sought, in 1981, to convince the British government to sever their island from an independent Antigua and maintain its status as a distinct British territory (Lowenthal and Clarke, 1980). A compromise was only secured by allocating significant autonomy to a local Barbuda Council (Minahan, 2002). A Barbuda People's Movement continues to advance the protection of a unique communal land ownership system and the notion of sovereignty for the island (Barbudaful, 2019). The recent repeal of the 2007 Barbuda Land Act, and which looks like an opportunist 'land grab' by Antigua in the name of development, has the local Barbudan population (1,600) once again threatening secession and independence (The Daily Observer, 2016; Gould and Lewis, 2018).

There are also separatist tendencies in Tobago, which is part of the twin island state of Trinidad & Tobago. The quest for self-determination has been asserted at various times; it comes and goes as (mainly Afro-Caribbean) Tobagonians, who generally regard themselves as different from (mainly Indo-Caribbean) Trinidadians, react to events that reverberate adversely on their lives, often accusing Port of Spain of discrimination and neglect (Premdas and Williams, 1992). Since 1996, the island of Tobago (population: 60,000) has its own, 12-member House of Assembly, responsible for the management of various internal affairs, including sports and culture, fishery, state land, food production and agriculture, tourism and health services (Tobago House of Assembly, 2019). These provisions may have been meant to assuage Tobago's quest for more autonomy. However, there has been a passionate call for internal self-government by the people of Tobago, who opine that "Tobago needs to stand side-by-side with Trinidad and not be an appendage or a ward of Trinidad" (Roberts, 2016).

FAMILIES AND DYNASTIES

Cuba spent almost six decades run by brothers Fidel and then Raúl Castro; the Dominican Republic has had various elected governments alternate in power since the assassination of strongman and dictator Rafael Trujillo in 1961. Nicknamed, 'the boss' (*el jefe*), Trujillo had been in power since 1930; for part of that time, his brother Héctor was president of the DR and served as Rafael's puppet (Turits, 2003). Haiti spent many years under the family dictatorship of, first, the increasingly despotic rule of strongman François 'Papa Doc' Duvalier (1957–1971) and then his successor son, 'Baby Doc' Jean-Claude (1971–1986). A series of coups occurred during the presidencies of the Catholic priest Jean-Bertrand Aristide (1990–1991; 2001–2004), during which the US military also intervened. Haiti's poverty has been compounded by a massive magnitude 7.0 earthquake in 2010, which left at least 200,000 dead; and then a cholera outbreak.

The ten former British colonies in the Caribbean transitioned into political independence with a Whitehall-Westminster political system. Queen Elizabeth II remains head of state in all ten, except two: Dominica and Trinidad & Tobago. This is an indirect reflection of the long and deep experience of colonialism in these countries, and where sympathy with the British monarch is high (Matthews, 2011). Competitive elections are held regularly, and members are elected from constituencies using a 'first past the post' system. This mechanism has not prevented larger-than-life politicians to lead political parties to parliamentary majorities in almost-pure, two-party systems across the Caribbean. "Politics is a perpetual game of alternating 'ins' and 'outs' and 'winner takes all'" (Girvan, 2015, p. 100). Elected politicians thus assumed and wielded considerable political power, typically with the support of other civil society organizations, including labour unions and nationalist associations. Many such politicians have secured various back-to-back electoral victories; and some have handed over their aura of authority and control of the

party base to either a spouse, sibling or one of their children. Except for a five-year hiatus (1971–1976), Vere Bird was the Chief Minister and then Prime Minister of Antigua and Barbuda, from 1967 to 1994; the mantle then passing to his son Lester, who served as prime minister for another decade (2004–2014). Ralph Gonzales, prime minister of St Vincent & the Grenadines, has represented his constituency in Parliament since 1994 and has been in office since 2001. His son Camillo is also in politics and has served as Minister of Finance in his father’s government (WIC News, 2017). Lynden Pindling was first chief minister and then prime minister of an independent Bahamas, from 1969 to 1992. Denzil Douglas was prime minister of St Kitts-Nevis uninterruptedly for almost 20 years (1995–2015). John Compton served three stints as prime minister of St Lucia, with some 15 years accumulated in office. Errol Barrow served around 15 years as prime minister of Barbados, also over three stints; Nita, his older sister, served as the country’s Governor-General (1990–1995). Apart from these men, Eugenia Charles was prime minister of Dominica for 15 years (1980–1995). Eric Gairy, flamboyant prime minister of Grenada (1967–1979), was the subject of anthropological inquiry, particularly in his ability to ‘work the crowd’ (Singham, 1968).

Long-serving and unassailable, typically male, political leaders can usher in a cult of followership and “unitarist power dynamics” (Baldacchino, 2012, p. 114) where expressing dissent and criticism may be sanctioned; or at least seen to be so. The power of a long incumbency can mute hostility and oblige opponents to leave and live in exile (Richards, 1982). This is the dark reality of various small polities and which can easily appear, to the untrained eye, as an expression of harmonious political systems and democratic values (Srebrnik, 2004).

CONCLUSION

The Caribbean frame of reference has oscillated between ‘the island’ and ‘the region’; the region’s history and politics is consumed by the lingering doubt and episodic opportunism regarding which of the two frames is the better unit for political and economic action (Payne, 1980b, pp. 1–2).

The domestic politics and international relations of small states are often sidelined or obscured by the antics and statements of the great powers; the latter, after all, are the countries on which scholars have traditionally trained their sights. And yet, various small states have proffered creative, *à la carte* development strategies in a current climate where the international system presents even its notionally smallest and weakest members “with choices rather than imperatives” (Sharman, 2017, p. 559). The Caribbean has lived up to these expectations. The density of independent states and territories in the region, the long history of inter-island trade and migration, the linguistic and colonial connections of these states, plus their obvious small size, makes them liable to consider selected policy fields – such as drug trafficking, climate change, food security, rights of appeal and negotiation with external donors – as subjects for shared sovereignty (Girvan, 2015, p. 105). Concurrently, these

small states must manoeuvre around the obstacles that larger states have concocted, persevering as reputable 'brands' open for business, while they welcome tourism, sell sovereignty and offer competitive financial services.

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PART V

ASIA AND THE PACIFIC

18. Small states in post-Soviet Central Asia: navigating between two great power neighbours

Flemming Splidsboel Hansen

INTRODUCTION

This chapter focuses on the politics of the five small states of post-Soviet Central Asia: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. I start by briefly introducing the five states and their Soviet past. Following this, I turn to the organizational setting covering the region. This setting is relatively dense yet shallow, and the states pick and choose from the menus offered by Russia and, increasingly so, by China. Next, I describe a mostly authoritarian region, where leaders in general stay in office for decades, for which a skilful manipulation of international and domestic environments is required. I then turn to the relations of these five states with Russia and China, the two great power neighbours, focusing on voting patterns in the United Nations (UN) General Assembly and on trade. Both data sets show that the Central Asian states are slowly drifting away from Russia, instead partly reorientating themselves towards China. Finally, I offer perspectives on the action space enjoyed by these five small states situated by two great powers.

Often grouped together, quite misleadingly so, as simply the ‘Stans’ (The Guardian, 2015a), the five post-Soviet Central Asian states share many similarities, but they also differ from each other in many respects.¹ While all qualify as ‘small’ as defined in the introductory chapter to this volume, i.e. as the weaker part in an asymmetric relationship they are unable to change on their own (Baldacchino and Wivel, 2020), they show great variety. A few numbers will illustrate this. Table 18.1 presents a few key figures.

The five states share a Soviet, colonial, past. The Soviet Union was an empire, a “hierarchically organised political system with a hub-like structure – a ‘rimless wheel’ – within which a core elite and state dominate peripheral elites and societies by serving as intermediaries for their significant interactions and by channeling resource flows from the periphery to the core and back to the periphery” (Motul, 2006, p. 249, n75). Another image is that of a wheel with spokes, the latter represent-

¹ Afghanistan and Pakistan – also ‘Stans’ – may be viewed as part of a *wider* Central Asian region defined in dynamic terms instead of the more static notion associated with simply being ‘post-Soviet’; Iran and the western Chinese region of Xinjiang may also be included in this wider definition (on the definition of regions, see Buzan, 1991, pp. 186–229).

Table 18.1 Key figures of the Central Asian states (2017)

	KAZ	KYR	TAJ	TUR	UZB
Territory (km ²)	2,724,900	199,951	144,100	488,100	447,400
Population (m)	18.6	5.8	8.5	5.3	29.7
GDP (ppp, bn US\$)	477.6	22.97	28.38	103.5	222.6
GDP pc (ppp, US\$)	26,300	3,700	3,200	18,100	6,900
Defence forces	39,000	10,900	8,800	36,500	48,000
Defence budget 2016 (m US\$)	1.281	228	N/A	N/A	N/A

Sources: CIA (2018), International Institute for Strategic Studies (2017) and Stockholm International Peace Research Institute (2018). Defence budgets are surrounded by a high degree of uncertainty.

ing the colonies. These do not enjoy mutual relations but interact through the core alone. This past left the five states with the challenge of defining and implementing independent foreign policies, when the Soviet Union collapsed in December 1991, as well as going through (at least) quadruple transitions: the establishment of statehood, the development of nationhood and political and economic reforms (Orenstein, Bloom, and Lindström, 2008).

As former colonies, they have had to manage the separation from the centre of the empire. At the time of the collapse of the Soviet Union, a strong political narrative in Russia insisted that the Soviet Republic of Russia had been subjugated by the Soviet Union and that it was also in essence a colony (Duncan, 1992). However, in recognition of its dominating status within the Soviet Union, Russia in December 1991 gradually emerged as the official continuator state of the latter, taking for instance the permanent seat of the Soviet Union in the UN Security Council (Bühler, 2001, pp. 151–154). And early into 1992, the term ‘near abroad’ emerged as a political concept in Russia, its use indicating that the other 14 former Soviet republics were not seen as *fully* sovereign, and that Russia enjoyed special rights and had to accept a special responsibility in its dealings with these states, including the five Central Asian ones (New York Times, 1994; Porter and Saivetz, 1994). The centre of the former empire clearly found the break-up difficult to handle emotionally. Most famously, perhaps, Russian president Vladimir Putin characterized the collapse of the Soviet Union as “a major geopolitical disaster” (Putin, 2005) and later assured his voters that he would reverse the collapse if he could (Reuters, 2018).

THE ORGANIZATIONAL SETTING: INTERGOVERNMENTALISM AND POWER POLITICS AT HOME AND ABROAD

Small states are typically proponents of international organizations, because they level the playing ground in international affairs through common rules and sanctions for all member states and provide small states with voice opportunities that they would not otherwise enjoy (Neumann and Gstöhl, 2006). The post-Soviet space

Table 18.2 *The organizational network (2018)*

CIS	EAEU	CSTO	SCO
ARM	ARM	ARM	CHI
AZE	BLR	BLR	IND
BLR	KAZ	KAZ	KAZ
KAZ	KYR	KYR	KYR
KYR	RUS	RUS	PAK
MOL		TAJ	RUS
RUS			TAJ
TAJ			UZB
UZB			
TUR*			
UKR**			

Notes:

* Associated member.

** Unclear status.

is home to a relatively dense, yet somewhat shallow, organizational network. The Central Asian states take part in this, albeit with different levels of enthusiasm and inclusion. Table 18.2 offers an overview of the most important and relevant organizations and their members.

The umbrella organization is the Commonwealth of Independent States (CIS), which was established in December 1991 to manage the dissolution of the Soviet Union and, to some at least, to provide a new framework for still wider and deeper integration (Kosov and Toropygin, 2009, pp. 19–21). The then leaders of Belarus, Russia and Ukraine signed the founding Agreement on 8 December 1991, announcing that the Soviet Union would cease to exist by the end of the year and that a new structure for cooperation between *sovereign* states was now being set up instead (CIS, 1991a). Faced with this *fait accompli* and fearful of a highly uncertain future, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan together with Armenia, Azerbaijan and Moldova quickly accepted the invitation to join the new Commonwealth, which they all did by signing the Alma-Ata Protocol on 21 December 1991 (CIS, 1991b; Gleason, 1992).²

Turkmenistan, however, has never ratified the Charter and since 2005 has even referred to itself as an associated member state only, arguing that only this would be consistent with the country's status as permanently neutral (Radio Free Europe/Radio Liberty [RFE/RL], 2005; Constitution of Turkmenistan, I/1). The associated member status is defined by article 8 of the CIS Charter according to which it is for those

² Georgia joined the CIS in 1993 but left again in 2009 following the 2008 Georgian–Russian war.

wanting “to take part in isolated activities” of the organization (CIS, 1993). Associated membership carries unclear rights and obligations and it seems to be of a mainly symbolic nature as even full members also pick and choose from the CIS menu.

The CIS has proved unable to move any of its decision-making procedures to the supranational level. There is no delegation or even pooling of authority – only unanimity among equal member states. Otherwise well-tested and oft-used theories (Mattli, 1999) about the demand for and supply of integration need to be applied with care to the CIS. Generally, the weight of voters’ preferences is simply too light, the influence of non-competitive yet state-protected industries too great and the spill-over of positive lessons from the CIS structures to the domestic arenas too obstructed by closed and unreformed bureaucracies. This is very much the case in Central Asia, where we find some of the most repressive, corrupt and closed regimes within the CIS (Freedom House, 2018a; Transparency International, 2018).

The CIS may not be dead quite yet, but it is clearly *dying*. The strongest indication of this was the introduction, on 1 January 2015, of the EurAsian Economic Union (EAEU). Designed to offer a venue for the more willing CIS member states to meet on the basis of a new agenda, Russian president Vladimir Putin described the EAEU as “a model for a powerful supranational association with the potential of becoming one of the poles of the current world and, as such, of playing the role of an effective ‘hub’ between Europe and the dynamic Asia-Pacific region” (Putin, 2011). In Putin’s vision for the EAEU, the Central Asian states were part of the hub linking Asia and Europe and therefore also members of the emerging pole. Kazakhstan eventually went on to help found the EAEU and Kyrgyzstan followed its neighbour into the Union in August 2015. The remaining Central Asian states either do not aspire to or qualify for membership of the EAEU and are left in the (even more) dysfunctional CIS.³

The fanfare surrounding the launch of the EAEU has since disappeared and there is relatively little talk about the Union in the Russian media and in academia. Even Putin makes relatively few references to the EAEU, e.g. in his annual speeches to the Russian Federal Assembly. This indicates a loss of momentum for the organization. A Chatham House report in mid-2017 concluded that “with tailored individual deals between Russia and other member states, the lacklustre commitment of its members, and weak institutions, there is little to inspire confidence that the Eurasian project is capable of delivering on its grand promises” (Dragneva and Wolczuk, 2017, p. 24). As with the CIS, there are several possible reasons as to why the member states, including Kazakhstan and Kyrgyzstan, are unable or unwilling to deliver. These will be further explored below.

The CIS space is also home to a military alliance, the Collective Security Treaty Organization (CSTO). The alliance was set up in May 1992 when representatives of Russia, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan signed

³ In Tajikistan, I have been confronted with the political narrative that Tajikistan is still undecided about whether it intends to join the EAEU, when the reality is rather that it does not have the institutional capacity to join and therefore has not yet received an invitation.

the Collective Security Treaty (CST), also referred to as the Tashkent Treaty as the Uzbek capital was the scene of the signing. The new alliance, basically a Russian–Central Asian defence agreement with the inclusion of then war-fighting Armenia (against Azerbaijan), was mainly concerned with developments within the greater Central Asian region.

Most disturbingly perhaps for both Russia and the Central Asian states, political tension in Tajikistan in the spring of 1992 escalated into a high-intensity civil war. The civil war claimed as many as 60,000 casualties and threatened to alter the political reality in Central Asia by bringing to power a new government coalition of Islamists and democrats (Kasymov, 2013). Adding to this feeling of unease among the later CST signatory states, in neighbouring Afghanistan the administration of Mohammad Najibullah, the former head of the Communist Revolutionary Council, in April 1992 was forced to resign and to seek refuge inside the UN compound in Kabul. While the extreme Islamization now associated with the Taliban would only make itself felt – and enter global public consciousness – a few years later, the introduction of the conservative and repressive “Mujahideen rule” in the wake of Najibullah’s resignation clearly suggested that the country was facing a highly uncertain future (Wahab and Youngerman, 2007).

While Turkmenistan has never joined the alliance, Uzbekistan hosted the founding event, only to leave in 1999, when the treaty was up for renewal. Uzbekistan rejoined in 2006 but then, as a sign of a somewhat mercurial foreign policy, left again in 2012. Relieved of some of the more foot-dragging member states – Uzbekistan, Azerbaijan and Georgia – the remaining member states proceeded to further institutionalize their cooperation, introducing the CSTO in 2003.

Following the 2010 revolution in Kyrgyzstan, which saw widespread political and ethnic tension, ‘stability’ has guided the policies of the organization. This mission reflects a Russian government preference for a more active and assertive role for the alliance in the handling of possible unrest in Central Asia in particular. Fearful of a democratization or – possibly even worse – an Islamization of the region, Russia seems ready to go to great lengths to preserve the status quo in the region. To illustrate, in the aftermath of the 2010 ousting of then Kyrgyz president Kurmanbek Bakiyev, then Russian president Dmitry Medvedev even suggested to prepare the CSTO to intervene in domestic conflicts if the regime of one of the member states is facing collapse (Hansen, 2013). This would have been akin to a ‘Brezhnev Doctrine’ for the CSTO.

Finally, the Shanghai Cooperation Organisation (SCO) extends beyond the CIS space. Based on the Shanghai Five, which in turn was set up in 1996 by China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan to help support confidence-building measures in the border areas between China and the former Soviet member states, the SCO in 2001 was established as an institutionalized expression of the achievements already made and of the ambitions found within the membership circle (Hansen, 2008). At the founding meeting of the SCO, Uzbekistan joined the five others, bringing the number of members to six. More recently, in 2017, India and Pakistan were given full member status. Afghanistan, Iran, Mongolia and Belarus are all observers.

Originally led by China and Russia, the SCO has since included regional heavyweights India and Pakistan (the Indian economy is more than 1.6 times bigger than the combined economies of Russia, Pakistan, Kazakhstan, Uzbekistan, Tajikistan and Kyrgyzstan; CIA, 2018), but it seems to have retained its focus: to bring closer together the wider Central Asian region, with its core in post-Soviet Central Asia, situated between China and Russia. Only Turkmenistan is absent from the list of post-Soviet Central Asian member states and observer states.

The SCO charter identifies three main threats – or “evils” – which the organization has to combat: terrorism, separatism and extremism (SCO Charter, 2002, Article 1). Fully legitimate concerns for any state, this list may also provide individual leaders or regimes, who worry about political challenges and challengers, with a convenient reference point when seeking to legitimize the suppression of almost any type of domestic opposition.

To illustrate, shortly after the May 2005 massacre in Andijan in Uzbekistan, which saw the authorities kill more than 1,000 demonstrators (The Guardian, 2015b), the heads of state of the SCO member states declared that “the SCO member states will suppress in their territories efforts to prepare and carry out acts of terrorism, including those directed against the interests of other states, they will not grant asylum to persons accused or suspected of conducting terrorist, separatist or extremist activities, and extradite such persons if so requested by another SCO state, in strict compliance with the effective legislation of the member states” (SCO Declaration, 2005, III). For then Uzbek president Islam Karimov this declaration – and his meeting with the other SCO member state presidents – must have been a welcome relief from the international criticism otherwise directed at him following the Andijan massacre.

THE REGIMES: RESISTING DEMOCRATIZATION

One of the most striking features of political life in Central Asia is the longevity of the rule of its leaders. Nursultan Nazerbayev ruled Kazakhstan from 1989 until 2019, when he resigned and was replaced by Kasym-Zhomart Tokayev. Tajik president Emomali Rakhmon entered office in 1992. Relative newcomers Gurbanguly Berdymuhamedov (Turkmen president since 2006) and Shavkat Mirziyoyev (Uzbek president since 2016) succeeded Saparmurat Niyazov (1985–2006) and Karimov (1989–2016), respectively, and both may be expected to hold firmly on to power for a long time, if not until death. Berdymuhamedov in fact changed the constitution of Turkmenistan in 2016 to this effect, abolishing the upper age limit otherwise in place for presidential candidates (Reuters, 2016).

Kyrgyzstan is the only exception to this pattern. Colloquially referred to as “the Switzerland of Central Asia”, Kyrgyzstan is a relatively democratic and liberal state in a region otherwise characterized by strictly authoritarian or even totalitarian regimes. In March 2005 then Kyrgyz president Askar Akayev, who had ruled since 1990, was ousted in the ‘Tulip Revolution’, the third so-called colour revolution in

the CIS space following the 2003 Rose Revolution in Georgia and the 2004 Orange Revolution in Ukraine (Ó Beacháin and Polese, 2012).

Akayev, who fled Kyrgyzstan when protesters forced him out of the presidential office, was succeeded by Bakiyev, who in turn fled the country in 2010. Bakiyev was succeeded by Rosa Otunbayeva, the first woman to serve as head-of-state in Central Asia and the first president in the region to voluntarily transfer power to a democratically elected successor. This successor, elected in 2011, was Almazbek Atambayev, who served until 2017, when Sooronbai Zheenbekov won the presidential election. This means, to sum up, that at the time of writing, Kyrgyzstan has had five different presidents, while the other Central Asian states have had just one or two, since the collapse of the Soviet Union.

The US think tank Freedom House (2018a) in 2018 awarded Kyrgyzstan a score of 5/5 on its political rights and civil liberties on a scale from 1 (most free) to 7 (least free). This placed the country in the ‘partly free’ category. The other four Central Asian states are all ‘not free’ with scores ranging from 7/5 (Kazakhstan) over 7/6 (Tajikistan) to a full 7/7 (both Turkmenistan and Uzbekistan). The region has become less democratic and more illiberal since the early 1990s. In 1992 Kyrgyzstan recorded a score of 4/2, while Kazakhstan stood at 5/5, Tajikistan and Uzbekistan both at 6/6 and Turkmenistan already at 7/6 (Freedom House, 2018b).

These characteristics of the region make it reasonable to hypothesize that politics, played out on both domestic and international stages, is very much about regime survival and continuity. In this perspective, the regimes are rational, instrumental and utility-maximizing actors seeking to optimize their outcome from doing politics. The political logic is one of consequentiality rather than one of appropriateness; actors assess the situation facing them, evaluate the alternative courses of action and choose whichever promises to deliver the highest political dividends (March and Olsen, 1989). Central Asian states act on the basis of opportunity rather than principles, and their policies are shaped by this.

Consequently, the theory of omnibalancing is a promising starting point for understanding the policies of the individual states in Central Asia. This theory argues that “the most powerful determinant of alignment is the drive of [non-democratic] leaders to ensure their political and physical survival” (David, 1991, p. 236). The theory has been developed to explain anomalies in patterns of international alignment, but it may also be applied to situations where non-democratic leaders decide to forgo otherwise seemingly rational opportunities of integration; it could for instance be because of the fear of harming vested interests of the regime, the bureaucracy or even a part of the electorate, or the fear of losing influence by empowering domestic rivals in what is typically a highly dichotomized ‘winner takes all’ political system.

As mentioned earlier, we find in Central Asia some of the most “repressive, corrupt and closed” regimes within the CIS. The distance between demand for and supply of integration (Mattli, 1999) may therefore be quite short. If the regime finds that further integration will bring net gains without unacceptable costs, it may simply pursue this further. Conversely, absent any willingness to supply integration, demand for integration will most likely remain unanswered. What is good for the country, for

instance a freer flow of labour across borders, is not necessarily good for the regime (David, 1991).

This point is illustrated by Uzbek alliance policies. Maximizing gains for the regime rather than the country was decisive for Karimov's decision in 1999 to leave the CSTO, as well as his decision to re-enter the alliance in 2006 before leaving again in 2012 (Hansen, 2013). When Uzbekistan left the CSTO in 1999, Karimov had been drawing closer to especially the United States, a development which culminated in an invitation to the White House in 2002. However, as critics in the West started questioning cooperation with Uzbekistan – infamous because of its handling of the unrest in Andijan specifically and its political opposition more generally (Daily Mail, 2004) – Karimov sought refuge with newly discovered (or rediscovered) regional allies, including in the CSTO.

FOREIGN POLICY BEHAVIOUR: MOVING AWAY FROM RUSSIA AND TOWARDS CHINA?

One way to assess the actual foreign policy behaviour of one or more states – in this case a group of five states – is to examine their voting records in the UN General Assembly (see General Assembly of the United Nations, 2018). The use of quantitative data from the UN General Assembly as a proxy for foreign policy 'interests' or 'preferences' (Voeten, 2013) is a favourite approach among many students of international politics. It is particularly useful in providing us with 'the bigger picture', while it has less to say about the details of particular policy actions.

The methodology of analysing the voting records has been described elsewhere (Hansen, 2014). Suffice it to note that the picture presented below is based on entire resolutions passed and that, from this data set, only roll call (recorded) votes are included. When combined these two principles leave us with a pool of typically some 65–85 resolutions per UN session. On each of these resolutions, the member state had the choice of voting 'yes' or 'no' or abstaining or to be absent, i.e. not take part in the voting altogether. As a third principle, I regard absenteeism as abstention and assign a middle position to the state (on the range yes–abstention–no).

As the CIS space provides an important – arguably the *most* important – organizational setting for the Central Asian states, even for neutral Turkmenistan, I start by looking at the CIS mean or 'average' voting record and calculate the distance of the individual member state from this (Hansen, 2014). I cover every second session in the years 2004–2005 to 2016–2017. The combined total is presented as a share (in percentages) of the total number of recorded votes in a given session. This means that if a member state is completely on the mean (always voting with the majority), it receives a distance score of 0; if it is as far away from the mean as is possible (always voting against the majority in three-way splits), it receives a distance score of 100 (Luif, 2003, p. 28). The result is presented in Table 18.3 (0 = minimum distance; 100 = maximum distance).

Table 18.3 *The distance of member states from the CIS mean (sessions 59–71; 2004–2017)*

	59	61	63	65	67	69	71
ARM	8	6	6	5	6	7	5
AZE	1	6	1	3	6	3	4
BLR	6	3	5	2	3	4	5
GEO	20	19	19	20	21	17	17
KAZ	3	3	0	5	4	4	2
KYR	6	2	1	8	2	4	6
MOL	18	23	20	20	22	21	17
RUS	6	6	8	7	15	14	15
TAJ	4	4	1	5	2	3	2
TUR	11	13	11	9	6	9	7
UKR	13	20	20	18	20	20	18
UZB	13	8	4	5	3	6	4

The CIS foreign policy line has been epitomized most strongly by Kazakhstan and Tajikistan. With an average distance of 3.0 in seven sessions, these two states are closer to the average position than any other member state. Within the Central Asian region, they are followed closely by Kyrgyzstan (within an average score of 4.1) and by Uzbekistan (average score of 6.1) and Turkmenistan (9.4). It should be noted how Uzbekistan has developed from being a relatively strong outlier (with a distance score of 13 in session 59) to being much more in conformity with the average voting pattern (with a distance score of 4 in session 71). This reflects a stronger reorientation on part of Uzbekistan towards the CIS space, including the CSTO, as well as the SCO as Western criticism of the Karimov rule gathered momentum.

Table 18.4 shows the distance of the five Central Asian states from Russia, the centre of the former empire and the engine of integration in the CIS space. With an economy more than eight times larger than that of the second-largest economy, that of Kazakhstan, Russia still enjoys a position of overwhelming dominance in the CIS (CIA, 2018), and it is of interest to see the extent to which the Central Asian states accept or resist its heavy gravitational pull.

I calculate the distance of each member state from Russia by employing the same methodology which was used to calculate the distance from the CIS mean. The result is again presented as a share (in percentages) of the total number of (Russian) votes in a given session. This means that if a member state always votes with Russia, it receives a distance score of 0; if it puts itself in maximum opposition to Russia, it receives a distance score of 100.

Table 18.4 shows a growing and relatively large distance between the Central Asian states and Russia. A distance score of 23, to illustrate, indicates that the state in question votes in total opposition to Russia (one votes ‘yes’, the other votes ‘no’) on nearly every fourth vote. Most votes are less conflictual (one votes ‘yes’ or ‘no’ and the other abstains), but the record shows a number of votes with maximum disagreement. Kazakhstan has more of these (13) than any of the other states, which suggests

Table 18.4 Distance from Russia (sessions 59–71; 2004–2017)

	59	61	63	65	67	69	71
KAZ	8	10	11	13	20	21	27
KYR	12	9	9	14	18	21	25
TAJ	11	12	14	14	19	19	27
TUR	18	20	20	19	22	23	29
UZB	18	13	9	15	15	17	23

Table 18.5 Distance from China (sessions 59–71; 2004–2017)

	59	61	63	65	67	69	71
KAZ	8	11	11	8	14	8	15
KYR	10	10	9	14	13	9	14
RUS	13	8	9	12	14	18	19
TAJ	13	12	9	11	9	10	15
TUR	10	14	18	14	12	16	17
UZB	23	13	9	11	10	13	16

a relatively strong disagreement with Russia over a number of issues. These latter include mainly disarmament resolutions, e.g. on nuclear and chemical weapons.

The development observed in Table 18.4 has been caused mainly by a change in the Russian voting pattern (Hansen, 2016). Significant policy changes were seen, such as on issues of security and disarmament (with Russia voting against nuclear disarmament and stricter interpretations of the legality of the use of nuclear weapons) and on human rights (with Russia increasingly voting to protect alleged human rights abusers from criticism). Russia, in other words, has moved away from the Central Asian states (and, as seen in Table 18.3, it has moved away from the CIS mean more generally). Note that the Central Asian states have *not* followed Russia; it would seem reasonable to expect that wherever Russia goes – also in its UN General Assembly voting pattern – the weaker Central Asian states would follow. This, however, has not happened.

Table 18.5 shows the distance between the Central Asian states (and Russia) from China. The distance is calculated according to the methodology used to calculate the distance from Russia. This means that if a state always votes with China, it receives a distance score of 0; if it puts itself in maximum opposition to China, it receives a distance score of 100. What is immediately noticeable is the fact that since session 61 (2006–2007), all Central Asian states have been at least as close to China in their voting pattern as they have been to Russia; and that from session 67 and onwards (2012–2013) they have all been closer to China than to Russia. When viewed over sessions 59–71 the distance from China has increased slightly – but much less dramatically than the distance from Russia – indicating that these states do not uncritically follow China's lead. However, it is a remarkable shift, which seems to have gone largely unnoticed.

So has the fact that China has gradually overtaken Russia on the list of top trading partners for three of the Central Asian states (all in European Commission, 2018). It should be kept in mind that until 1991 the Soviet Union constituted one single domestic market and that interdependencies among the Soviet republics were very high; economic relations were concentrated on direct relations between Moscow (the centre of the empire) and the republic capitals (the spokes). The economic transition in the five states – mainly from a command economy to a (semi-) market economy but also from strong economic dependence on Russia to greater economic autonomy – has been difficult (Åslund, 2013).

Russia still accounts for 32.5 per cent of total Tajik trade, with China a distant third with 10.7 per cent (below Kazakhstan at 15.3 per cent), and 20.4 per cent of total Kazakh trade, where it weighs heavier than China (13.5 per cent) but trails the European Union (EU) considerably (38.7 per cent). However, for Turkmenistan (55.2 per cent; natural gas exports), Uzbekistan (20.2 per cent) and Kyrgyzstan (20.1 per cent) China is a bigger trading partner than is Russia. The value of the trade, for all five states combined, is 20.7 bn Euro with China and 20.0 bn Euro with Russia and these figures together represent approximately 37 per cent of the total trade of the Central Asian states (all in European Commission, 2018).

ACTION SPACES BETWEEN RUSSIA AND CHINA

A picture emerges of a region of small states situated between two great and rising powers. The centre of the former empire, Russia has enjoyed and is still enjoying obvious benefits – politically, economically, culturally etc. – but it is finding it harder to maintain the influence otherwise stated as an objective in its near abroad thinking (Tolstrup, 2009; Trenin, 2009). The 2017 announcement by Nazarbayev that the alphabet of the Kazakh language will change from Cyrillic to (a modified) Latin script by 2025 is a small but also highly symbolic sign of this (BBC, 2017). More importantly, the Russian-led integration projects in Central Asia enjoy only limited success, and, as demonstrated by the examples of UN voting and trade patterns, the states may be drifting slowly towards China instead.

China's Belt and Road Initiative only promises to draw the five states closer to China (Belt and Road Portal, 2018a). All land-locked (Uzbekistan even doubly land-locked), the Central Asian states welcome the infrastructure projects which will ease access to and from both intra- and extra-regional markets by reducing high transaction costs. The 'Modern Silk Road' concept resonates well along the old Silk Road. If members of the public of these states were to access the official Chinese Belt and Road Portal (2018b), they will be confronted with a large table showing China's impressive GDP and GDP growth. The economy of China is nearly six times larger than that of Russia, and it routinely demonstrates growth rates more than four times higher (Bank of Finland, 2018; CIA, 2018). China is the world's largest economy, it is just around the corner and it is apparently being offered to the Central Asian states to benefit from.

There may, however, be a political price to pay. While the Chinese authorities insist that the Belt and Road initiative will unfold within a plus-sum logic, and everyone will be a winner, the project is still very much interpreted as a tool for maximizing Chinese influence (Sági and Engelberth, 2018). The Central Asian markets are small and, except for oil and natural gas, are of little importance to China. Stability in the neighbouring region is important, however, as the Chinese authorities look to exercise full control over Xinjiang, whose native Uighur population share close ties with the Turkic-speaking peoples of Kazakhstan, Kyrgyzstan, Uzbekistan and Turkmenistan (Purbrick, 2017). Support for the Chinese policy in Xinjiang – and support for the Chinese policy towards the Uighur minority group even within the Central Asian region itself – may be a price which will have to be paid for full access to the Belt and Road Initiative (Financial Times, 2018; RFE/RL, 2015). Future studies of voting records in the UN General Assembly may show that there is a more global price to pay also as China exercises ‘dollar diplomacy’ and attaches political strings to its economic support (The Guardian, 2018).

By accepting closer economic cooperation with China, Central Asia will also be exposed to Chinese competitiveness. According to *The Global Competitiveness Report* (World Economic Forum, 2018, p. ix), China has the 27th most competitive economy in the world, whereas Kazakhstan is in 57th place, Tajikistan in 79th place and Kyrgyzstan in 102nd place (no data is available for Turkmenistan and Uzbekistan). There is a real risk that these economies will find it difficult to withstand pressure from the much larger and more competitive Chinese economy. With unemployment figures (Heritage Foundation, 2018) ranging from 5.2 per cent (Kazakhstan) to 10.8 per cent (Tajikistan) there may already be little political room only for increased competition from China. Remittances as a share of GDP for Kyrgyzstan and Tajikistan amount to a full 32.9 per cent and 31.6 per cent, respectively, and this is a sign of a lack of (adequate) opportunities on the domestic labour market (World Bank, 2018). So far, the vast majority of these migrant workers work in Russia. Very few look for opportunities in China, where wages are lower and language barriers make entry into the labour market more difficult.

These figures suggest that the Central Asian states may view integration with China, at least within the economic sphere, with some degree of scepticism. The history of regional integration suggests that uneven growth rates is one of the causes which may propel the more laggard economies to seek to tap into the more successful ones (Mattli, 1999, p. 15). If the costs of integration are considered acceptable by the electorate, a demand will develop, and it will be supplied by politicians seeking re-election in democratic elections. The situation in Central Asia, however, in general is different. The transmission belt bringing voters’ preferences to the political scene is largely defunct although not fully non-existent. If the main concern of the ruling elites in several or perhaps even most of the Central Asian states is to ensure their political and physical survival, integration with China – and with Russia within the CIS and the EAEU for that matter – may be unacceptable.

Several of these states – in particular Tajikistan, Turkmenistan and Uzbekistan – have largely unreformed economies (Heritage Foundation, 2018). The relative lack

of structural reforms has several explanations. The protection of vested interests (through rent-seeking) within elite groups is an important one, but so is the fear of a political backlash caused by these same reforms and by increased competition through greater openness to goods, labour, services and capital from other states. The transmission belt bringing voters' preferences to the political scene may be largely defunct, but the concerns just described indicate that politicians, even those of the most authoritarian or even totalitarian bent, cannot afford to completely disregard the well-being of their respective populations. Using the history of CIS integration as a yardstick, the Central Asian regimes are likely to travel only as far along the road of integration as their own interests allow.

Russia and China are the key external actors for the five central Asian states. Turkey holds some attraction for the Turkic-speaking states (Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan) as does Iran for Farsi-speaking Tajikistan (Tajik and Farsi are highly similar languages). All secular states, they are, however, also put off by the public role of Islam in Turkey and Iran, respectively, and trade figures also indicate a more limited role for these two states: The share of trade with Turkey ranges from 12.4 per cent (in Turkmenistan) to 2.4 per cent of total trade (in Kazakhstan). Iran is recorded among the top trading partners only in Tajikistan, where its share of total Tajik trade stands at 5 per cent. To add to this picture, as mentioned earlier, the EU accounts for 38.7 per cent of total Kazakh trade, and the figures for the four others range from 11.2 per cent (Turkmenistan) to 7.1 (Tajikistan). Trade with the USA stands at a mere 2.6 per cent (Turkmenistan) or even lower (European Commission, 2018).

The action space (Wivel, 2017) available seems both wide and narrow at the same time. On the one hand, two great and neighbouring powers are viewing the region with interest (or possibly concern) and both have offered more or less structured frameworks for closer integration. Additionally, other actors such as Turkey, Iran and even the EU and the USA are watching from the sidelines. They may be playing secondary roles, but they do offer yet a (smaller) set of alternatives. As suggested by the voting and trade patterns – and by the problem-ridden record of Russian-led integration in the CIS space – the Central Asian states in general have felt at least the freedom of action to decline or even escape the Russian embrace. Russia has not been strong enough to simply impose its will on these states, nor has it been attractive enough to be able to seduce them (Hansen, 2013, p. 145). The policy of Uzbekistan, seemingly joining and leaving at will, is an example of this.

The trade figures indicate that the Central Asian states as a whole have made a turn towards China, whereas the voting pattern suggests that they do not uncritically follow China's lead. A closer look at the UN General Assembly resolutions shows, for instance, that even on sensitive issues such as criticism of the human rights situation in North Korea and Myanmar or the continued use of the death penalty, the Central Asian states in general vote differently than does China (General Assembly of the United Nations, 2018). Subsequent studies may show whether a heavier Chinese economic presence in the region will translate into closer political coordination, explicit or tacit, with Beijing.

On the other hand, given the location between rising great powers Russia and China as well as the land-locked character of the Central Asian states, they are vulnerable to pressure and may feel restrictions as regards their respective action spaces. To illustrate, given the heavy dependence of both Kyrgyzstan and Tajikistan on remittances from the Russian labour market, restrictions imposed by the Russian authorities against migrant workers could easily cause an economic free-fall and chaos in these two states. Some of Russia's more controversial CIS policies – the take-over and subsequent annexation of Crimea as well as the support for secessionist movements in Moldova, Georgia and Ukraine – serve as extreme reminders of how Russia may weaponize its influence within the CIS space. Secessionism, so it will be recalled, is unacceptable from an SCO perspective, and the Central Asian states, leaning against China on this matter, have actually felt the freedom *not* to meet Russia's expectations that they recognize Georgian regions Abkhazia and South Ossetia as sovereign states.

CONCLUSION

A basic assumption of this study, the notion that regime survival is a main priority may serve as further and self-imposed restriction on the action space. It may, for instance, act as a cognitive filter, informing decision-making (Wivel, 2017), or as an instrumentalized narrative supporting regime survival itself, making the undoing of this narrative politically costly. And it may simply define the parameters for what is acceptable from a regime perspective. The longevity of the rule of several Central Asian leaders illustrates that they have managed to manipulate their international and domestic environments quite skilfully. Closer studies may demonstrate the extent to which leaders have also compromised wider state interests to pursue more narrow self-interest. This may be, for instance, to accept direct costs or indirect opportunity costs associated with alignment as not doing so would weaken regime power. The above analysis suggests that maximizing regime interests continues as a guiding principle in the future of Central Asian politics as it has been in the past.

The 'small state' records of the five states are mixed. This is true both individually and collectively. On the one hand, the region as a whole is less democratic and less liberal than at the time of the collapse of the Soviet Union. It is tempting to see this as simply a function of the fact that they border on Russia and China, both of which are authoritarian. However, it may very well be that this is simply an enabling condition, meaning that Central Asian leaders are relieved of pressure from more powerful neighbours to reform. Kyrgyzstan is, after all, considered 'partly free' by Freedom House (2018), and the country, although weak and vulnerable, has managed to insist on its own political development course. Medvedev's suggestion, when still serving as president of Russia, that the CSTO could intervene to save a collapsing regime in one of the member states, provides us with an indication that Russia at least is willing to accept only so much transformation and rejection of the status quo. A possible intervention, led by the centre of the former empire, would be extremely controver-

sial and possibly very damaging for Russia's standing in the region. While these are small states, the five Central Asian states all guard their sovereignty quite jealously.

On the other hand, the overall impression is that, although small and neighbouring two great powers, the Central Asian states have managed to establish individual action spaces large enough to offer a number of alternative courses of action. The post-1991 history of the region is replete with examples of non-conformity with especially Russia's position on a given issue. The opt-outs from the various Russian-led integration projects provide one example, while the increasing distance from the Russian voting record in the UN General Assembly provides a second. At the same time, there is no automatic embrace of China. The latter, however, will undoubtedly attempt to further increase its power in the region and it will be interesting to see how the poorer states will handle Chinese offers of economic cooperation. There is a shared understanding in the region that the Chinese authorities expect political concessions in return for investment or aid. This will reduce space for future action.

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19. Enlarging Singapore's foreign policy: becoming intermediary for diplomacy, transportation and information

Alan Chong

INTRODUCTION

Singapore as a small state provides an interesting theoretical contribution to global politics and international diplomacy by its deliberate strategy to 'enlarge' its presence virtually, e.g. via place branding and active use of political economy and diplomacy. The idea of virtual enlargement treats the small state as a politico-technological entity *qua* medium, not unlike the mass media and social media as extensions of their human users (Chong, 2010). The medium is both the message and means for the reinvention of an original entity that thrives within it (McLuhan, 1974): it is a frame that contains tremendous capabilities for extending its inhabitants' reach, needs, reputation, value and even pleasures.

Small states are typically defined ambiguously as "materially deficient" vis-à-vis large states, or as units that are negligible in their impact on the international system of states (Maass, 2017, p. 26; Maass, 2009). They tend to suffer the consequences of the limited capacity of their political, economic and administrative systems; consequently, they typically find themselves as the weaker party in asymmetric relationships that they are unable to change on their own (Baldacchino and Wivel, 2020). However, as this chapter will show, small states can also take advantage of these alleged weaknesses to 'enlarge' their international presence and influence.

UNDERSTANDING SINGAPORE'S FOREIGN POLICY

Singapore's first 20 years of independence (1965–85) have typically been analysed in the context of survival, understood instrumentally as the preservation of the territorial and demographic integrity of the island state over time (Buszynski, 1985). Singapore, a small state with a land area (partly reclaimed from the sea) of around 600 km², located at the southern tip of the Malay Peninsula, was unceremoniously ejected from the Malaysian Federation within which it stayed for a tumultuous two years. A large part of the strategic and security reasons for Singapore's separation from Malaysia concerned the assumed geopolitical 'pincer' movement exercised by post-colonial modernizing Islamic leaderships in Malaysia and Indonesia (Chan, 1971; Leifer, 1989). Singapore's multiracial population of Chinese, Malays, Indians

and others, with the Chinese consistently forming close to 76 per cent of the whole, live and work in close geographical proximity to the predominantly Malay-Muslim populations of Indonesia and Malaysia. The leaders of these states have frequently called for further decolonization of political control and economic ownership, by reducing Chinese and Indian domination of the managerial positions and business levers of the economy (Lau, 1969). Permissive immigration from China and India into Singapore and the rest of Southeast Asia was directly encouraged directly by a colonial policy pursued by the British, Dutch, French and Spaniards since the 1600s. To further complicate matters of national delineation, the same colonial powers drew boundaries around their erstwhile colonies according to political expediency dictated from Europe or local European settlers. The post-colonial inheritance for Indonesia, Malaysia and Singapore therefore included the multifaceted problem of reconciling nations that were either not homogeneous or had to be fashioned out of a motley collection of ethnicities introduced by colonial legacies. In addition, these nations had to fit within borders drawn by European map-making in the previous century. Singapore was geographically a minuscule island state compared to the newly independent, archipelagic Republic of Indonesia, and the mostly peninsular and island-bound Federation of Malaysia. Analysing a tolerant and peace-abiding national interest amongst the various governments quickly assumed a realist complexion according to most analysts of Singapore's foreign policy (Buszynski, 1985; Chan, 1971; Singh, 1988).

This thread of survival frameworks focuses on Singapore's vulnerability to physical military invasion by its immediate neighbours and typically takes the form of conventional security studies of the island's defence policies. When seen in this light, Singapore's foreign policy is reduced to an analogy with Israel or Taiwan, despite significant differences between all three 'small states' (Leifer, 1989, p. 969; Wu, 2016). However, Singapore has maximized its diplomatic space consistently over 50 years without triggering military reactions from its neighbours or the great powers in Asia. Diplomatic accommodation and discursive fencing have been the dominant modes of interactions with neighbours and regional powers (Ganesan, 2005; Leifer, 2000).

Consequently, a second thread of analyses focuses instead on defining the character of Singapore as an active international actor. As early as 1965, in the year of its independence, Peter Boyce explained Singapore's 'external affairs power' whilst acting within the Federation of Malaysia (1963–1965) as 'policy without authority' (Boyce, 1965). Boyce argued that Singaporean leaders contributed to mounting frictions with the central government in Kuala Lumpur as they strove to improve Malaysia's legitimacy and trade connections abroad through assorted diplomatic missions across the Afro-Asian world. Boyce pointed out that the elected leaders of the People's Action Party (PAP) – principally, premier Lee Kuan Yew, his culture minister and subsequently foreign minister, S. Rajaratnam, and Minister of Finance and National Development Goh Keng Swee – were intimately networked with important leaders in Algeria, Australia, then-Burma, then-Ceylon, Egypt, India, Indonesia, New Zealand, the United Kingdom, Yugoslavia and sub-Saharan Africa. This was enabled in no

small part by their fraternization with the budding student nationalists from Africa, Asia and throughout the Commonwealth whom they met while studying in Britain in the 1930s and 1940s (Lee, 1998, pp. 99–133; Rajaratnam, 1987b). Moreover, Boyce pointed out that the PAP had cultivated through its propagandistic public fora and cross-party dialogues “a highly articulate population led by a party opposed to the central government (in Kuala Lumpur)” (Boyce, 1965, p. 88). It enjoyed the status of *de facto* economic independence vis-à-vis the rest of the Federation, while also capitalizing on the fact that most foreign governments had stationed their diplomatic corps in Singapore long before it entered the Federation (Boyce, 1965, p. 88). Additionally, until 1975, Britain maintained a sizeable air and naval base in Singapore. As a result, whenever leading lights of the PAP travelled abroad on both official and unofficial missions in Malaysia’s name, they were virtually treated as spokespersons of ‘Singapore, Malaysia’ (Boyce, 1965, pp. 99–102). The PAP felt that Malaysia’s future security and prosperity were best furthered when anchored to the currents of Third World non-alignment as opposed to either a stark pro-Western or pro-communist orientation. This might be said to have laid the foundation of a chameleonic stance, characteristic of independent Singapore’s foreign policy later.

By the late 1990s, many observers were realizing that the ‘small state as vulnerable’ paradigm needed to be revised in relation to the Republic’s formidable accumulation of wealth through years of sustained growth, notwithstanding the ‘oil shocks’ of 1973–1975, the worldwide recession of 1983–1985, and the Asian Financial Crisis of 1997–1998. Jean-Louis Margolin, for instance, argued that the island state’s policy-makers had begun to appraise the post-Cold War order to be one of fluidity and strategic overlap of agendas, and hence of opportunity for small states to pursue niche ideological, normative and economic agendas (Margolin, 1998). Margolin hailed Singapore’s assertive leadership as the “marching wing” of ASEAN and its loudest promoter of economic integration while performing an outsized role in speaking up for particularism in the so-called ‘Asian Values’ debate of the 1990s (Margolin, 1998, pp. 326–330). Singapore’s Western-educated population, and globally integrated finance and infrastructure rendered it an ideal interface between the emerging East–West dialogue at the end of the Cold War. Singapore’s foreign policy defied the stereotype of the small state, because of its cumulative soft political capital, infrastructural achievements, skill in navigating global neoliberal economics, invitations to join international coalitions, and overall wealth (Chong, 1998; Leifer, 2000).

Singapore is a case study for building the international security taxonomy of ‘economic security’. Singapore’s economy delivered growth for its people and fulfilled vital functions for global capitalism due to its mastery of various ‘securities’: supply, market access, finance-credit, techno-industrial capability, socio-economic paradigm, trans-border community, systemic and alliance (Dent, 2001, pp. 7–8). Singapore was viewed as a ‘realist cum trading state’, strategizing economic assurance *à la* neo-mercantilist style, in the ‘game’ of capitalist globalization, and incredibly ‘trading in paranoia’ by forcibly linking realist calculations to a liberal foreign economic policy (Chong, 2007; Dent, 2002; Ganesan, 1998, 2005; Magcamit,

2015). This ‘abridged realism’ (Chong, 2006) was aptly captured in a PAP government-sanctioned tract for public education for foreign affairs as early as 1966:

As a nation of shopkeepers, to use the phrase first applied to Britain, and as collectively the emporium or departmental store, which Raffles called Singapore on its first establishment as a Settlement, we have been and must continue to be extrovert. The widening world of the growing number of our customers is literally and metaphorically our business. Living in the contemporary world, we must know the world of the present in order to survive into the world of the future.

[Following the lengthy evolution of international political history,] the Old Adam [of Realist Man] was, however, to reassert itself and the continued anarchy of international sovereignty could not be papered over by speeches and committee resolutions by the placid blue of Lake Geneva, and erupted in the Second World War. The United Nations, is again, with the Age of Western Empire past, seeking to express again, more realistically and power consciously in idea and institution and initiative the sense of ‘One World’, and to encourage among nations habits of mind and action more appropriate to the ‘One World’, no longer a concept, but a fact the ineluctable logic of which must be worked out in idea, and lived out in fact. (Thompson, 1966, pp. 1, 5)

Leaving aside the verbosity typical of International Relations writing in the 1960s, note the creative inversion of Napoleon Bonaparte’s derisive labelling of Great Britain three centuries ago, along with the concession that realism does not singularly rule the ‘One World’ that emerged after the Second World War. It is this idea of psychological and geographical reinvention that lies at the heart of the enlargement thesis invoked at the start of this meditation on Singapore’s foreign policy. The rest of this chapter will explain how enlargement is practised through the Republic’s intermediary functions for the international community of states in the areas of (a) diplomacy, (b) maritime and air transportation, and (c) information flows. Throughout this exegesis, it will strike the reader that Singapore will always run the risk that its ambition may exceed its grasp.

SINGAPORE’S OMNIDIRECTIONAL DIPLOMACY

No consolidated official statement of Singapore’s diplomatic approach exists. Much of what can be identified as the Government of Singapore’s operationalization of diplomacy, defined as “the ordered conduct of relations between one group of human beings and another group alien to themselves” or “the application of intelligence and tact to the conduct of official relations between the governments of independent states” (Nicolson, 1969, pp. 5, 24) is cumulative in nature. Official statements by Singaporean diplomats about the origins of Singapore’s foreign policy include some version of the survival discourse, and an anecdote about how the first foreign minister S. Rajaratnam was told by Prime Minister Lee to improvise a foreign policy after putting on a lounge suit and a tie, and then articulating what is rational and reasonable from the top of one’s head! (Liu, 2005, p. 21). But there *is* a method to

the happenstance and appearance of improvisation that threads its way back to the official independence of the island Republic on 9 August 1965.

Peaceful Negotiations with all Parties

Nevertheless, two enduring characteristics of Singapore's foreign policy and diplomatic practice can be identified. First is the preference for communicating positively to other states primarily through the softer, peaceable end of the spectrum of foreign policy instruments. On the occasion of Singapore's formal admission to the United Nations (UN) on 21 September 1965, S. Rajaratnam emphasized that his country's diplomacy can only operate on the premises of peaceful negotiations between all parties (Rajaratnam, 2005). Rajaratnam made it a point to emphasize repeatedly that he represented the diplomacy of a trading community, and thus by extension, it cannot afford any arms racing. The only 'war' Singapore sought to wage would be "against poverty, ignorance, disease, bad housing, unemployment and against anything and everything which deny dignity and freedom to our fellow men" (Rajaratnam, 2005, p. 37). This can be seen in the growth of Singapore's consistency in upholding and supporting UN initiatives in peace-building, mediation, peacekeeping, protection of the rights of women and children, and disarmament. The only exception to this record is Singapore's rejection of UNESCO since the mid-1980s when it sided with the US and UK in blaming that agency for its fiscal profligacy and superfluous activities. It has yet to rejoin UNESCO. More importantly, this equivalent of a 'debutante statement' of principles at the UN by Singapore's foreign minister ushered in several spokes of its diplomacy that subsequently emphasized embracing non-alignment, showcasing its multicultural population as a microcosm of international coexistence, and collaborating with states of all ideologies on developmental and global governance issues through the Singapore Cooperation (SCP) and Third Country Training Programmes (TCTP). The latter two constitute Singapore's soft aid whereby Singaporean experts from both public and private sectors 'train the trainers' through a series of seminars run out of the Civil Service College, the Monetary Authority of Singapore, the Singapore Aviation Academy, the Lee Kuan Yew School of Public Policy, the National University of Singapore, the Nanyang Technological University and the S. Rajaratnam School of International Studies. Occasionally, SCP and TCTP programmes are operated abroad in the territory of the recipient state. The steady but quiet demand for Singapore's 'aid diplomacy' has evolved to the point where the Ministry of Trade and Industry set up the Singapore Cooperation Enterprise (SCE) to pursue specific tailor-made programmes in consultation with foreign government agencies. The stated aim is to cultivate long term development-minded partnerships with any foreign government.

In this way, Singapore contributes to global governance and the UN's Sustainable Development Goals in a deliberately understated way. Although small states of the likes of Botswana, Brunei, Nepal, Cambodia, and even Vietnam, have acclaimed Singapore's training aid, it remains to be seen if larger aid recipients are willing to publicly admit that minuscule Singapore has something positive to instruct them.

Some rare exceptions include Deng Xiaoping publicly encouraging Communist Party cadres to learn from Singapore in preserving political and social stability while pursuing economic modernization, and London's former Mayor Ken Livingstone lauding Singapore as the model for traffic management in urban centres through imposing 'congestion charges' (Chong, 2009). More recently, ruling parties in Iceland, Britain and Malta, encountering very different politico-economic crises, used Singapore as an example of an integrated global economic hub that thrives without any sovereign reliance upon a hinterland. Scotland's secessionists commissioned a study suggesting that Singapore might be a model for a sovereign Scottish state (Neal, 2017). Meanwhile, Prime Minister Theresa May's advisers openly discussed the prospect of a post-Brexit Britain sustaining its prosperity by blending a Singapore model of a transport and business hub open to the world while retaining Canadian-style free trading arrangements that were anchored bilaterally and multilaterally without a formalized regional political pact. This was dubbed the 'Canapore' option (Castle, 2017). There has yet to be a comprehensive evaluation of whether the Singapore Model of Development can fit all contexts and territorial sizes, but the Singaporean Ministry of Foreign Affairs happily prefers to retain this existential state of aid related 'soft power' (Chong, 2009).

Comparing Words and Deeds

The second characteristic of Singaporean omnidirectional diplomacy is trying earnestly to read optimistic prospects into its partners' behaviour by comparing words and deeds, as laid out in another speech to the Parliament of Singapore in 1965 by foreign minister Rajaratnam. He took the view that words uttered by the principal political leaders of states within the international system embodied their countries' foreign policies in terms of principles and objectives. These are usually cloaked in noble reassuring language and moral overtones. However, when any country's foreign policy is assessed according to deeds, it is often the case that actions do not always conform to the stated principles and objectives. Rajaratnam opined that the foreign policy of deeds is the better bellwether for assessing the intentions of Singapore's diplomatic interlocutors within "the jungle of international politics" in order to devise a "sound and realistic" foreign policy (Rajaratnam, 1987a, pp. 279–280). Therefore, there are three categories of foreign policy tests for Singapore's diplomacy. Firstly, the words and deeds of states 'closest' to Singapore will ensure that their principles and behaviour are fully consistent in manifesting friendly relations with Singapore. Disagreements and temporary disputes are bound to occur between the closest of friends but these can be managed in the spirit of deep, underlying amity. The second category of states would be "those which may have to be unfriendly with us in theory (for ideological reasons or because of the exigencies of domestic politics) while developing friendly and normal relations with us in practice" (Rajaratnam, 1987a, p. 280). Such diplomatic dealing is not uncommon: deeds override words under all circumstances and Singapore's diplomats are committed to upholding mutually beneficial interactions with these states, regardless of the official

rhetoric from the other side. There will be, however, some degree of circumspection practised between Singapore and these states, until such time that they are willing to reconcile words and deeds into a comprehensively amicable relationship. In this regard, Rajaratnam opined, Singapore's diplomacy should never operate on the basis that it faced "permanent enemies". Instead "ours will be the more positive approach of cultivating as many permanent friends as we can . . . patience backed by some understanding of why they have to say the things that they say, might pay dividends and it could prevent their drifting into the third category of nations" (Rajaratnam, 1987a, p. 281). The third category is the extreme where certain states' diplomatic words and deeds are consistently hostile to Singapore. Rajaratnam noted that in 1965, no state had been categorized by Singaporean diplomacy in this category.

Rajaratnam's precepts remain the touchstone of Singapore's foreign policy: various iterations of his three categories of states have been referred to both directly and indirectly in assorted policy pronouncements by Singaporean diplomats (Liu, 2005, pp. 159–179). One ongoing measure of the Republic's 'success' in employing omnidirectional diplomacy to enhance Singapore's relevance to the international community lies in its role as the unofficial diplomatic intermediary between Taiwan and China in Cross-Strait relations. In this regard, it should be noted that despite the Cold War anti-communism espoused by the PAP government of Premier Lee Kuan Yew between 1963 and 1990, Singapore's foreign policy towards Beijing rejected closer political alignment while quietly fostering ever increasing volume in bilateral trade. Even amidst tensions with Kuala Lumpur during Singapore's brief period in Federation (1963–1965), Premier Lee allowed the Beijing-controlled Bank of China to retain its branch operations in Singapore unimpeded by security concerns about subversion. Indeed, right up till 1979, Beijing had funded the Communist Party of Malaya's revolutionary radio broadcasts inciting the overthrow of the elected governments of both Singapore and Malaysia. Additionally, Mao had openly suggested that 'overseas Chinese' ought to owe loyalty to the People's Republic of China on the mainland, as opposed to the 'illegitimate' Republic of China on Taiwan. Chairman Mao Zedong had never been a fan of Singapore's non-communist road to independence but nonetheless entertained the first visit by Premier Lee to China in 1976. The real thaw began after Mao's passing. Senior Vice-Premier Deng Xiaoping's visit to Singapore in 1978 allowed a major opening for both sides. Deng, being the chief pragmatist within the Chinese Communist Party (CCP), admired Singapore's economic and social progress under the PAP under capitalist conditions, and with a soft authoritarian dominant party democracy in place. Within three years, Singapore's government-linked firms and private businesses were openly invited to partake in China's economic modernization programme. The goodwill kept up by both sides through economic channels since the early 1960s now began to translate into political dividend as Deng openly exhorted CCP officials to emulate Singapore's philosophy of governing for social and political stability.

Across the Straits of Taiwan, the Kuomintang (KMT) governments from Chiang Kai-shek onwards maintained comparable ties with Singapore for both economic benefit and political solidarity. The latter was sustained on the basis of both gov-

ernments' direct experiences and fear of communist subversion. Furthermore, the KMT governments reliably offered to host military training for the Singapore Armed Forces (SAF) in land, air and naval dimensions. In exchange, Singapore's leaders, specifically, Premier Lee Kuan Yew himself, kept up a large trade volume with Taiwan and briefed the KMT leaders regularly on both events in China as well as the around the world. Premier Lee Kuan Yew quickly became a close confidant of President China Kai-shek's son, Premier Chiang Ching-kuo. Chiang Jr subsequently assumed the presidency following his father's death and consolidated Taiwan's economic miracle and democratization. Since then, virtually every President of Taiwan has designated either the late Lee Kuan Yew himself, or the successive prime ministers of Singapore, as special friends of Taiwan requiring exceptional hospitality and diplomatic priority. Under Deng's post-Mao leadership, Singapore's leaders sought and obtained a 'special exemption' from Beijing to retain these unusually close ties on both sides of the Taiwan Straits while officially paying lip service to Beijing's preferred refrain on a 'One China Policy'. Lee Kuan Yew's own memoirs have admitted that both Taipei and Beijing had not only regarded Singapore as an acceptable mutual friend, above the ideological fray, but also an unofficial member of the Chinese international 'fraternity' (Lee, 2000, pp. 620–634).

Lee Kuan Yew disclosed in his memoirs what many observers had suspected since 1965. Premier Lee had served as an unofficial messenger between Taipei and Beijing during moments of tension and dormancy in their bilateral relations, which can at best be described as an unfinished Cold War. Taipei and Beijing have consistently regarded each other as rivals, with Beijing often upping the ante by forcing its diplomatic partners, with the rare exceptions of Singapore, and partially the US, to choose sides by downgrading relations with Taipei. Singapore's quietly accumulated diplomatic capital with both sides finally produced the first ever direct Cross-Straits meeting between Taipei's quasi-official Straits Exchange Foundation and Beijing's nominated think tank, the Association for Relations Across the Taiwan Straits, in Singapore in 1993 to discuss transactional protocols relating to mail handling and verification of documents used by travellers from both sides. These talks ushered in a series of off-and-on discussions over two decades subject to the whims of political changes in Taipei and Beijing.

In 1996, Beijing staged missile drills off Taiwan's coast to demonstrate its displeasure at President Lee Teng-hui's visit to the US where he referred to the need to establish 'state to state' relations between mainland China and the 'Republic of China on Taiwan'. In his semi-retired capacity as Senior Minister, Lee Kuan Yew shuttled between Taipei and Beijing and declared that as old friends of both sides, Singapore wished that both would find an amicable way to reduce their animosities for Singapore would suffer 'doubled' losses (Lee, 2000, p. 631). Beijing replied that while it esteemed Lee Kuan Yew's role, this confrontation was an 'internal matter' for Taipei and Beijing, and Singapore was not family in this regard. The situation finally eased after the US dispatched two aircraft carriers to the vicinity of the Taiwan Straits as a signal to Beijing to cool its hostility. This might be read as an indicator of the ineffectual nature of Singaporean diplomacy when a determined great power wanted

to act unilaterally without heeding even well-intentioned advice from a politically acceptable intermediary. That said, Singapore's relentlessly optimistic good offices facilitated the first ever direct meeting between President Ma Ying-jeou of Taiwan and President Xi Jinping of China in 2015. On that occasion, President Xi spoke of flesh and blood relations within a common cultural family while President Ma called for intensifying cross-Strait interactions in investment, business and education.

Singapore's omnidirectional diplomacy in the China–Taiwan situation was a combination of both Singapore's *push* to be friendly with both sides, and the *pull* of attraction of its even-handedness. This intermediation did not resolve the estrangement between Taipei and Beijing but it did enlarge Singapore's international reputation and bolster its credentials as an omnidirectional diplomatic partner. This positioning was demonstrated once again in June 2018, when North Korea and the US sought a neutral venue for their first ever bilateral summit. Singapore was chosen for its diplomatic familiarity with both Washington and Pyongyang. It also offered both security-paranoid leaders a sense of impregnable security given its relatively unsullied reputation for hosting assorted summits for ASEAN, the ASEAN Regional Forum, the East Asia Summit and the Asia Pacific Economic Cooperation forum. For Chairman Kim Jong-un, Singapore was a quiet friend with whom his country enjoyed understated trade relations and a shared anti-colonial spirit since the 1960s. For the Trump Administration, Singapore avoided the political pitfalls that would arise from rival locations such as US territory, South Korea, Mongolia, China, Japan and Russia (Watkins, 2018). It was widely rumoured that Chairman Kim Jong-un of North Korea preferred an international location that would be within range of his official aircraft, an ageing Ilyushin IL76 twin engine jet. Even historic neutral sites in Europe such as Sweden and Switzerland were considered less attractive for a meeting since Kim would have had to 'borrow' another country's aircraft or make several refuelling stops before arriving (Watkins, 2018). On the occasion of the 12 June 2018 summit, a Commentary approved by Singapore's Ministry of Foreign Affairs added one more supplementary label to the country's diplomatic suaveness – 'fair-minded rationality' – which was elaborated in these carefully scripted words:

Given Singapore's long-standing ties with the United States – since 1836 in fact – its officials will in all likelihood offer steady, constructive praise for President Donald Trump's bold diplomatic gamble in meeting with the once reviled 'rogue state'.

Washington has also conveniently reciprocated since the Cold War by avoiding the phrase 'major non-NATO ally' in describing its warm relations with Singapore notwithstanding severe frictions with the latter over human rights issues in the 1990s.

Likewise, Singaporean diplomatic rationality manifests in a foreign policy of measuring words against deeds in maximising friends and minimising enemies. This has enabled Singapore to act as a non-judgmental trading partner with North Korea since 1975 when diplomatic recognition was accorded.

Singapore has mostly adopted an equidistant approach to Korean unification, rarely condemning Pyongyang's behaviour in jingoistic tones. Singapore also imposed UN-mandated sanctions against North Korean efforts to procure goods with military potential. In fact, Singapore joined up – as several other ASEAN countries have – in the international economic sanctions effort against North Korea last year and there was no apparent dint

in standing relations to be felt. Overall, at no point did Singapore sever relations with Pyongyang nor sanctioned North Korean officials. Pyongyang retains a full-fledged embassy in Singapore all these years. (Chong and Ong, 2018)

In sum, Singaporean omnidirectional diplomacy is a chameleonic tool, operationalized within a fairly elastic band of momentary meanings capturing a deliberately ill-defined set of qualities ranging from equidistance, to neutrality, to constructive discourse to vague ‘old friendships’. Such discursive diplomacy does not need to be precise, it merely needs to expand the small state’s diplomatic space through augmenting its reputation.

MARITIME AND AIR TRANSPORTATION HUBBING

Singapore’s enlargement in a virtual sense is firmly anchored by its geographical location. The island was already coveted by rival Malay and Siamese kingdoms prior to the arrival of the Europeans for its highly valued position (Borschberg, 2010, 2017). Singapore was envisaged as the port cum fortress, guarding approaches to the Tebrau and Johor rivers at the southern tip of the Malay Peninsula and its adjacent straits. The many bays, coves and inlets that dotted the shores of the island rendered it an attractive landing location for ships crossing from West to East and vice versa (Borschberg, 2017, pp. 374–378). On these stops, food and fresh water could be replenished by entering into commercial relations with the population onshore and its controlling authorities. Once the Portuguese and Spaniards entered the trading scene, Singapore was also conjectured as a possible naval fortress for securing maritime empires vis-à-vis both local kingdoms and the Dutch in the nearby East Indies. Each hostile power attempted to destroy or appropriate the built infrastructure of their rivals on the island (Borschberg, 2017, pp. 381–383).

The British colonial power consolidated the port of Singapore by enhancing its natural geographical advantages with the privileges of connecting the island’s trade to Her Majesty’s commercially networked empire. The founding of Singapore as an entrepôt centre and a free port by East India Company official Thomas Stamford Raffles, was consistent with the culture of British imperialism (Raffles, 1973). The latter sought to acquire local footholds in commerce and profit-making networks through minimum bloodshed and maximum co-optation of local elites and populations into British schemes (Goh, 2013, pp. 28–29). Singapore’s status as a commercial hub was ‘amplified’ through British policies embracing free trade, initially fostering immigration of assorted Asian races, and the provision of infrastructure, law and order and sufficient education for the local population to enable them to man the infrastructure of the colonial economy. The British encouraged Europeans, especially British nationals, to establish the merchant and managing-agency firms that both set up factories and spread the risk of investing in far flung colonies devoid of the relevant business expertise and accounting skills that were a standard fixture in industrialized British cities such as Liverpool, Manchester and Glasgow (Goh, 2013,

pp. 36–37). This introduced a pecking order in which Asians serviced the middle tier of the economy in their capacities as goods distributors, and providers of small loans and manpower for hauling and transporting physical goods. The Port of Singapore kept up with the steam power revolution across the Empire by delivering the fastest turnaround time for replenishing coal for steamships by employing organized teams of lowly paid Chinese coolies from the late 1800s. In tandem with coaling efficiency, Singapore's location was fortuitous as a stopover for ships travelling from Europe to the rest of East Asia as well as a junction for the newly emerging electric telegraph network. The latter ensured that Singapore would emerge as a nerve centre for distributing economic and political news and consequently the logistical choice for setting up banks, insurance companies and shipping agents that oversaw shipping lines traversing virtually all of Southeast Asia (Goh, 2013, pp. 67–97).

As a result, upon attaining independence in 1965, the Republic of Singapore virtually inherited the ready infrastructure of the former British imperial network in Southeast Asia. This was in turn intimately connected through the local stock exchange that traded internationally. This was abetted by the retention of British firms in the local economy (Cheng, 1991, pp. 183–184). Economic nationalism was relatively restrained under a PAP government who sought instead to reassure both local and foreign investors that they were pro-business, notwithstanding their party's 'democratic socialist' credentials. Indeed, the international image of Singapore Incorporated was assiduously cultivated by the PAP openly inviting experts from the Colombo Plan, the World Bank and the UN to advise the new government on how best to sustain an economic growth rate that could eliminate rising unemployment by keeping the world trading and investing in Singapore (Cheng, 1991, pp. 187–189). By 1961, an Economic Development Board (EDB) was set up to attract investments to the island by serving as investors' guides and sharing the risk in their pioneering ventures. The EDB planned entire industrial zones in Singapore for co-locating manufacturers, raw material suppliers and processing firms. These policies are crucial in illuminating the soft foundations of Singapore's maritime and air hub status today. If investors are assured of systemic reliability and the appeal of industrial proximity services, or industrial agglomeration benefits, they will want to utilize maritime and air connectivity. While the EDB continues its mission of attracting overseas companies to Singapore, the parallel statutory board Enterprise Singapore has been tasked to encourage the expansion of Singapore firms overseas while also serving as the body for approving national standards and accreditation for both local and foreign firms (Enterprise Singapore, 2018).

The Port of Singapore Authority (PSA) was established in 1964 as a statutory board that served as harbour operator, maritime regulator and container terminal operator. By 1990, PSA operated five maritime entry points on Singapore island and had garnered worldwide accolades within the shipping industry for being one of the world's most efficient and busiest port operators (National Library Board – Singapore Infopedia, n.d.). It had in the meantime been directed by the government to diversify into convention tourism and coordinated ferry links with the tourist mega-project known as Sentosa Island. These ancillary activities significantly

augmented the commercial appeal of Singapore as a convenient port-of-call within Asia, second only to Hong Kong. With the re-entry of China into the global economy following the Deng Xiaoping reforms and the rising economic nationalism across Southeast Asia in the late 1980s, the lustre of PSA came under threat as Malaysian, Indonesian, Thai and especially Chinese ports threatened to eliminate Singapore's market share by promoting their own connectivity and cost-efficient services. By 1995, the PAP government decided that corporatization was the next best strategy to retain Singapore's maritime hub status. The supervisory and regulatory functions of PSA were reconstituted under a new statutory board, the Maritime and Port Authority of Singapore (MPA). PSA Corporation became a government-linked company owned largely by the Government of Singapore with civil servants and ministers sitting in its Board of Governors and controlling shares held by a holding company named Temasek Holdings. The remaining shares were sold to private investors on the stock market.

PSA Corporation adopted a new strategy whereby it not only automated and computerized much of its container operations in Singapore, it also marketed its port operation expertise abroad especially in container handling. For instance, PSA International has been contracted to operate the Voltri-Pra and Southern European Container Hub in the historic port city of Genoa under a joint venture. It is the same with the Port of Venice. Comparable PSA joint ventures can be found in the PSA Panama International Terminal and the Exolgan Container Terminal in Buenos Aires, as well as the King Abdul Aziz Port in Dammam, Saudi Arabia, along with a string of key container terminals in Incheon and Busan in South Korea, Dalian in China and Kitakyushu in Japan (PSA International, 2018). In other words, PSA Corporation operates in tandem with Singapore's foreign policy through the national association with 'Singapore Incorporated' by partnering with rival ports overseas. This grows the image of a Singaporean 'win-win' strategy towards erstwhile economic partners and rivals. Within Singapore, PSA Corporation has even designated sections of its container terminals as unique 'boutique' partnerships with China's COSCO and Japan's NYK shipping lines for exclusive storage and landing of not only containers but also cars and other irregular sized cargoes from these shipping lines. By 2017, PSA Corporation's local branch, rebranded as 'PSA Singapore', achieved an unprecedented global status "accounting for almost one-seventh of the world's total container transshipment throughput and more than 4% of global container throughput" while touting the fact that the company and its Singapore based operations "connected to 600 ports, with daily sailings to every major port in the world" (PSA Singapore, 2018).

The story of Singapore's global aviation hub status tracks that of the port while enjoying less of a colonial inheritance. Following independence, the PAP government regarded commercial aviation in much the same light as the maritime port: it could grow Singapore's economy and create jobs and new industries such as tourism and air cargo shipments. By 1975, the decision was made to build a futuristic airport near the original Royal Air Force base in Changi at the south-eastern coastal strip of the island. Opened since 1981, Changi Airport outperformed even the government's

expectations as it grew in tandem with the overall ascent in business optimism within Asia and the boom in tourism and air cargo worldwide, notwithstanding several recessions in the 1980s and early 2000s. Moreover, it helped that Britain's deliberate cultivation of Singapore as the controller of the Flight Information Region (FIR) was retained mostly unchanged as the sovereign state of Singapore succeeded competently to the role of regional air traffic controller, covering airspace over half the Straits of Malacca, parts of Sumatra and a huge southern portion of the South China Sea. Although Malaysia had amicably requested Singapore to manage parts of its own FIR in recognition of the latter's proven track record and constantly upgraded radar facilities, the scope of Singapore's FIR remains a latent source of tension with Kuala Lumpur and Jakarta. That said, unofficial sources have informed this author that Singapore's air traffic management was resoundingly supported by the majority of airlines since Changi Airport does not charge for air traffic control services, hence lowering their overheads in transiting through Singaporean managed civilian airspace.

Changi Airport was corporatized in 2009 in the same pattern as PSA. The Civil Aviation Authority of Singapore retains the regulatory functions (Civil Aviation Authority of Singapore, 2018). Today the Changi Airport Group (CAG) also markets its management expertise on a fee-based and profit-sharing arrangement worldwide. Since 2010, CAG has been contracted to manage airports in Beijing, Chengdu, Chongqing, Mumbai, Nagpur, Doha, Abu Dhabi, Seychelles, Kigali, Auckland, Rome, Brasilia, Rio de Janeiro, Moscow and Sochi (Changi Airports International, 2018). The last was regarded as a particular coup for CAG since it meant associating the Singapore brand name with the Winter Olympics hosted by Russia in that city in 2014. Working in tandem, the state-owned but commercially operated Singapore Airlines (SIA) has also helped 'globalize' the Singapore Incorporated 'brand' of service excellence and attracted travellers to the island for business and leisure. In the exercise of proxy diplomacy, it is often the case that if CAG operates an airport in a major city within Singapore's diplomatic partners, it is also very likely that SIA operates regular scheduled services to one or more major cities in that same country. Changi Airport and SIA have individually been serial winners of the aviation industry's prestigious SKYTRAX awards for 'best service' categories. In this sense, CAG and SIA have expanded Singapore's positive diplomatic energy through their commercial brand names (Ramchandani, 2018).

INFORMATION FLOWS

The idea of virtual enlargement depends heavily on the psychological and representational generation of a much bigger presence than physical geography depicts (Chong, 2010). Put in another way, there are ways in which economic and political geographies can transcend the limitations of physical geography since the former two are informational devices. The idea of information is in fact intrinsic to the idea of Singapore as a trading hub. To import, export and tranship goods coterminously

requires that the intermediaries making the transactions be dexterous with communication across cultural boundaries. Since the mid-1800s, the Colony of Singapore has witnessed conflicting information discourses over articulating the appropriate nationalisms relating to India, China and the Malay world, corresponding to the three main contributing sources for the island's multi-ethnic population. Additionally, the European mercantile community embodied a force for democratic public opinion long before Singapore progressed definitively towards self-government (Gillis, 2005). Newsmaking and news reporting therefore came into their own as integral parts of the Singapore polity and economy. In fact, it might be argued that news representations, along with the interplay of subtle propaganda and official statements, decided the great turning points of Singapore's political evolution such as the 1962 Referendum for Merger, the 'battle against the Communists' within and without the PAP, and the political communication from the PAP to the masses to sacrifice untrammelled political liberties for economic upliftment (Chan, 1971; Chew, 1991; Quah, 1991; Singh, 2015).

In the twenty-first century, the PAP government's steering of the political economy of Singapore's foreign policy has embraced the possibilities of the information technology revolution. The latter is often known in local discourse as the digital revolution, implying a whole 'game changing' acceleration in Singapore's economic prosperity if engineered correctly in strategic industrial policy. As early as 1985, the computerization of businesses and the institution of computer-assisted learning in schools was already official policy. The PAP government planned to wire every home and office for the era of the Internet with visions such as the IT2000 masterplan and the 2015 Smart Nation initiative. This was not merely a technical strategy. Since the early 1990s, the PAP government aimed for building and strengthening creative industries. Not only were the Arts officially supported with government funding, entire schools were founded to produce graduates in advertising, communications, drama, dance, media design and journalism. Foreign broadcasters such as CNBC Asia, Bloomberg, NHK, Phoenix TV, Reuters, the New York Times, Asahi Shimbun, and even the BBC, were all encouraged to set up bureaux and station regional correspondents on the island. These were not censored, and mostly left alone to perform their reporting, as long as they did not attempt to comment on local politics in a manner unacceptable to the government. Today the PAP government has tasked its investment attraction agencies to actively solicit investments from firms of the likes of Microsoft, Industrial Light and Magic, and Home Box Office Asia, all of which have set up operations on the island as either joint ventures with home-grown companies or wholly new subsidiaries putting Singapore on the world investment map as an economy hospitable to digital capitalism. Today, the twenty-first century Singapore Media Hub is assuming shape with the Infocomm and Media Development Authority striking a balanced corporatist tone in its message to media investors and citizens alike:

Recognising the dynamic nature of the sectors, IMDA regularly reviews its policies and regulations to keep pace with technological developments as well as evolving social norms

and values. The opinions, concerns and expertise of stakeholders are important, as IMDA continually engages and consults the industry and consumers when formulating new policies or reviewing existing ones.

IMDA also performs the role of a trusted steward of public values by putting in place content classification standards to help consumers make more informed media choices and to have wider access to content, while reflecting community standards, values and mores.

IMDA encourages innovation and experimentation, and believes in fostering a vibrant and competitor competitive infocomm and media industry that ultimately enhances choice, access and value to consumers and businesses. (IMDA, 2018)

Considering the healthy range of media and digital companies invested in the island republic today, and its plug into the major Western markets of news production, film post-production and digital advertising, this is a clear statement of how Singapore Incorporated has gone global.

CONCLUSION

From its earliest days of independence, Singapore has taken advantage of colonial and historical legacies. The island's statesmen and diplomats have deliberately pursued an 'abridged realism' as a guide for navigating international relations (Chong, 2006). This has allowed the Republic's leaders to avoid policy paralysis in meeting unforeseen challenges over the horizon. The island state's willingness to experiment with marketing its managerial expertise instead of confining its calculations to the deficits in tangible resources such as land, labour and natural minerals has been key in this effort. In addition, Singapore's soft authoritarian democracy has played an important role. Public opinion is mostly quiescent, and there is no input from sectors outside the government. Even the legitimately elected opposition political parties have mostly refrained from politicizing foreign policy. Foreign policy managed by a consensually driven elite can afford to practise almost perfect diplomatic equidistance from, or equal proximity to, the majority of the great powers. This sort of unitary actor model of foreign policy-making can be beneficial to the island state insofar as it sustains the recruitment of consistently wise leaders within a dominant party democracy. The existential worry is that once the island is helmed by successor elites of lower intellectual calibre foreign policy can go disastrously awry without a public willing to perform a 'check and balance' role.

Finally, words carry strategic weight for guiding thought, legitimizing a nebulous foreign policy that requires utmost built-in flexibility, and finally to enact a ritual of self-affirmation that enlargement is desirable. Hence, catchphrases, even if self-deprecating in tone, such as a Singaporean 'nation of shopkeepers' needing to be extroverted, speculating about a foreign policy of words and deeds, acting as a concerned external relative of China and Taiwan, practising equidistance between North Korea and the US, or the plugging of Singapore into a global digital information economy by sounding attentive both to the needs of external stakeholders and authentic national values, is an art of performing the enlargement of Singapore.

In fact, Singapore's foreign policy of enlargement can also be summed up with yet another buzzword, should policy-makers wish to consider one more in their 'creative arsenal' of flexi-talk: becoming a global chameleon.

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20. Small states, China and the South China Sea

Leszek Buszynski

INTRODUCTION

The aim of this chapter is to explore the relationship between state size and external behaviour in Southeast Asia. It focuses specifically on the small states in the region that have been involved in, or have been affected by, the maritime disputes in the South China Sea. To what extent has the small size of these states affected their position on the nature of the conflict and the behaviour of China, and how has the conflict affected alignments and security relationships?

The starting point of this volume is that small states are characterized by the limited capacity of their political, economic and administrative systems; they typically find themselves as the weaker part in asymmetric relationships that they are unable to change on their own (Baldacchino and Wivel, 2020). This pragmatic working definition of small states highlights the vulnerability and dependence of small states, as well as their limitations in state capacity and national capabilities, which is important in Southeast Asia and emphasized more broadly in the literature on small states (Archer, Bailes, and Wivel, 2014; Atkinson and Coleman, 1989; Bräutigam and Woolcock, 2001; Briguglio et al., 2010; Jackson and Rosberg, 1982; Keohane, 1969; Patrick, 2006; Rothstein, 1968; Thorhallsson, 2018).

From this starting point, Singapore, Brunei, Laos and Cambodia in the first instance can clearly be characterized as small states. The Philippines will be included as an example of a weak state with poor institutional capacity and high security dependence, giving it the characteristics of a small state in its external behaviour (in spite of a resident population of over 100 million). Malaysia, with a population of 32 million, may be considered a middle power because of its size and security autonomy as a non-aligned state. Other Southeast Asian states such as Thailand and Myanmar are not involved in the South China Sea dispute. Vietnam and Indonesia are not viewed as small states here. They do not have the same limitations in their capacity and capabilities and most importantly they are not stuck as the weak part in asymmetric relationships like the other states. In contrast, both countries have a foreign policy tradition of security autonomy and self-reliance that sets them apart from the others.

SMALL STATES AROUND THE SOUTH CHINA SEA

China has deliberately targeted the small states of ASEAN in seeking to impose its view of the South China Sea. ASEAN is important for China as its endorsement of the Chinese claim to the South China Sea would counter the ruling of the Arbitration

Tribunal of the Law of the Sea (UNCLOS), which in July 2016 decided that China had no legal basis for its claim for sovereignty over the entire area. The tribunal ruled that the nine (and now ten) dash line, which in 2016 ruled that China's nine dash line which is the basis of its claim had no legal basis and that any claim to historical rights was extinguished when China joined UNCLOS, and ratified the convention in 1996 (Permanent Court of Arbitration, 2016). Beijing vehemently rejected the ruling and continued to engage in the construction of military facilities and airfields on seven of the reefs it has occupied in the Spratly area. Four ASEAN states have claims, which contest those of China: Vietnam, the Philippines, Malaysia and Brunei. Vietnam and the Philippines have attempted to obtain ASEAN support for their positions against China; but the regional organization remains divided. China has reached out to its allies in the organization, in particular Cambodia and Laos, to prevent an ASEAN consensus forming against it and to prevent ASEAN from involving the US or Japan more closely in the dispute. In addition, China has attempted to influence the position of small states in the region through trade and finance for infrastructure projects under the Belt and Road Initiative (Hong, 2017).

Cambodia: Ally of China

Cambodia and Laos have authoritarian political systems, and the values of the ruling elites are traditional, hierarchical and, for the most part, not conducive to liberalism and democracy (Gainsborough, 2012). Both countries have one party rule, resembling the Chinese political system in which the Communist Party rules. Thus, the ruling Cambodian People's Party was once the Kampuchean People's Revolutionary Party (KPRP), which changed its name in 1991, but not its organization. In Laos, the communist-based Lao People's Revolutionary Party (LPRP) has ruled continuously since 1975. Consequently, the ruling elites in these countries are comfortable with China's authoritarian system, which supports the existing social structures in the countries and underpins their resistance to Western notions of democracy and human rights. Both countries have a long history of interaction with China over the past centuries. In contrast, their exposure to influences from the West is much more recent and unsettling for domestic elites.

Both Cambodia and Laos have benefited from their economic relationship with China and Chinese financing of infrastructure projects under the Belt and Road initiative. Cambodia has forged a close alignment with China and has been accused by its critics in ASEAN of acting as a Chinese 'proxy'. Laos, on the other hand, has attempted to balance between China and Vietnam, with which it also has close relations. Thus, one major difference between Cambodia and Laos is the attitude of the leadership towards Vietnam, a neighbouring country of both states. When Cambodia was known as Angkor, from the fourteenth century onward it steadily lost its territories in the East including the Mekong Delta to an expansionist Vietnam. Cambodians still accuse Vietnam of seizing territory along the border and continue to view Vietnam as a predatory state. Thus, Cambodia's outreach to China is a matter of seeking security shelter against Vietnam in order to ensure regime survival.

Cambodia reveals the characteristics of small statehood in its dependence on an external patron, China, with which it has a marked asymmetric relationship. Cambodia's turn to China for support is related to the very survival of the country, which almost disappeared in the nineteenth century, when the Thai kingdom steadily invaded from the West and Vietnam intruded from the East. Cambodia was saved when it was made a French protectorate in 1867, which continued until independence in 1953 (Chandler, 2008). The perceived threat of stronger neighbours continues to influence the behaviour of the Cambodian leadership, and when North Vietnam began to take over Cambodian territory in the East to promote the war in South Vietnam, Cambodia's ruler Prince Sihanouk sought Chinese support in the expectation that China would restrain Vietnamese ambitions. The Chinese, for their part, allied with and armed the notorious Khmer Rouge regime against Vietnam which later triggered the Vietnamese occupation of Cambodia over 1978–1989. Vietnam put the current Cambodian leader Hun Sen in place in 1985 and continues to retain a presence in the country.

As a small state with a population of 16 million in 2017, Cambodia lost some 2 million citizens during the killing fields of the Khmer Rouge period (1975–1978). Cambodia was under Vietnamese occupation until the UN transitional authority (UNTAC) stepped in under the Paris agreements of 1991. From 1992–1993, UNTAC took over the administration of the country, leaving it with the framework of a democratic political system with regular elections and competing political parties. Elections were held in 1993 under UNTAC supervision, following which Prince Ranariddh was elected prime minister. However, Hun Sen, who had ruled the country since his instalment by the Vietnamese in 1985, continued to exercise control over the national security apparatus. To deal with this situation, the head of UNTAC Yasushi Akashi devised a solution to keep the peace, designating Prince Ranariddh as First Prime Minister and Hun Sen as Second Prime Minister. The UN's attempt to bring a democratic political system to Cambodia did not last, however: the man with power, Hun Sen, quickly disposed of the man with popularity but without power. In 1997, Ranariddh was forced to flee the country and Hun Sen assumed control. Subsequently, regular elections have been held in Cambodia, but they have been accompanied with political violence and killings as Hun Sen has clamped down on the opposition parties and opinion leaders.

Hun Sen has reacted strongly against Western pressure and NGO demands for greater freedom and respect for human rights by turning a government-controlled judiciary against his critics. He was forced to tolerate opposition political parties and opinion leaders as a condition of Western aid but that tolerance has been much reduced as he increasingly turned to China for support. China, indeed, has become Hun Sen's major supporter and its authoritarian system serves as his role model, strengthening the regime's self-confidence and justifying the suppression of the opposition that has intensified in recent years. Hun Sen's hostility to the US and Western aid donors has deepened accordingly as his regime is vulnerable to criticism of its human rights record but sheltered from the consequences of this criticism by Chinese support.

Chinese economic support for the Cambodian regime has been significant since the mid-1990s. From 1994 to 2001, China was the country's top investor, with an accumulated total of US\$9 billion, double South Korea's investment at US\$4 billion (Council for the Development of Cambodia, 2017). China has mainly invested in natural resources, large-scale infrastructure projects, agriculture, tourism, telecommunications and construction (Heng, 2012). When Xi Jinping visited Phnom Penh in 2015 he agreed to US\$238 million in soft loans, US\$89 million in debt forgiveness and US\$15 million in military aid (Maza, 2016). Chinese property developers are engaged in massive construction projects in Phnom Penh, building condominiums and shopping malls, which have transformed the capital's skyline. The seaside resort of Sihanoukville has become a casino city popular for Chinese gamblers and Chinese economic zone and enclave (Vannarith, 2017).

In the Cambodian case, dependence upon external aid and assistance has been a consequence of small state vulnerability. The country was devastated by war and required budget support from international donors. From 2000 to 2009, it received US\$593 million in external aid which increased over the 2010–2016 period to US\$693 million (OECD, 2018). The connection between the Chinese economic presence, financial support and the regime's turn towards authoritarianism has drawn criticism from the Cambodian opposition. Opposition leader Sam Rainsy, who was head of the Cambodian National Rescue Party (CNRP), argued that China condoned human rights abuses and encouraged corruption (Maza, 2016). As Hun Sen resorted to authoritarian methods to retain power, his ruling Cambodian People's Party (CPP) steadily lost ground to the opposition in the national elections. The percentage vote for the CPP dropped from 58 per cent in 2008 to 48 per cent in 2013, while for the opposition it increased from 26 per cent to 44 per cent, prompting the regime to resort to even more drastic measures to retain power. Sam Rainsy was forced to flee into exile in 2015 to escape criminal defamation charges that Hun Sen's government had prepared. In November 2017, the Supreme Court of Cambodia dissolved the CNRP, alleging that it was attempting to overthrow the government aided by the United States (Sokhean, Dara, and Baliga, 2017). Sam Rainsy's successor as leader of the CNRP was Kem Sokha, who was arrested on charges of treason in November 2017 and jailed, while the free press was silenced. With the main opposition party eliminated, Hun Sen's CPP won 76 per cent of the vote in July 2018 in an election described as a "sham" (Thompson, 2018). Before the election, China extended a US\$259 million loan to Cambodia to build a new road in Phnom Penh to ensure that China's contribution would be visible to urban voters and attract support for the ruling party (Thul, 2018).

Cambodia has been useful to China by serving as China's proxy within ASEAN and furthering its strategic goal for a stronger presence in Southeast Asia. It exercises a veto against any ASEAN resolution critical of Beijing, particularly in relation to the South China Sea. Cambodia's position can swing the balance in ASEAN away from any condemnation of Chinese actions as demanded by Vietnam and the Philippines, because other members of the regional organization – such as Thailand, Myanmar and Malaysia – are indifferent to the issue and reluctant to anger Beijing. When

Cambodia was ASEAN chair in 2012, it used its authority to prevent the Philippines from obtaining ASEAN support against China in the South China Sea during the regional summit of March 2012. Moreover, when ASEAN foreign ministers met later in July, there was no agreement over the South China Sea and for the first time in the regional organization's history, no communiqué was issued. Cambodia endorsed China's rejection of the Arbitration Tribunal's ruling and Hun Sen insisted that this was not an issue for ASEAN. In subsequent ASEAN meetings, Cambodia has consistently diluted the language of the communiqués to ensure that they would not create difficulty with Beijing.

Is Cambodia's close relationship with China necessary for the survival of the small state, or a matter of survival for the authoritarian regime of Hun Sen? Judging from the statements of leading politicians of the opposition, Cambodia is likely to continue to seek shelter from China even after a regime change. Opposition leaders have often invoked the national fear that Vietnam would encroach upon Cambodia and annex the country. There is widespread alarm in the country in regard to so called clandestine Vietnamese immigrants, which the government is unable or unwilling to stop. Hun Sen's government is accused of allowing the Vietnamese to encroach on Cambodia's border regions and occupy territory there. In an electoral rally, Sam Rainsy declared that China would protect Cambodia against Vietnam over these issues (Sothananarith, 2014). A new government is likely to turn to China for support against Vietnam but it would improve relations with the West in addition. But Cambodia would be unlikely to serve as China's proxy in ASEAN after regime change.

Laos: Balancing China

Laos is a land-locked country and the poorest in ASEAN with a population of seven million, the highest poverty rate (23 per cent), with a high infant mortality rate, and a lower literacy rate than other states in the Southeast Asian region (UNICEF, n.d.). Malnutrition is widespread particularly amongst the ethnic minorities. The World Bank estimates that child under-nutrition is high, with 44 per cent of under-five-year-olds being stunted (World Bank, 2018). The World Bank also identifies what is a fragile state with weak governance and macroeconomics, high risk of debt distress, weak enforcement of policies and low institutional capacity (World Bank, 2017). The impact of the Indochina Wars on Laos has been very marked. The country has the world's highest per capita stock of unexploded ordinance, and during the wars, it lost much of its entrepreneurial class and its tertiary educated population (Bird and Hill, 2010). Laos has been ruled by a single party since 1975: originally the Laotian Communist Party, which later morphed into the People's Revolutionary Party (PRP). The political system has been described as rigid and elitist and the leadership has made "poor economic decisions" in the effort to retain political power (Bruce St John, 2006). The inertia of the Lao political system and the seeming unwillingness to reform has resulted in corruption and a continuing dependency on foreign aid, compounded by the inability of the political elite and society at large to effectively utilize the aid received (Bruce St John, 2006).

Laos has looked to Vietnam for security support and Vietnam has had a strong presence in the country. Under the 25-year treaty of friendship of 1977, the Vietnamese stationed military units in the country until they were withdrawn in the 1980s. Siam was historically the main enemy of Laos and continued as a threat until the French Protectorate was established in 1893. Laos continues to have a troubled relationship with Thailand, despite ethnic and linguistic affinity with the Thai. The Laotian leadership has strong ties with Vietnam and has adopted a balancing strategy between Vietnam and China. However, the Chinese presence has increased over the years since Chinese President Jiang Zemin's visit in November 2000, resulting in Chinese aid and assistance for various infrastructure projects. Three new roads were built linking the capital Vientiane with China's Yunnan province (Bruce St John, 2006).

A partnership with Laos is important for China's ability to control its border and in particular narcotics trafficking and opium production by the Hmong ethnic minority in the highlands. For China's southern and western provinces, Laos is a communications gateway to the south and a means to connect farther afield to Thailand and Singapore. In 2006, China initiated a high speed rail project at a cost of US\$5.8 billion to connect Kunming, the capital of Yunnan province, to Vientiane and then to Singapore. Laotian Prime Minister Thongloun Sisoulith declared that the rail project would help to overcome Laos's isolation, converting it from a land-locked to a land-linked country. He added that the project will help Laos graduate from least developed status by 2020. IMF head Christine Lagarde in April 2018 warned that this project could trap Laos in unsustainable debt (Tani, 2018). The IMF warned that Laos's ratio of public and public guaranteed debt to GDP in 2017 was above 60 per cent and will continue to rise. For the IMF, the sustainable debt level was around 40 per cent. The Prime Minister, however, is not worried, arguing that this project will provide access to the sea for the export of Laos's natural resources and will encourage investment in the country (Kawase, 2018; Tani, 2018). Laos's hope is that the debt will be repaid by the revenue generated by the project but its success depends on a number of factors, including the cost of freight and prices for natural resources, which may not offset project costs. Chinese investment has also funded hydroelectric dam construction on the Mekong River and its tributaries in line with the Laotian government's plan to become the "battery of ASEAN" (International Rivers.org, n.d.). At present, 12 such dams are under construction and the plan is to construct 72 new large dams, nine of which will be constructed on the lower Mekong Mainstream (Mekong Mainstream Dams, 2018). Laos exports electricity to China and expects to sell electricity to Thailand, Vietnam, Myanmar and also Singapore and Malaysia by 2020 (Phomnuny, 2017). The impact of this dam construction on water flows to downstream communities in Cambodia and Vietnam will become a serious issue on the future.

Despite China's growing presence in Laos and the importance of the infrastructure projects funded by China for Laos's development plans, the country has avoided getting as close to China as Cambodia. The political leadership has ensured that the relationship with China would not damage relations with Hanoi, it has attempted

to hedge its security bets by balancing Chinese and Vietnamese influence in the country. Laos's ties with Vietnam were forged during the Indochina Wars and the party leadership was educated in Vietnam. These party leaders recall China's efforts to bring down the pro-Vietnamese party leadership from 1979 to 1985 by supporting an uprising from the hill tribes in Laos. In May 2014, an air crash eliminated four of the 15 politburo members, who were regarded as the core of the pro-Vietnam group in the leadership (Kingsbury, 2017, pp. 42–52). Nonetheless, at the tenth party congress in 2016, the pro-Beijing deputy Prime Minister Somsavat Lengsavad was removed (McBeth, 2018). The congress also removed Choummaly Sayasone as Party General Secretary. Both Somsavat and Choummaly had negotiated economic concessions to Chinese companies, including the Lao–China railway project, provoking criticism that Laos was tilting too close to Beijing (Radio Free Asia, 2016). Laos adopted a softer position at the ASEAN Foreign Ministers Meeting of July 2016 when Vietnam wanted ASEAN support for the Arbitration Tribunal's ruling on the South China Sea issue. Reflecting the Chinese view, Cambodia was strongly opposed and prevented mention of the ruling in the communiqué from the meeting. Laos, however, was passive and simply avoided all controversy.

Brunei: Caught between Formal Claims and the Need of Investment

Brunei is a small state by any measure. With a population of 425,000, the World Bank would classify it as a microstate (World Bank, 2006). Brunei is ruled by a hereditary Islamic sultanate, which traces its origins to the great Brunei sultanate of the sixteenth century. Brunei remained a conservative and isolated outpost of Islamic rule even after it became a British Protectorate in 1888. A major event in the recent history of Brunei was the Indonesian-instigated Azahari revolt against the Sultan in 1962. The revolt was suppressed by the Ghurkha forces engaged by the British; but it revealed Brunei's vulnerability as a small state to external intervention. It also affirmed the importance of British protection and the continuing presence of two Ghurkha battalions in the country (Turnbull, 1989). The revolt turned the Sultan of the time against a representative assembly and fearful of a populist uprising. Brunei is ruled by Sultan Hassanal Bolkiah, who is Prime Minister, Finance Minister and Home Minister and rules through his ministries without a representative or legislative assembly. Like the traditional Islamic monarchies in the United Arab Emirates, the Sultan invokes Islam as a basis for legitimacy, banning alcohol and decreeing midday prayers when shops and business must close. Religion is supported by a generous welfare programme in which housing is subsidized for government employees, who pay no income or sales tax (Talib, 2013).

Brunei's economy is based on oil and natural gas revenues, which account for almost 95 per cent of exports and 90 per cent of government revenue, allowing the Sultanate to fund the Islamic welfare state. Brunei's GDP per capita is the second highest in Southeast Asia after Singapore, and according to the World Bank stood at US\$36,000 in 2012 but declined to US\$28,000 in 2017 as the price of oil dropped. Brunei's finances have moved into deficit at 16 per cent of GDP, which has prompted

the government to search for ways of reducing its dependence on oil and gas exports, the reserves of which will be depleted in 20–30 years' time (Chan, 2018). External consultants have advised Brunei to establish special economic zones for manufacturing exports such as garments with imported labour, mainly from the Philippines (Interview sources Bandar Seri Begawan, November 2016). However, the local Brunei Malay population is unprepared for employment in manufacturing and imported labour on the scale proposed would create difficulties for the Sultanate's reliance on Islam and Sharia law. Already, foreign (and mainly Christian) workers from the Philippines dominate the construction, retail, hotel and hospitality sectors and exceed the number of local workers. Brunei's Economic Development Board has formulated 'Vision 2035' according to which Brunei will develop a business development strategy for local small and medium-sized enterprises enabling Brunei Malays to develop greater competitive strength (Prime Minister's Office Brunei, September 2018). If oil prices drop, welfare entitlements will be reduced, most likely provoking resistance from the local population that has known no other lifestyle. Moreover, the Sultan's concessions to his Islamic supporters (including midday prayer) go against the efficiencies required to ensure competitiveness in the manufacturing industries, creating an unattractive environment for external investors.

For economic reasons, Brunei has turned to China and has joined China's Belt and Road Initiative as a way out of its predicament. China is interested in tapping Brunei's oil fields and has become Brunei's largest foreign investor with an accumulated total of US\$4.1 billion. International banks such as HSBC and Citibank have withdrawn from Brunei in view of declining oil prices but have been replaced by the Bank of China (Bowie, 2018). China is building the Muara Besar refinery and petrochemical complex with a bridge connecting it to the capital, Bandar Seri Begawan (Straits Times, 2018). This is the largest construction project in Brunei's history, but Chinese workers are involved in construction and may be required for its running and local employment is likely to be minimal.

As a small state, Brunei faces an acute dilemma in dealing with a country the size of China. On the one hand, it increasingly depends on Chinese investment. On the other hand, Brunei claims an exclusive economic zone (EEZ) in the South China Sea 320 km from its coastline, which overlaps with China's claim to the entire area, one which has not been defined as yet. Brunei's rights to the resources in its own EEZ were affirmed by the Arbitration Tribunal's ruling so that any joint development would mean that the Chinese would be investing in a Brunei project and Brunei law would apply. However, the Chinese government insists on recognition of China's sovereignty over the area, while Brunei remains silent on the issue. The government fears that publicly affirming the Tribunal's ruling could jeopardize Chinese investment (Hart, 2018). Conceding Brunei's rights to China would reduce it to a supplicant in Chinese eyes and would also weaken the claims of the other claimants in ASEAN, Malaysia, Vietnam, and the Philippines.

Singapore: Keeping Its Distance from Beijing

Singapore has a population of 5.7 million, and is highly dependent upon international trade as an entrepôt for the region. Singapore is a multi-ethnic state: 74 per cent of the population are Chinese, 11 per cent Malay and 9 per cent Indian. Singapore's population base is unusual. The citizens of the state only constitute 60 per cent of the population at 3.4 million. Some 40 per cent are permanent residents or foreign residents who are employed locally as a consequence of Singapore's policy of attracting talent from abroad. Under Lee Kuan Yew, Prime Minister from independence in 1959 to 1990, and then mentor Minister in Cabinet until 2011, Singapore was a highly successful developmental state (Calder, 2016). Governed by the People's Action Party (PAP) in a hegemonic party system, free speech and democratic freedoms were curbed but minority parties were tolerated. Regular elections were held to sharpen the PAP's performance. Singapore has changed from authoritarian practices when Lee Kuan Yew was in command, and has become more responsive to people's concerns under his son Lee Hsien Loong. The opposition parties fared well in the 2011 election, exploiting the resentment against the PAP's authoritarianism. The PAP vote fell to 60 per cent and Foreign Minister George Yeo lost his seat. In the 2015 elections, the PAP vote bounced back to 70 per cent, boosted by a sympathy vote after Lee Kuan Yew's death in March that year (Rodan, 2018).

As a vulnerable city state, Singapore is strongly dependent on external support. Lee Kuan Yew was only too well aware that small states in history have been defenceless against larger predatory powers, eventually suffering annexation. In the past, Singaporean leaders were apprehensive of what they regarded as possible threats from their immediate neighbours Malaysia and Indonesia and fearful that communal violence against the local Chinese in these countries would spill over into attacks on Singapore. Ethnicity plays a role in Singapore's attempts to keep a diplomatic distance from Beijing and to avoid being cast in the role of Beijing's proxy. Singapore was the last country in ASEAN to establish diplomatic relations with China and it reached out to the US as a source of external support without seeking a formal alliance, which would have alienated its non-aligned Malay neighbours. The American regional presence underpins a stable regional order, which Singapore regards as essential for international trade and the continuation of its prosperity. Singapore is not a claimant in the South China Sea and avoids taking sides in this dispute. It supports and works for an ASEAN consensus, which in recent years has been difficult to achieve.

Despite attempts to keep a distance, China's presence in Singapore is increasing, giving rise to concerns that the balance it seeks to maintain in foreign policy may be compromised. Beijing has been keenly interested in Singapore's success since Deng Xiaoping visited the island in 1978 and has sent officials there to learn more about its Housing Development Board, its monetary system, and its control of corruption. Xi Jinping's anti-corruption drive in China was influenced by Singapore's merit-based public service system (Ortmann and Thompson, 2016). At the same time, Xi Jinping has called upon Chinese abroad to contribute to the development of their

ancestral homeland posing a challenge to their loyalty to their host countries such as Singapore, which has put much effort into developing a Singaporean multi-ethnic identity for local Chinese. These local Chinese have for the most part rejected the designation Beijing applies to them as ‘overseas Chinese’. Singapore’s sensitivity on this issue was revealed in August 2017, when it expelled an ethnic Chinese professor (with US citizenship), Huang Jing, for acting as “an agent of influence of a foreign country” (Channel News Asia, 2017).

The Philippines: The US Ally

With a population of 103 million, the Philippines may not be regarded as small. However, it can be understood as a weak state with the characteristics of a small state. The country reveals a very high dependence on external support, and this has socialized the ruling elite into a dependent mentality. The Philippines has been democratically governed since independence in 1946, but institutional capacity has remained poor and graft and corruption is a common problem. The Philippines has been described as a patrimonial oligarchic state where government is controlled by a rapacious elite which exploits public offices for its own benefit (Case, 2002, p. 214; Hutchcroft and Rocamora, 2003). The Philippines inherited a dysfunctional presidential system based on the separation of powers from its US colonizers. A loose party system and an autonomous Congress has been the source of much graft. The president may control the central administration in Manila, but the outlying provinces are controlled by local oligarchic families who ensure that elections confirm their appointments to local administration (Kingsbury, 2017 p. 127). In some areas, the central government has struggled to assert control over territory, particularly against rebellions stimulated by local corruption but called communist, such as the Hukbalahap Rebellion in the early 1950s and the New People’s Army which continues to this day (Case, 2002, p. 212). The Southern province of Mindanao has seen Muslim revolts against the majority Christians by the Moro Liberation Fronts and the Abu Sayyaf group, which has resorted to piracy, kidnappings and extortion.

Institutional and governance weakness is an important factor in the Philippines ruling elite’s strong reliance on external support. The Philippines has been tied to the US by colonial history, migration flows and the Mutual Security Treaty of 1951. So close was this identification that Filipinos once campaigned to be recognized as the 51st state of the US (Gee, 1984). This dependency syndrome may have stunted the development of self-confidence and has resulted in the perseverance of colonial subservience to external powers, particularly the US (Constantino, 1976). It meant that the ruling oligarchical families did not develop a sense of responsibility in governance since they felt answerable only to their families and not the nation, the idea of which was underdeveloped and inchoate. It also meant that the Philippines relied on the US for external security and failed to develop a military or maritime capability to defend their sprawling archipelago. Recognizing the country’s weakness, China encroached on the Philippine claim in the South China Sea and occupied Mischief Reef in 1994. In 2012, Chinese patrol boats forced the Philippines from Scarborough

Shoal, claiming that it lay in the Chinese claim area. Successive presidents attempted to counter China by invoking American support. Joseph Estrada concluded a Visiting Forces Agreement (VFA) with the US in 1998, which allowed US forces to visit Philippine bases on rotation. Benigno Aquino concluded an Enhanced Defence Cooperation Agreement (EDCA) with President Obama in 2014 which allowed US forces greater access to Philippine facilities for joint training exercises and to enhance interoperability with Philippine forces. No permanent military presence or base in the Philippines was envisaged (Department of Foreign Affairs, 2014). Aquino also appealed to the Arbitration Tribunal of the Law of the Sea to rule on China's claim to the South China Sea. In July 2016, the tribunal ruled that China's claim as based on the nine dash line and historical rights had no legal basis.

The Philippines' reliance on the US changed in an unexpected way with the election of Rodrigo Duterte as President in June 2016. Duterte shifted his attention to China, hoping that protestations of friendship would restrain China in the South China Sea. The switch illustrated the dependency syndrome of a weak state: the President attempted to substitute the reliance on one external protector with another. From an early age, Duterte nurtured anger at the support the US gave to the corrupt politico-economic elite that has ruled the Philippines. Later, as Mayor of Davao city in Mindanao, he presided over a campaign of extra-judicial killings of drug dealers and offenders; this provoked much criticism from the US and Philippine human rights groups. Duterte's move to improve relations with China was construed as appeasement by his critics (De Castro, 2018). He ignored the Arbitration Tribunal's ruling and argued that more friendly relations with China would result in Chinese investment for major infrastructure projects. When Duterte visited Beijing in October 2016, China promised a US\$24 billion investment package for the Philippines over a range of projects in various sectors. However, little of that investment has so far materialized (Koutsoukis and Yap, 2018). The Chinese are reluctant to pursue a relationship with a country that has strong ties with the US and want to see more than just talk. However, talk is all that Duterte can offer. Duterte cannot break with the US while the country and its defence establishment have strong institutional ties with the US. A post-Duterte Philippines is likely to revert to the alliance with the US.

CONCLUSION

This chapter has examined four small states, and one weak state that acts like a small state, in East Asia. All the examined states are involved in disputes with China over the South China Sea. The behaviour of these small states can be placed on a continuum, from bandwagoning with China (Cambodia) to light balancing (Laos, Brunei, Singapore) to balancing China (the Philippines). This external behaviour is driven by both domestic and international factors, most importantly the interests of the ruling elites in the small state, historical relationships with neighbouring states, and the interests of China and the United States in influencing domestic elites. Cambodia stands out as one small state that has bandwagoned with China, but it has done so not

to avert a Chinese threat but to counter the historical threats posed by its neighbours, Vietnam and Thailand. In contrast, Laos has adopted a policy of hedging its security bets by balancing between China and Vietnam with which it has strong party ties. Brunei is drawn to China by economic need as its oil based economy shows signs of decline, though it has been careful not to surrender its claim in the South China Sea to China. As a Chinese majority city state, Singapore may be expected to bandwagon with China on the basis of common ethnicity; but Singapore has kept its distance: it depends on the stability of a regional order supported by the US and other great powers in order to restrain China. The Philippines is understood as a weak state, given that state's dependence on external security support, though it has attempted to shift that dependence from the US to China under President Duterte.

In conclusion, the vulnerabilities of these states ensuing from their small size have played an important role in defining the challenges that they face. The answers to these challenges are the result of a complex mix of elite interests, history, ethnicity, power and even the personality of political leaders.

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21. Small states in the Pacific

Jack Corbett and John Connell

INTRODUCTION: DOMESTIC CHARACTERISTICS OF PACIFIC SMALL STATES

A defining characteristic of small states in the Pacific is that they were colonized relatively late by Europeans. Archaeologists and linguists believe that the first wave of settlers arrived on the island of New Guinea 40–50,000 years ago. The vast Austronesian migration from west to east across the Pacific Ocean began between 2000 and 1000 BC, with New Zealand settled as recently as AD 1200–1300. Portuguese and Spanish explorers first navigated the Pacific Ocean in the 1500s while Britain's James Cook undertook the first of his three voyages in 1768. Spaniard Álvaro de Mendaña made an ill-fated attempt to establish a settlement on Santa Cruz, Solomon Islands in the 1590s and Guam was colonized in the 1600s (Thomas, 2010). But, for much of the region, colonization did not begin in earnest until the 1800s, while Niue was colonized as late as 1900. And so, while it persists in some islands, for most colonialism lasted little more than a century. Moreover, in most cases, colonial rule had little influence beyond administrative capitals, in part because of the archipelagic nature of many Pacific states, the distance from the colonial powers and the limited wealth apparently available in the islands (Firth, 1997). Indicative of the small size, isolation and limited socio-economic development, are that several Pacific territories remain on the UN's decolonization list, including: American Samoa (US); French Polynesia and New Caledonia (France); Guam (US); Pitcairn (UK); and Tokelau (New Zealand). This relatively late and, compared to regions like the Caribbean, thin veneer of colonialism has shaped an academic and policy discussion dominated by questions about 'modernity', including assessment of its penetration and reach. From this perspective, the key characteristic of the region is the persistence of 'pre-modern' cultures and traditions, like chiefs, for example. Anthropologist Marshall Sahlins (1992, p. 24) points to the academic fascination with this question in his seminal essay 'The economics of develop-man in the Pacific' in which he argues that:

To "modernise," the people must first learn to hate what they already have, what they have always considered their well-being. Beyond that, they have to despise what they are, to hold their own existence in contempt and want, then, to be someone else.

Sahlins celebrates the way Pacific Islanders have resisted modernization; but others, including international organizations, the aid industry and many Pacific small state governments, have embraced modernity: defined as a liberal, legal-rational and

secular order. Previously, this trio was advanced by colonial administrators and Christian missionaries. Benefits or ‘development’, in this view, derive from higher levels of GDP per capita than the current status of most Pacific small states which are classified as lower middle-income countries (greater than US\$10,000 GDP per capita). Around independence, mainly in the 1970s, urbanization was seen as potentially a ‘crucible of nationhood’ rather than creating sites for cultural decline. More recently, urbanization is said to confirm the modernist prognosis that persistent or bastardized culture or tradition, and in particular the persistence of chiefly and hereditary leadership, notably in Polynesia, but also relatively recent introductions such as Christianity, patronage-based politics, and weak state capacity, are all characteristics of social and political life that hold the region back (e.g. Morgan, 2005; Wainwright, 2003). Indeed, for much of the past two decades, parts of the region became known as the ‘arc of instability’ (Dibb, Hale, and Pince, 1999) due to anxiety that failed or failing states, notably Nauru and the Solomon Islands, would become safe havens for terrorists and criminals, and thus threaten the safety of larger neighbours and that of the international system (Connell, 2006; Wainwright, 2003).

In this reading, the region is defined by its deficits (e.g. Cole, 1993), with outsiders encouraged to take control of Islander futures for their own good. As the High Commissioner for the Western Pacific said of the Solomon Islands in 1928: “The suppression of intertribal warfare, vendettas and retaliatory homicide and the establishment of law and order are obligatory on all Governments” (cited in Firth, 1997, p. 253). Christianity, which is widely practised across the region and has unequivocally been a much more successful ‘transfer’ than the bureaucratic state, has long traded on similar notions of a civilizing mission (Ernst, 2006). Plantation economies would bring a valuable and productive regime. The most prominent contemporary example of intervention in favour of a modern order was the Australian-led Regional Assistance Mission to Solomon Islands (RAMSI) which from 2003–2017 sought to restore law and order in the aftermath of a low level civil conflict known as ‘the Tensions’ (Fraenkel, 2004).

The common counterpoint to the deficit view of the Pacific has been advanced by scholars arguing that the ‘fatal impact’ of modernity wreaked untold violence on Pacific cultures and peoples whose small-scale cultures and livelihoods saw them exploited by the much larger colonial enterprise. From this perspective, modernity is the sickness not the cure, and ultimately responsible for contemporary social and political ills facing the region, from infectious diseases and corruption to non-communicable diseases, climate change, and long-distance trade rather than local exchange. The notion of modernity also implied that the region remained irrelevant and dependent. The seminal text in this genre of Pacific thought has been Epeli Hau’ofa’s (1994) essay ‘Our Sea of Islands’ in which he reflected on (and ultimately sought to reject) his own role in the ongoing belittlement of the region and its people:

Do people in most of Oceania live in tiny confined spaces? The answer is ‘yes’ if one believes in what certain social scientists are saying. But the idea of smallness is relative; it depends on what is included and excluded in any calculation of size . . . There is a gulf

of difference between viewing the Pacific as 'islands in a far sea' and as 'a sea of islands' . . . The difference between the two perspectives is reflected in the two terms used for our region: Pacific Islands and Oceania. The first term, 'Pacific Islands', is the prevailing one used everywhere; it connotes small areas of land surfaces sitting atop submerged reefs or seamounts. Hardly any Anglophone economists, consultancy expert government planner or development banker in the region uses the term 'Oceania', perhaps because it sounds grand and somewhat romantic, and may connote something so vast that it would compel them to a drastic review of their perspectives and policies. (Hau'ofa, 1994, pp. 6–8)

From this standpoint, the primary characteristic of Pacific states is that they need to be rescued from the modernist attempt to belittle Pacific lives and futures.

As alluded to by Hau'ofa, a slightly different approach to this theme is the idea that small scale, isolation and poor infrastructure, rather than pre-modern 'culture', is the key barrier to modernist development in the region. For the smaller states, Bertram and Watters (1985) offered a MIRAB model (Migration, Remittances, Aid and Bureaucracy), where remittances and aid were as or more important than income generated within the states. That implied that small states should recognize, rather than seek to deny or overcome, smallness, and so take the only viable economic future available to them: (re)integrating their economies with those of Australia and New Zealand, thus overcoming their (lack of) economies of scale. That perspective was driven by a desire to:

Challenge the thinking behind the strenuous efforts of aid donors and international agencies, both then and now, to drive small island economies away from what seems to be their natural and preferred pattern of resource allocation under the international conditions of the late twentieth century, and to force them into a development model transferred from mainland Asia (and before that, from the writings of the classical economists). (Bertram, 1999, p. 105)

In this view, Pacific Islanders could manage the modernization process to their own advantage by exploiting economic niches and loopholes, but also migration opportunities and subsequent remittances. Evidence deployed to support this thesis was that non-independent Pacific territories have tended to be better in terms of social development than their sovereign neighbours (e.g. Taylor, Bampton, and Lopez, 2005).

These three perspectives on modernity – civilizing, fatal impact and pragmatic management – are, in many respects, overly-stylized. And yet, they are a useful heuristic for teasing out ongoing conjecture over the central characteristics of small Pacific states. Despite differences in explaining the cause, consequence and desirability of modernist development, these ideas remain the dominant frame through which to view small Pacific island states and their people.

The main alternative to the above three framings is to exoticize (and eroticize) the region and its people. This version of the Pacific, replete with sun, sand and coconut trees, is the image presented on tourist brochures. The idyllic landscape is generally mirrored by an image of Pacific Islanders as friendly, hospitable, relaxed and care-free. Following the success of 'Aloha' in Hawaii, Fiji has recently taken to promoting itself as home to the 'Bula spirit', an explicit attempt to commodify these virtues.

These connotations also have a long history, the strands of which can be found in Paul Gauguin's paintings of Tahitian women and Margaret Mead's (1943) *Coming of age in Samoa*. Before that, Tonga was known as the 'Friendly Islands', allegedly because of the reception afforded to James Cook. Contemporary examples of Pacific exoticism include the hit TV show *Survivor*, which trades on the 'lost in paradise' motif, or Disney's animated children's film *Moana*, which has attracted criticism for its representation of a spirited but sexually naive island girl (Tamaira et al., 2018; cf. Connell, 2003; Kahn, 2011).

This image of exotic simplicity and vulnerability, more recently characterized by sinking islands, has also proved incredibly powerful for small Pacific states in global climate change discussions. By portraying themselves as the proverbial canaries in the global climate coal mine they have attracted considerable attention (and sympathy) from parts of the world who would otherwise have little interest in their affairs (Connell, 2013). Reflecting how different aspects of this frame have been employed in these discussions, *The Fiji Times* declared that Fiji's presidency of CoP23 would infuse it "with the Fijian 'Bula spirit' of inclusiveness, friendliness and solidarity" (Susu, 2017). This image of exotic vulnerability has always been more contentious at home than it has been abroad. Taneti Maamau, President of Kiribati, stated in 2017 that: "We are telling the world that climate change impacts Kiribati, it's really happening . . . But we are not telling people to leave" (Walker, 2017). This was a marked shift from his predecessor and self-styled realist, Anote Tong, who in 2014 purchased 6,000 acres of land in Fiji, allegedly for the permanent resettlement of Kiribati's population, and proclaimed the notion of 'migration with dignity'.

Seemingly paradoxically, a characteristic of small Pacific states that has confounded scholars interested in the penetration and reach of modernity is the stubborn persistence of democratic institutions ostensibly designed for large states. Indeed, the Pacific has been called an 'ocean of democracy' because of the resilience of these institutions (Reilly, 2002). Reflecting their British colonial heritage, most states adopted, or were encouraged to adopt, a version of the Westminster democratic model (Larmour, 2005). The exceptions have either followed their US colonial heritage, or adapted hybrids of the two systems. Regional examples of democratic 'deconsolidation' have occurred in Fiji, and to a lesser extent in Nauru and the Solomon Islands; but elections have returned after interruptions.

Modernists have either ignored this democratic tradition or claimed that these states are not 'real' democracies because the way politics is practised does not conform to large state orthodoxy. The absence of political parties and institutionalized party systems (Rich, Hambly, and Morgan, 2008), the weakness of civil society and an independent press (Robie, 2004), the small number of women elected to Pacific legislatures (Baker, 2018; Spark, Cox, and Corbett, 2018), and the highly personalized and patronage-based nature of political representation (Steeves, 1996), are the main characteristics used to support these claims. Thus, democracy is a 'façade' (Ravuvu, 1991) or 'foreign flower' (Larmour, 2005) unsuited for Pacific soil. The argument against this perspective, in addition to its continued success, is that despite their divergence from large state orthodoxy there are marked similarities, both in the

persistence of democracy and the way it is practised, between the Pacific and other small states around the world (see Corbett and Veenendaal, 2018). Inevitably this is complicated by the manner in which social, economic and political systems are characterized by what some scholars call ‘hybridity’ (Wallis, Jeffery, and Kent, 2016), where local values are inextricably linked to modern practices.

The domestic characteristics of Pacific small states thus present numerous paradoxes: the region is both too modern and not modern enough; underdeveloped and paradise lost; an ‘ocean of democracy’ and an ‘arc of instability’; a progressive champion of climate change and a conservative bastion of patriarchy. Examples can be found for each argument. In part this is because the region is diverse, including 11 UN member states and another two – Cook Islands and Niue – which are self-governed in free association with New Zealand. Economies and geographies are diverse, from sole islands to complex archipelagos; size varies and states have separate and distinct cultural heritages. But it is also because there is incredible variation *within* each state. Perspectives vary, depending on whether the focus is on an urban centre or an outer island, a tourist hub or a remote village, islanders with a cash job or meagre self-employment, who drive a car or paddle a canoe, are old or young, born a man or a woman. Each characteristic intersects with ‘modernity’ at different points and in different ways. Traditions are fashioned out of these everyday practices. This decentred view is not popular in academic or policy discourse because it is messy and complex; it provides few clear-cut solutions but instead presents life as a series of trade-offs and compromises that are contingent on the initial problem framing as outlined above.

INTERNATIONAL CHARACTERISTICS OF PACIFIC SMALL STATES

A common assumption is that Pacific island states have been victims of successive international orders. Colonialism and empire are synonymous with fatal impact. The Pacific was a key theatre in the Second World War but islanders were rarely combatants. Small and independent states were largely deemed irrelevant in the post-war Bretton Woods order dominated by ‘great powers’ and increasingly by global institutions such as the United Nations (Corbett and Connell, 2015). Most recently climate change has been thrust upon, rather than caused by, Pacific countries. In this view, they are passive members of the international system; international politics is not something they are a part of; it just happens to them.

Contemporary history is increasingly problematic. Since independence, and to some extent before it, Pacific island countries have been heavily involved in regional politics, through institutions like the South Pacific Commission (later the Secretariat of the Pacific Community, after one image of the region crumbled) and the Pacific Islands Forum Secretariat (PIFS). Regionalism has long been heralded as a panacea to the problem of small scale for Pacific states. By working together they

are supposed to be able to overcome scalar deficiencies. The Pacific Plan Review, for example, argued that:

So there is an inherently compelling argument for regionalism: these [mostly] tiny economies, with small populations and tax bases on which to draw, need to do all they can to leverage voice, influence and competitiveness, and to overcome their inherent geographical and demographic disadvantages. (Pacific Islands Forum Secretariat, 2013, p. 49)

Regionalism is thus often seen as the solution to the development problems of small island states. But this tendency to see a wider region of many states as empowering and integrative is also present in the vision of more evidently cultural ties in a vast and interconnected ‘sea of islands’ (Hau’ofa 1994, 1998). Rather than stress inherent economic disadvantage, this form of empowerment is said to subvert the discursive hegemony of both the colonial and development projects that stand accused of belittling the region and its people.

However, Pacific regionalism in either mode has been underwhelming. Certainly, there is nothing like the type of integration in the Pacific that can be found in the Caribbean, for example. There are numerous reasons for this, with roots in geography, culture and history. Various solutions have been trialled to resolve this ‘problem’ of regionalism, from the technocratic Pacific Plan, funded and developed by Australia, to the current move towards inclusive ‘politics’. Secretary General of the PIFS, Dame Meg Taylor, argued in 2016 that:

Pacific Island Leaders have nonetheless recognised the need for a new inclusive and game changing approach to Pacific regionalism At the heart of this new approach is an emphasis on inclusive policy development and implementation, as well as a recognition of the political dimension for ensuring development outcomes for the Pacific. (Pacific Islands Forum Secretariat, 2016)

In doing so, she made a pointed reference to Australia and its role as a regional leader:

the *Framework for Pacific regionalism* also presents some challenges for Australian foreign policy. The emphasis on inclusive public policy processes under the Framework means that voices of civil society organisations will also help shape regional priorities. So far, these voices have spoken loud and clear on human rights issues facing the region, including the situation in West Papua, refugee detention centres and a range of indigenous issues. Therefore questions may emerge regarding Australia’s future foreign policy, with the primary question of course being how will Australia see its engagement with the Pacific? (Pacific Islands Forum Secretariat, 2016)

The overall goal was to enable greater levels of ‘ownership’ by Pacific leaders (Leslie and Wild, 2018). However the previous limitations of regionalism have given rise to sub-regional movements. Colonizers categorized the region by racial groups – Melanesia (black islands); Polynesia (many islands); and Micronesia (small islands) – and these labels have largely stuck and been taken over by indigenous institutions.

Political turbulence in Fiji, with military coups, led to sanctions from regional powers Australia and New Zealand and suspension from the Pacific Islands Forum. In response Fiji poured increasing effort into the Melanesian Spearhead Group (MSG), first established in the 1980s (Lawson, 2016). It also established the Pacific Island Development Forum in 2013 as an alternative to PIFS, excluding Australia and New Zealand from membership. Reflecting the history of the US Trust Territory, Micronesian leaders meet under the auspices of the Micronesian Presidents' Summit and the Micronesian Chief Executives' Summit. Most recently, the Polynesian Leaders Group has been created to counterbalance the MSG. Each grouping is said to further detract from the goals and aims of the Forum, and wider regionalism, despite representing substantial geographical and cultural groups.

One reason why PIFS is contentious stemmed from the influence and membership of Australia and New Zealand. From the outset, inaugural President of Nauru, Hammer de Roburt, then leading a country with one of the highest GDP per capita ratios on earth, sought to exclude them from the regional project on the grounds that they were not sufficiently attuned to Pacific values and ideals. He was overruled by then Prime Minister of Fiji and the region's first great statesman, Ratu Sir Kamisese Mara, who argued for the inclusion of Australia and New Zealand on the grounds that small countries required their strength (Fry, 1980). The trade-offs entailed in this decision have remained central to power relations in the region ever since. Australia is the largest aid donor but its 'interventionism' is increasingly seen as a paternalistic and unhelpful presence (Fry and Kabutaulaka, 2008; Hameiri, 2009). This perception reflects both the changing nature of Australian financial assistance, which is increasingly tied to governance, anti-corruption and gender issues, but also its role leading interventions like RAMSI, designed to restore law and order after 'the tensions', and its imposition of sanctions levelled against Fiji. Pacific island states and Australia have also been at odds over climate change issues. New Zealand is commonly perceived as a more culturally attuned 'development partner', but it also provides significantly less aid money, mostly channelled to Polynesian countries. New Zealand hosts a larger Pacific migrant population which has a greater influence in domestic politics due to both its proportional size, and location in a few key constituencies.

In the north Pacific, the US remains the key international influence, although Japanese aid is also important as, reflecting the history of Japanese colonization, many families have strong ties with Japan. Palau, FSM and Marshall Islands all have formal Compact of Free Association arrangements with the US that underwrite their national budgets and enable their viability. It also allows for the free movement of citizens of these states to the US, resulting in large Micronesian populations in Hawai'i and Guam. The US also rents a portion of Kwajalein Atoll in the Marshall Islands for military purposes. Nauru has a similar arrangement with Australia which uses the centre of the island to house a regional asylum seeker processing centre. The detention facility, like the Kwajalein base, has brought considerable economic benefit to some islanders, but has also generated considerable criticism from the UN and human rights NGOs for the treatment of the refugees housed there. Australia's presence has also had a negative impact on Nauruan democracy (Firth, 2016).

Australia, New Zealand and the US are the traditional ‘powers’ in the Pacific but in recent decades China and Taiwan have become increasingly active (Crocombe, 2007; Zhang, 2017). Both provide considerable development assistance. In return, they seek recognition from Pacific island governments in international forums of one, but not the other, country. The presence of the two Chinas has allowed Pacific island governments to ‘donor-shop’, playing ‘traditional’ and ‘new’ donors off against each other (Van Fossen, 2007). This has resulted in increased anxiety in Australia in particular about the rising influence of China (rather than Taiwan) and its own diminishing authority in the region. The Pacific states are also concerned about a growing Chinese commercial and military presence. In 2018, Concetta Fierravanti-Wells, Australia’s Development Minister, attracted criticism for claiming that Chinese lending to the Pacific was done under unfavourable terms, whereby loans had to be repaid, and that Chinese aid was being used to construct “useless buildings” and “roads to nowhere” (‘Chinese aid comments insulting’, 2016). Australian anxiety about the influence of other powers is not unprecedented, as in 1985 when Ieremia Tabai, President of Kiribati, controversially turned his back on the US and signed a fishing agreement with the Soviet Union (Van Trease, 1993), but it has heightened in recent years.

Each of these developments still largely conforms to the image of Pacific states as passive, albeit increasingly strategic, players on the world stage. Beyond regional and bilateral politics, however, a very different story has emerged within the multilateral sphere. Pacific states and their leaders have rarely been active players in the multilateral sphere, with the inaugural Prime Minister of Fiji, Ratu Mara, the main exception (Corbett and Connell, 2014). Reasons include the traditional dominance of major international organizations by ‘great powers’, a lack of interest by Pacific states in multilateral affairs, and capacity deficits that make it too expensive and logistically complex for officials from the region to participate in global affairs (Corbett and Connell, 2015).

Climate change and the erosion of the old ‘club model’ in international organizations have altered this pattern. In coalition with other members of the Alliance of Small Island States (AOSIS), Pacific states have been leaders in global climate negotiations. They have drawn support from progressive NGOs and technical experts; but their advocacy has been critical in its own right. Indeed, both Anote Tong, the former President of Kiribati, and Tony de Brum, the former Foreign Minister of Marshall Islands, have been nominated for the Nobel Peace Prize in recognition of their contribution to global climate negotiations. More recently, Fiji was President of CoP23. This is a marked shift in the way Pacific small states act in the world. Remarkably they have become players on the world stage because of, not despite, their smallness: no longer vocal or powerless (cf. Levine, 2012). By drawing attention to their unique condition as small island developing states (SIDS), Pacific countries, in coalition with other small states from around the globe, have become a recognized grouping in the multilateral sphere.

Climate change also threatens to further erode Australia’s influence in the region. Coal is Australia’s largest export and as a result the country has little incentive to

reduce its carbon footprint. This has placed it at odds with the region. In response to the above comments by the Australian Minister about China's influence, Tuilaepa Sailele Malielegaoi, Prime Minister of Samoa, one of the region's senior statesmen, remarked that the comments were "insulting" and had the capacity to "destroy" Australia's relationship in the region (Hill, 2018). Australia's influence has been further eroded by its stance towards Nauru. Whereas previously Australia has sought to champion democracy in the region, whether through RAMSI or post-coup sanctions against Fiji, in Nauru it has been willing to turn a blind eye to a patent usurping of democracy and the legal system. This apparent hypocrisy has not gone unnoticed by Pacific leaders.

SMALL STATES: CONFIRMING OR DEFYING EXPECTATIONS?

The successful activism of small Pacific states in relation to climate change is one of the most prominent recent examples of Pacific countries defying expectations. What is especially interesting about this is that, rather than gaining influence by adopting or mirroring the conventions of modern statehood, they have done so by drawing attention to their vulnerability (Corbett et al., 2019). In doing so their weight in numbers has facilitated the creation of groupings (SIDS at the UN, Small and Vulnerable Economies at the WTO, etc.) dedicated to small states in international organizations. The emergence of these groupings is preliminary evidence of their influence. In an international order apparently defined by hierarchy, including that large is stronger than small, this is an astonishing move that defies many of the most well-worn theories of international relationships.

The second way that small Pacific states defy expectations is the resilience and practice of their democratic institutions (Veenendaal and Corbett, 2015). As noted above, the absence of political parties and party system institutionalization in Pacific states is remarkable given that many have electoral systems that should encourage the types of party systems found in both large states and in small states in such regions as the Caribbean Sea and the Indian Ocean (Fraenkel, 2010). One possible reason for the difference from the Caribbean is that trade unionism has been relatively weak in the Pacific, as have philosophical and practical distinctions over policy directions (Bishop et al., 2020). The one exception is Fiji, which, incidentally, also happens to have had a strong Labour Party and a vibrant trade union organization. The absence of party system institutionalization has meant that Pacific politics is often characterized as unstable or 'unbounded' (Steeves, 1996), leading many scholars and pundits to predict a crisis of democracy. In Vanuatu, some 14 politicians, a quarter of the parliament, were convicted of bribery in 2015, leading to their ejection from Parliament and jail terms (Forsyth and Batley, 2016). The courts had thwarted corruption. By and large these 'doomsday' predictions (Callick, 1993; Reilly, 2000) have not come to fruition. Democratic politics in the Pacific may look different to that in neighbouring large states; but it has proven remarkably resilient. Governments often rise and

fall at an alarming rate, with Nauru having 17 changes of government between 1989 and 2003; persistent votes of no-confidence have been destabilizing, but elections are held and protocols of compromise and conciliation are largely maintained.

One possible reason for the resilience of democracy is that, while democratic politics in the Pacific is different to large states it is, with the exception of its fluid party systems, actually quite similar to that of other small states. Nominal parties gravitate around leaders (and pork barrels) rather than policies. Contrary to arguments based on cultural exceptionalism, democratic politics in the Pacific is thus highly personalized (see Corbett and Veenendaal, 2017). As in other small states, this has advantages (i.e. more organic forms of representation and public participation in politics) and disadvantages (i.e. executive domination, patronage and nepotism) for democratic politics. Indeed, like many small states from different world regions, Pacific politics tends to combine majoritarian democratic institutions with illiberal practices.

Scalar problems of development in the Pacific – the vast size, and distance between islands, in several countries especially Kiribati and the Federated States of Micronesia (FSM), even with small populations of around 100,000 – have meant that the larger states have sought to develop provincial governments. Shortages of finance, scarce human resources for management, and uncertainty over their role vis-à-vis national governments, have meant that few have functioned effectively. Similar problems have affected attempts to establish urban governments, where conflicts between modern management and customary land rights and values are most severe (Mecartney and Connell, 2017). Scale and cultural distinctiveness have also resulted in intermittent secessionist movements – such as Chuuk seeking to leave the FSM, Rotuma separating from Fiji and the Western Province departing the Solomon Islands. While none have seceded from a sovereign state, regional tensions are rarely far away from political development despite the small population size of these states. Indeed, for similar reasons, Bougainville may choose to secede from Papua New Guinea and become a separate Pacific state, in a referendum scheduled for 2019. Where, as in Kiribati and FSM especially, it is almost impossible to travel to some parts of the country without first leaving it, it is perhaps surprising that differences have not been more acute.

The other way in which Pacific states largely conform to expectations is their limited economic development, as agriculture has declined in significance, while fisheries provide income but little employment. As captured in the MIRAB model, the smallest tend to rely heavily on remittances, aid and oversized bureaucracies to sustain their lower-middle income economies. In extreme form, Niue is a ‘government island’, dependent on aid from New Zealand, with the government providing almost all employment and all households of working age having at least one government employee. In several Polynesian states, notably Samoa, Tonga and the Cook Islands, the demographic balance is shifting outwards, with more islanders overseas than at home. Tourism has proved lucrative for some Pacific states, specifically Fiji, Vanuatu, Palau, Cook Islands and to a lesser extent Samoa and Tonga. Others have exploited niches (e.g. passport sales, flags of convenience, philately), flirted with financial services (Cook Islands, Vanuatu and to a lesser extent Nauru) and forms of

deterritorialization (e.g. the Marshall Islands is the third largest shipping nation in the world, through providing flags of convenience, and generates rentier income from its missile base on Kwajalein). None of these strategies has yet created levels of GDP per capita comparable to more prosperous small states in the Caribbean, Europe or the Indian Ocean. Meanwhile independent Pacific states have tended to lag behind non-sovereign Pacific territories in terms of economic development.

Potential influences on economic and political change include increased temporary or permanent labour mobility, deep sea mineral extraction, more beneficial fishing agreements, but also more critical environmental hazards. Aid fatigue may also have a negative impact. Palau, FSM and Marshall Islands have open labour market access to the United States. New Zealand's Free Association arrangement with Cook Islands and Niue, along with bilateral agreements with Fiji, Samoa and Tonga, has provided similarly high levels of access. Australia has historically been more closed, although a recent Seasonal Worker Programme is changing that. However, labour mobility is unevenly spread across the region, with the low-lying atoll states of Kiribati and Tuvalu, along with the Melanesian states of Solomon Islands and Vanuatu, the most disadvantaged (Curtain et al., 2016). The potential for deep sea mining is considerable since Pacific states have enormous Economic Exclusion Zones (EEZs) that stretch across hundreds of thousands of square kilometres of ocean. However, uncertainty over resource availability and technical constraints means that this huge natural resource remains a theoretical economic opportunity. The Parties to the Nauru Agreement, a consortium of ten of the Pacific states, have been much more successful in restricting fishing access in their EEZs which has, in turn, brought considerable economic benefits to its members. In contrast, between 2015 and 2018, a trio of cyclones – Pam, Winston and Gita – severely shook the economies of Vanuatu, Fiji and Tonga.

Deep sea mining and fisheries are increasingly seen as key components in an emerging 'blue economy' which, reflecting the greater presence of SIDS in international organizations, has gained popularity in donor circles in recent years (Keen, Schwarz, and Wini-Simeon, 2018). At the 48th Pacific Island Forum in 2017 leaders launched *The Blue Pacific* "as a new narrative that calls for inspired leadership and a long-term Forum foreign policy commitment to act as one 'Blue Continent'". Echoing Hau'ofa, the communiqué referenced the shared stewardship of "our ocean of islands" as the catalyst for deeper Pacific regionalism. In launching it, Tuilaepa Sailele Malielegaoi, Prime Minister of Samoa, stated:

In this sea of islands, where the ocean exceeds land masses by an average factor of 300 to 1, the Pacific peoples have developed a unique relation with the ocean that has shaped their sense of place, their economies, and their culture. For us, the ocean is both a shared resource and a source of isolation. It helps define the ways communities communicate and are governed, and it continues to be a source of cultural significance and inspiration. It has been the source of enduring sustenance for our Pacific peoples, but it has also daunted us on many occasions with its devastating and overwhelming power.

This juxtaposition of the ocean as both sustenance and destroyer of life, made all the more poignant in the aftermath of the devastating 2009 tsunami in Samoa, highlights the extent to which practical questions about how *The Blue Pacific* will be translated into tangible economic gains remain largely unanswered.

CHALLENGES FACING PACIFIC SMALL STATES

For the smallest Pacific states, the greatest challenge is viability. Most obviously, low-lying atoll countries such as Kiribati, Marshall Islands and Tuvalu face a potentially existential threat in the form of climate change, be it from sea level rise, more intense cyclones or droughts. The most pessimistic assessments predict that these countries will be uninhabitable within decades as rising seas increase the salinity of water supplies. Extreme solutions such as ‘floating islands’ are being considered; but the availability of affordable, clean water remains a significant obstacle. A consequent challenge, should entire populations be forced to migrate, is the legal status of each country’s EEZ given existing fishing revenues and potential mineral wealth.

Climate change is not the only threat to the viability of the smallest Pacific states. Should Australia decide, once again, to close the regional processing (also known as detention) centre on Nauru – which employs 500 local staff and generates considerable local contractor revenue (ILO, 2015, p. 14) – the nation faces a bleak economic future. US compact funding to the Marshall Islands, Palau and FSM is dwindling and in the absence of other revenue streams they may face future cuts to government services. The lack of economic opportunity encourages migration. Niue, the smallest self-governing Pacific state, has been struggling with depopulation for some time. Irrespective of climate change, the atoll states of Kiribati and Tuvalu have exceptionally narrow economies, and no compact or free association arrangements, hence they are among the poorest in the region. In each of these states, migration is likely to become even more important in the future.

For larger Pacific states, the key challenge is creating sustainable prosperity. Fiji and Solomon Islands have the greatest potential to generate revenue from extractive industries and agriculture. The former also has the most established tourism sector. But both have experienced political turbulence over the last two decades that has stymied economic growth. Vanuatu, Cook Islands, Samoa and Tonga have few natural resources and so rely heavily on a mix of tourism, remittances and niche economic activities. The former two countries experimented with financial services with limited success. The larger states have experienced rapid and unsustainable urbanization, with significant proportions of the urban population living in settlements, where access to services is inadequate and unemployment and poverty considerable. At times, deprived urban residents have staged violent demonstrations against the unequal status quo.

While somewhat different, all Pacific states appear to face an ‘underdevelopment trap’ that is symptomatic of their size. They are highly dependent on external finance, yet have limited access to it. Moreover, while GDP per capita has risen over time in

some states, growth has generally been slow, and attempts to diversify mono-industry economies have been disappointing, with income poorly distributed, and intensifying poverty and inequality, especially marked in growing urban areas (Connell, 2013). This ‘underdevelopment’ trap is similar to that of small states in the Caribbean but is exacerbated by the relative isolation of Pacific states, from each other and from the rest of the world. Development aid fills the void to some extent – the region has long received high levels of per capita ODA – but has not resulted in the types of economic ‘miracles’ witnessed in Southeast Asia or among the BRICS. In such circumstances, concern with corruption and maladministration as an explanation for stagnant growth has risen (Larmour, 2012).

COPING STRATEGIES AND POLICY SOLUTIONS

Coping strategies vary according to the unit of analysis. Governments of the smallest states have had considerable success raising awareness of their unique environmental circumstances among international organizations and donors, especially in relation to climate change. The ability to ‘donor shop’ has provided small states with diplomatic leverage they had not previously enjoyed. Globalization has also opened up niche revenue streams related to hosting reality TV shows and Internet domain names. But it has led to a decrease in others, like philately. The nascent financial services industry has also suffered due to concerns about terrorism and money laundering in particular (Sharman, 2005). In sum, the ability of governments to find policy solutions to these challenges appears mixed at best, leading to considered frustration with elected officials (Corbett, 2015).

Two regional agreements, the Pacific Island Countries Trade Agreement (PICTA) and the Pacific Agreement on Closer Economic Relations (PACER) have attempted to use economic integration to overcome systematic challenges. PICTA provided for trade liberalization between Pacific states, while PACER provided for subsequent negotiations with New Zealand and Australia. More recently, Pacific states refused to accept PACER Plus because it did not include provisions for increased labour mobility. The economic benefits of integration have also been behind Tonga, Samoa and Vanuatu’s recent accession to the WTO (Fiji and Solomon Islands were founder members). The assumption is that Pacific countries can or will produce tradable goods of value elsewhere, and that this will outweigh the costs in terms of sovereign control over economic affairs. That has yet to be demonstrated.

The emphasis on labour mobility in PACER Plus negotiations recognizes that individuals and families appear to have more options for overcoming systematic development challenges than nation states, as they create small-scale “transnational corporations of kin”. Demand from both island governments and local people for short-term labour migration to Australia and New Zealand far exceeds opportunities, despite the social costs (Petrou and Connell, 2018). Connell and Corbett (2016, p. 599) argue that:

Over time, a “culture of migration” has developed, where migration is normative and expected, emphasising the primacy of migration and remittances as both household and national livelihood and development strategies. PICs [Pacific Islands countries] thus increasingly exemplify the notion that “migration should be seen as the norm rather than the rule, as an integral part of societies rather than as a sign of rupture: an essential element of people’s livelihoods, whether rich or poor”, as many other peoples, countries and regions have done in recent centuries.

In this view, development in the Pacific has become transnational despite the fact that for those who spearheaded independence movements only decades earlier, this appears to be a second-best solution. The alternative interpretation, which again fits with Hau’ofa’s expanded vision for Oceania and his invocation of a relatively ‘unbounded’ relationship with the sea that reflects and embodies a history of migration that has unfolded across thousands of years, is that migration is a continuation of a past mode of practice rather than a second-best solution. Jet planes are simply faster, more effective and travel greater distances than voyaging canoes.

CONCLUSION

The apparent absence of modernist development has long been the defining characteristic of Pacific small states. A key question has thus become: what is holding the region back and how might this be remedied? Smallness has been central to this discussion: can smallness be transcended to enable modernist development or must Pacific Island states be defined by their deficits? For some economists, smallness can be overcome by integration. In this view, pooled sovereignty and regionalism are favoured solutions to the problems of scale. Even critics of the way the Pacific is ‘belittled’ accommodated this narrative, arguing that, while their islands are small, the Ocean was vast, thus enlarging the world that Oceanic peoples inhabited. Indeed, the Pacific covers a third of the world’s surface. This rhetoric has recently been given new meaning by the notion of a ‘Blue Pacific’ and the global narrative around the ‘blue economy’. Such narratives seek to empower Pacific Islanders by providing a vision for how they might overcome structural challenges. They nevertheless implicitly rely on, and even tacitly reinforce, arguments about the endogenous limitations of smallness.

In contrast, arguments that Pacific states should embrace their smallness and the advantages it offers, and in doing so pragmatically manage modernity, have been much less fashionable. We have canvassed two examples: migration and the formation of the SIDS grouping in international climate negotiations. In the former, Pacific Islanders have pursued individualized or familial development strategies, sometimes at the encouragement of nation-states. From a state-centric perspective, these strategies of deterritorialization are often seen as a second-best solution, especially in light of relatively recent decolonization. The SIDS grouping in international climate negotiations has had extraordinary success by drawing attention to, rather than denying or seeking to overcome, the small and vulnerable nature of Pacific states. Turning

weakness into a strength has brought functional benefits in terms of international profile and adaptation funds.

One consequence of these competing views about whether smallness can be overcome is that the region presents us with a series of paradoxes: too modern and not modern enough; underdeveloped and paradise lost; an ‘ocean of democracy’ and an ‘arc of instability’; a progressive champion of climate change and a conservative bastion of patriarchy. Examples can be found for each position, although, in practice, hybridity is not at all unusual. In part this is because the region is diverse, but also because even though they are small, there is incredible variation *within* states. Perspectives thus vary depending on the unit of analysis: an individual or a state; a country or a region; an urban centre or an outer island. Each characteristic intersects with ‘modernity’ at different points and implies different understandings of smallness. This decentred view is unpopular in academic or policy discourse because it is messy and complex: it provides few clear-cut solutions for small states. But it does imply a series of pathways that can help navigate, if not fully solve, the paradoxes of small state development.

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PART VI

BEYOND SOVEREIGNTY? SEMI/NON-SOVEREIGN SMALL STATES AND TERRITORIES

22. Small, subnational jurisdictions

Gerard Prinsen

INTRODUCTION

This book takes “legally sovereign states as its point of departure and primary object of study” (Baldacchino and Wivel, 2020, p. 6, this volume). Introducing a chapter on small subnational jurisdictions – i.e. non-sovereign polities – requires, therefore, an explanation. The explanation rests on two arguments; one is based on political praxis and the other one on analytical exploration. First, it seems to be clear what ‘legally sovereign states’ are: the recognition by peers in an admission as a UN member. Yet, it is also clear, as pointed out by Baldacchino and Wivel (2020), that the actual autonomy of small sovereign states to determine their international and domestic policies varies. Much of this variation depends on asymmetric relationships with a larger state.

This chapter offers examples that suggest patterns of how small subnational jurisdictions can acquire an autonomy in political praxis that is sometimes even greater than that enjoyed by small sovereign states, precisely because they – very consciously, as we will see – decide *not* to pursue formal sovereignty from the larger state to which they are bound. If we associate a polity’s sovereignty with that polity’s autonomy, then this book needs to include a chapter outlining how some small subnational jurisdictions – mostly islands – appear to possess an autonomy equalling, or even exceeding, the autonomy displayed by small sovereign states.

A second argument for the inclusion of a chapter on small subnational jurisdictions builds on the observation by Baldacchino and Wivel (2020) that the borderlines between ‘microstate’ and ‘small state’ are blurred and arbitrary, but that such definitional ambiguity about a state’s size can be a fruitful environment for an eclectic analysis of real-world implications of size. In that spirit, this chapter analyses some implications of the emerging definitional ambiguity about sovereignty. Specifically, if small subnational jurisdictions can exert as much or more autonomy as small sovereign states, then perhaps we need to conclude that the borderline between sovereign and non-sovereign polities is not the crystal-clear line in international law of membership of the UN General Assembly.

To contextualize the political praxis of small subnational jurisdictions, this chapter opens by reflecting on lists of subnational jurisdictions to clarify what these stand for, and particularly in contradistinction to small sovereign states. In the ensuing sections, this chapter takes an inductive approach by using examples to suggest typical patterns or essential characteristics. In structure, this chapter follows the four questions outlined in the book’s introduction. What are small subnational jurisdictions’ international characteristics? What are important domestic characteristics? How do they

confirm or defy expectations related to their small size? What are their challenges and how do they respond? This chapter's conclusions explore lessons from small subnational jurisdictions for small sovereign states.

LISTING SMALL SUBNATIONAL JURISDICTIONS

Unsurprisingly, listing small subnational jurisdictions is hobbled by the dearth of clear definitions: not only of size, but also of what constitutes 'subnational'. When searching for definitional agreements in the political mainstream, UN agreements would generally reflect common ground across the globe. Unfortunately, in this case they do not. For example, the latest major UN agreement – the UN's Sustainable Development Goals of 2015 – provides explicit guidelines for drafting national sustainable development strategies for what are labelled as "subnational territories". However, it defines these jurisdictions in a way that is rather unspecific and potentially includes thousands of entities:

Subnational territories can be referred to as federal states, counties, governorates, provinces or districts, amongst other terms. (Paris21, 2017)

Scholarly sources also struggle in defining and listing small subnational jurisdictions. One of the largest data collection programmes on states and governance includes "subnational democracy" as a distinct aspect of its research project (V-Dem Institute, 2018). It is more helpful than the above UN guidelines because it differentiates subnational entities into two types: one just below the national government and another one comprising all entities further down the hierarchy. Arguably, the subnational territory positioned just below the national government is in a better position to negotiate its autonomy than a municipality at the bottom of the state's administrative structure. Even so, its finding that 68 per cent of the 201 countries in its database have elected subnational governments of the first type, leaves us to conclude that there must be many hundreds, if not several thousand, subnational jurisdictions (McMann, 2016, p. 17). Moreover, this categorization does not differentiate by size, lumping California with 40 million people in the same group as the Pitcairn Islands with 50 people.

Stuart (2009) focuses on islands as small subnational jurisdictions, listing 116 jurisdictions. Her list includes jurisdictions with millions of inhabitants next to reserves managed by a few scientists, as well as placing municipalities next to freely associated self-governing states. The list of 118 subnational island jurisdictions offered by Baldacchino (2010) is related to Stuart's. Others have argued for a more restricted list of small subnational island jurisdictions, not so much by looking at islands' population size, but by historicizing the geographical and cultural separation (as an expression of colonialism) between island jurisdictions and their metropolitan, national governments. This results in a list of 42 subnational island jurisdictions (Prinsen and Blaise, 2017). For this chapter's focus on subnational jurisdictions

that are ‘small’ in relationship to a powerful larger state, it seems that the Stuart and Baldacchino lists are the most useful starting point, particularly if we focus on the one hundred or so islands with a resident population of less than 500,000 people. This cut-off mark would make this group of small subnational island jurisdictions very comparable in population size to the group of small sovereign island states; a listing of the latter shows a clear gap between the Solomon Islands with 523,000 and the Comoros with 785,000 inhabitants (Wikipedia contributors, 2018). In addition, Anckar’s review of political science research on small jurisdictions also specifically advocates “the half a million threshold” (Anckar, 2010, p. 8).

To expand the list with small subnational jurisdictions that are *not* islands – “semi-sovereign jurisdictions” as proposed by the Variety-of-Democracies project (Coppedge et al., 2018, p. 358) – a cross-check can be done against three other lists. First, Rezvani’s research into “partially independent jurisdictions” with “small populations . . . small economies” lists 47 present-day subnational units (2014, pp. 310, 300). Of these, 18 are small continental subnational jurisdictions. A second list comprises the 17 jurisdictions that wait, in what seems to be an “infinite pause” (Connell, 1994, p. 104), to be decolonized, as recorded by the UN Special Committee on Decolonisation (UN, 2017). With two exceptions, however, these jurisdictions are islands and already included in the lists presented so far. The third list comes from the CIA *World Factbook*, enumerating 267 “world entities”, of which 195 are defined as “independent states” – being the 193 that are UN members, plus the Holy See and Kosovo – and 58 are described as “areas of special sovereignty . . . a broad category of political entities that are associated in some way with an independent state” (CIA, 2017). Interestingly, virtually all these jurisdictions are also already included in the other lists.

Two commonly shared features in these lists need highlighting. First, almost all zoom in on jurisdictions governed just one level below the national government and in direct and asymmetrical engagement with that national level. This excludes all local government bodies that are subordinated to intermediate governing structures such as provinces or regions as well as federative arrangements where both parties negotiate on an equal footing as constituent units. Second, most authors of these lists acknowledge that the subnational jurisdictions they list possess a sovereignty related to the inhabitants and their place. For example, Rezvani’s opening statement outlines that his research deals with subnational jurisdictions that “share sovereign powers with a core state”, clearly implying these jurisdictions possess sovereignty; otherwise it could not be shared (2014, p. 3). Sixty years on, this analytical approach to subnational jurisdictions still echoes the political statement that triggered decolonization: “All peoples have an inalienable right to . . . their sovereignty and the integrity of their national territory” (United Nations General Assembly, 1960a). Adding the feature of an ‘inalienable sovereignty’ into a listing of subnational jurisdictions for this chapter is helpful because it excludes those subnational jurisdictions that have been created by national governments; as opposed to demanded by people of a subnational territory.

Caveats

Yet, at least three cautionary notes regarding this classic Westphalian concept of sovereignty are in order. First, the concept of sovereignty is debated. In international law, the concept is not as clear as often assumed: “It has a long a troubled history and a variety of meanings” (Crawford, 2006, p. 26). Beyond law, it has been subject to diverging critiques, including Marxism, post-colonialism and feminist theory. Second, the actual praxis of state sovereignty has also been questioned since the accelerating globalization of trade and politics of the 1990s. Many sovereign states – even or perhaps particularly the larger states – increasingly seem to struggle to regulate what happens within their borders (Jotia, 2011; Lowi, 2011). Third, where large sovereign states struggle with an apparent loss of sovereignty, small polities – whether subnational jurisdictions or small sovereign states – seem to be actively seeking to blur the boundaries of what constitutes sovereignty. For many small subnational jurisdictions, autonomy derives precisely from a continuously renegotiated asymmetrical relationship with a larger sovereign state or metropole. Grydehøj (2016, p. 102) describes this as “navigating the binaries of . . . independence and dependence”.

With the above caveats, when looking to list small subnational jurisdictions that approximate small sovereign states – i.e. jurisdictions bound in an asymmetrical relationship to a national government, with populations of less than half a million that have a historical claim to local sovereignty – the above literature scan suggests that there are about 120 small subnational jurisdictions, of which about 100 are islands (combining data from Baldacchino, 2010; Rezcani, 2014; Stuart, 2009). It is with this list of small subnational jurisdictions that we now turn to the first of four questions guiding analysis in this book.

INTERNATIONAL CHARACTERISTICS OF SMALL SUBNATIONAL JURISDICTIONS

Discussing the key international characteristics of these 120 small subnational jurisdictions requires a nuanced approach. First, most of these jurisdictions display a remarkable ability to appear on the international stage and engage on an equal footing with sovereign states. This is often described as displaying acts of ‘paradiplomacy’ (Aldecoa and Keating, 2013) defined by Bartmann (2006, p. 544) as “the outreach of non-sovereign jurisdictions to actors beyond their own borders and the frontiers of their metropolitan relationships”. Acts of paradiplomacy are generally not directed by national governments: quite the contrary. Cornago (2010, p. 34) finds that national governments accept it “reluctantly” as a “deviant practice by a sub-state government”. Paradiplomacy by small subnational jurisdictions often evolves in successive steps, not unlike the steps by which jurisdictions ultimately become sovereign states.

Flags

A first step is generally the raising of a flag of the territory next to the flag of the larger nation. Most subnational jurisdictions such as provinces, regions and cities have flags as an expression of identity. However, the raising of a subnational territory's flag next to the national flag easily becomes an expression of sovereignty; perhaps less so by the intentions of those raising the subnational flag but more so by the response of third parties. For example, Denmark and the USA have had defence agreements over an American military presence in Greenland/Kalallit Nunaat since 1951 and flown their two flags over the Thule Air Base. The increasing autonomy of Greenland's Home Rule Government ultimately led to a review of the agreement in 2004, which now has three signatories and three flags flying at the same height over the air base (ISEE, 2015, p. 407). National governments can also vehemently object to the raising of a subnational flag. Indonesia has conceded "special autonomy status" to Aceh Province and West Papua Province, which gives these subnational governments more autonomy than any of the other 34 provinces. However, Indonesia's national government responded with repressive measures when West Papua's Morning Star (WPMA, 2013) and Aceh's flag (Jones, 2013) were raised by or near official buildings, arguing they represented separatism.

Overseas Representation

One step up in paradiplomacy by small subnational jurisdictions is installing diplomatic representatives in capitals of neighbouring sovereign countries. The pattern seems to be that this is a graduated process that starts with a subnational territory obtaining 'observer status' or 'associate membership' in a multilateral regional or global body. An easy and non-controversial entry point is often becoming a member of a regional sports federation and acquiring membership of a regional intergovernmental body is at the high-level end of the spectrum. For example, the French subnational territory of New Caledonia obtained observer status to the region's intergovernmental body – the Pacific Islands Forum – in 1999 and immediately began lobbying for an upgrade to associate member, which it acquired in 2006. Its lobbying for full membership generated opposition as well as support on the island, in Paris, and in the region. It was ultimately successful in 2016 (Leslie and Prinsen, 2018). As another example, the Danish subnational territory of the Faroe Islands has an official consulate at the EU in Brussels, as well as international diplomatic offices in five sovereign states. "The Faroese flag flies outside these 'embassy' buildings" (Karlsson, 2009, p. 149). In response to this visibility and effort, 13 sovereign states have opened official consulates in the Faroe Islands' capital.

Signing International Treaties

A third, successive, step in paradiplomacy is a subnational territory signing international treaties. By UN standards, this constitutes "evidence that the international

community had accepted the [signing territory] as a ‘state’ under international law” (UN, 1994, p. 10). Inevitably, at this level, there will be clashes of competencies between national governments and small subnational units, particularly when the latter sign treaties that go against the political interests or diplomatic practices of their national government. The Faroe Islands, for example, signed a free-trade agreement with Russia, contrary to Denmark’s views on the matter (Government of the Faroe Islands, 2013). As the flipside to signing international agreements, there is also a growing number of examples of small subnational jurisdictions withdrawing from international agreements signed by their national governments. The small French subnational territory of Saint Barthélemy (9,000 people, in the Caribbean) negotiated its withdrawal from the EU in 2012. “The second member state territory to have ever become separated from the EU after Greenland” (Athanassiou and Shaelou, 2014, p. 37).

A Plethora of Ever-Evolving Arrangements

These international characteristics of small subnational jurisdictions are predicated on, and propelled by, intra-national negotiations about their constitutional arrangements with their national governments. Many have a special administrative or constitutional arrangement with the national government that sets them apart from the nation’s any other subnational entities. One common feature of these special arrangements is that they are never settled, particularly for small subnational jurisdictions that are remnants of a colonial history (see Prinsen and Blaise, 2017). For example, there are 14 British Overseas Territories and details of the arrangements with 13 of them have been renegotiated since 2001 (Ledgister, 2014, p. 163). A review of the 11 French overseas subnational jurisdictions concludes in the same spirit. “Today there are as many statuses as there are overseas jurisdictions” (Mrgudovic, 2012, p. 95). The six overseas jurisdictions of the Netherlands have had four different constitutional arrangements with their metropole since 1954. The latest overhaul of 2010 resulted in three “constituent countries” and the three “special municipalities” of the Netherlands (Oostindie and Klinkers, 2012). Comparable dynamics are visible in the arrangements around other subnational jurisdictions. Note that small subnational jurisdictions generally initiate these negotiations, seldom the national governments. The feelings of the national governments’ side are revealed in the exasperated complaint of a British foreign secretary: “I didn’t realise that I would have to spend so much time on the bloody Turks and Caicos Islands!” (Ledgister, 2014, p. 167).

DOMESTIC CHARACTERISTICS OF SMALL SUBNATIONAL JURISDICTIONS

After these international characteristics of small subnational jurisdictions, this section takes a closer look at their domestic characteristics, particularly if and where these differ from small sovereign states. In this light, two matters deserve a closer

look. First, there is the question how political and governance practices of small subnational jurisdictions compare to those in small sovereign states. Second, it is relevant to explore how diverse local identities and centre–periphery challenges can lead to administrative fragmentation.

Politics Is Personal

Some researchers argue “an abundance of findings” suggests that “small states are more likely to be democratic than large states” (Anckar, 2010, p. 1). However, while most researchers agree that domestic politics and governance in small states is more informal and personalized where direct personal connections between politicians, civil servants and citizens can support democracy’s credentials as high voter responsiveness and participation, there are also researchers who conclude this situation is a mixed blessing. “Hyper-personalistic politics” can not only underpin opportunities for democracy, it can also spawn patronage and ineffective institutional check-and-balances (Corbett and Veenendaal, 2018, p. 10). Yet, others underscore that small states’ limited size and personalized politics can also be the conditions underpinning ‘big man’ rule and a repressive expectation of conformity (Baldacchino, 2012). Aside from agreeing that politics in small sovereign states is very personal, all three schools of thought also concur that domestic political dynamics in small states have been rather overlooked and that more research is called for. Arguably, this also applies for the domestic politics of small subnational jurisdictions.

At first sight, it seems likely that most of the findings about domestic politics and governance in small sovereign states would also apply to small subnational jurisdictions. However, it needs to be noted there is one major factor that differentiates the two: the metropolitan authority. The agency, interests and resources of metropolitan authorities, as well as the continuously renegotiated relationship between the subnational unit and the metropole, significantly influence domestic politics in the former. Taking this into account, it becomes less likely that the findings about the characteristics of domestic politics in small states are *mutatis mutandis* applicable to small subnational jurisdictions. Of course, issues around the informal and personalized domestic politics remain. However, subnational jurisdictions are to varying degrees subject to institutional checks-and-balances deriving from a metropole – unlike small sovereign states.

Authorities in small subnational jurisdictions can be very successful in evading metropolitan controls. Prinsen and Blaise (2017, p. 65) argue that the ability to “get away with bending their metropolises’ laws or regulations” is one of the essential features of governance in small subnational island jurisdictions. However, metropolitan authorities can, and do, impose upon or overrule subnational jurisdictions when they deem the stakes high enough. Paris intervened in 2014 to see a leading politician in French Polynesia convicted and removed from office for corruption. In 2017, The Hague forced the resignation of the prime minister of Sint Maarten for his refusal to take certain anti-corruption measures. This always present risk of metropolises’ forceful enforcement of compliance – the “nuclear option” (Vlcek, 2013, p. 352)

– surely co-creates small subnational jurisdictions’ domestic political practices. However, beyond a few case studies, there is indeed little comparative research on domestic governance in small subnational jurisdictions. As such research grows, the challenges around researchers’ positionality will be critical. Will metropolitan perspectives prevail, or will the perspective and voice of small subnational jurisdictions prove assertive enough?

Fragmentation

Most of the about 120 small subnational jurisdictions at the heart of this chapter are island jurisdictions and archipelagos. The archipelagos that have been clustered together by colonial metropolitan administrative convenience tend to face particular challenges of political and administrative fragmentation. Several of these colonial clusters fell apart when decolonization and independence offered an opportunity to islanders to go their own way. For example, in the Caribbean, the 12 jurisdictions of the West Indian Federation gradually fell apart in the 1960s (Killingray, 2000); and, in the Pacific, the unitary colonial jurisdiction of the Gilbert and Ellice Islands became the separate sovereign states of Kiribati and Tuvalu (McIntyre, 2012). Looking around in the era of decolonization, Lewis (1974, p. 136) noted, “In an archipelago, the temptation is always great, at worst, to secede, and at best to disregard the political jurisdiction of the centre”.

However, at this point in time, history suggests that, once an archipelago becomes a sovereign state, fragmentation into smaller sovereign states is much less likely than it is for islands clustered into a single subnational jurisdiction. Especially since the mid-2000s, several subnational jurisdictions fractured, dissolved into smaller jurisdictions, each acquiring their own status and direct connection to the metropole. For example, the island groups of Guadeloupe, St Martin and St Barthélemy formed a single subnational French jurisdiction until 2007 when – after a referendum – the latter two split off from the much larger Guadeloupe and become subnational jurisdictions in their own right (Mrgudovic, 2012, p. 92). Much of the rivalry in archipelagos seems to be fuelled by two factors. First, “each island, however small, tends to have a distinct history, certain unique cultural characteristics” (Hamilton-Jones, 1992, p. 200) – more so than, probably, small continental subnational jurisdictions. Second, the rivalry is often exacerbated by a hub-and-spoke model of communication and distribution (Baldacchino and Ferreira, 2013; Lewis, 1974). People at the end of the spokes, in the periphery, can feel short-changed, ignored or disempowered. For people living on peripheral islands of a sovereign archipelago, independence is unlikely to resolve their problem of dependency on the larger neighbour. However, people in islands in a subnational jurisdiction can – and increasingly do – make a different calculation and negotiate a direct connection to the metropole, bypassing the nearby hub of the larger island.

SMALL SUBNATIONAL JURISDICTIONS EXCEEDING EXPECTATIONS ASSOCIATED WITH SMALL STATES

For much of the second half of the twentieth century, the ‘smallness’ of a state has been associated with vulnerability to external forces and poor domestic capabilities to deal with external forces and pursue prosperity. Robertson (1988, p. 617) concluded that “Smallness, insufficient resources and infrastructure . . . haunt the island states” and would apply to small states in general: a fairly typical comment for his time. However, the end of the Cold War and globalization since the 1990s have given room for more optimistic expectations, seeing small sovereign states in better positions than larger states to respond flexibly and nimbly to the opportunities that emerge, even though they remain vulnerable to large external shocks such as natural disasters, financial crises, economic calamities, or pandemics (Thorhallsson, 2018). However, when it comes to prosperity, on balance, “Citizens of small states do not tend to be poor” (Baldacchino, 2018b, p. 5). The question then arises if small subnational jurisdictions differ from these generic expectations regarding small sovereign states, and if so in what respect. The answer given here comprises three elements that seem to be central to expectations of small states: prosperity, flexibility and vulnerability.

Prosperity

First, if citizens of small states do not tend to be poor, then several comparative studies seem to concur that inhabitants of small subnational jurisdictions tend to do even better. Rezvani (2014, p. 254) compares per capita GDP of 38 small sovereign states and 36 small subnational jurisdictions: comparisons on a regional basis show that small subnational jurisdictions have a GDP per capita that is two to seven times better. McElroy and Parry (2012, p. 415) compared 30 small sovereign islands with 25 small islands that are subnational jurisdictions. They too calculated that per capita income in the latter was more than double and found small subnational jurisdictions also rank better on other development indicators: for example, their infant mortality rate was roughly half. Other comparative studies find similar patterns between sovereign and subnational polities, particularly when it comes to islands (e.g. Baldacchino and Milne, 2009; Dunn, 2011). It is clear that people in small subnational jurisdictions are more prosperous than those in small sovereign states. It is equally clear that most people in small subnational jurisdictions do not believe sovereignty is a path towards more prosperity. In 21 of the 120 small subnational jurisdictions listed, people voted in referenda on independence and rejected it with majorities that generally exceeded 90 per cent of the votes (Prinsen, 2018, p. 146).

Flexibility

A second element to consider is whether small subnational jurisdictions can be as flexible and nimble as small sovereign states when it comes to responding to opportunities. It could be argued the oversight of the national government somehow curtails

or muzzles the flexibility of small subnational jurisdictions. The response would be that there are indeed examples of national governments or metropolitan authorities intervening – if need be heavy-handedly – to force a small subnational territory into abandoning a ‘flexible’ response to an emerging opportunity. For example, New Caledonia has been able to respond flexibly to opportunities that sit uncomfortably with Paris. New Caledonia’s nickel mining was controlled by French corporations until 2012. Since then, however, local authorities have found that dealing with non-French corporations, including state-owned Chinese corporations, was more profitable. The business sector in Paris and France’s Ministry of Foreign Affairs expressed grave concerns, but the deals went ahead (Kowasch and Lindenmann, 2014). As a pattern, it seems that small subnational jurisdictions can often respond as flexibly as small sovereign states to opportunities, even if they face metropolitan resistance.

Vulnerability

The last element to consider is how small subnational jurisdictions compare to small sovereign states in terms of their vulnerability to external shocks. Small subnational jurisdictions seem to do better, in two specific aspects. First, many governing bodies in small subnational jurisdictions receive significant structural budget support to cover recurrent public expenditure that local taxation is unlikely to sustain, or to recover from local revenue shocks. A series of eight case studies covering jurisdictions connected to New Zealand, France, the Netherlands, the UK and the USA suggests metropolitan budget support ranges from US\$800 to US\$11,800 per capita per year (Prinsen, 2018, p. 151). Second, small subnational jurisdictions can appeal to metropolitan assistance when disaster strikes or major investments are needed. For example, when Hurricane Irma devastated the Caribbean, the Dutch government created a special US\$634 million recovery fund for Sint Maarten (Vora, 2018) and the UK government offered a US\$119 million emergency package for its overseas jurisdictions in the region (DFID, 2017). In contrast, the Caribbean’s small sovereign states’ only had access to multilateral disaster relief funds, such as from the UN (UN News, 2017).

CHALLENGES FACING SMALL SUBNATIONAL JURISDICTIONS AND SOME RESPONSES

The one thing that makes small subnational jurisdictions stand out from other small states is their historical and constitutional relationship with the national government of a larger state of which they form part. Their challenges are not associated with forging a path towards Westphalian sovereignty and securing a sustainable independence. A significant majority of small subnational jurisdictions are islands and very few, if any, seek such a sovereignty. In fact, in the last three or four decades, these jurisdictions have been very effectively expanding their international agency as well

as their control over domestic affairs and doing so within ever-evolving arrangements with a larger state in what is becoming a concept in its own right: ‘autonomy plus’ (Baldacchino, 2018a) or ‘islandian sovereignty’ (Prinsen and Blaise, 2017). Against this backdrop, it is worth considering two growing challenges at the two ends of the scale; one affecting individual livelihoods and the other affecting local governments’ strategic positioning.

Migration, Mobility, Citizenship

Migration and mobility are critical aspects of the livelihoods of people in small subnational jurisdictions, particularly in islands. Being able to travel back and forth between territory and metropole for study, work, business, medical care or indefinite settlement in the metropole is a foundational aspect of livelihoods and family networks in small subnational jurisdictions. The remittances that result from these networks constitute an important part of economic life in these jurisdictions. As illustrations: there are about 57,000 Cook Islanders living in New Zealand, leaving 13,000 in the Cook Islands (Fraenkel, 2012) and about 140,000 people from the Dutch subnational jurisdictions reside in the Netherlands, compared to about 360,000 in the Caribbean (CGM, 2010). This mobility to the metropole – and beyond – is made possible because people in small subnational jurisdictions are citizens of a much larger sovereign state. It seems fair to argue that the risk of losing this passport and the associated mobility is a – if not the – principal reason why voters ticked ‘no’ in independence referenda.

However, there have been repeated attempts in most metropolises to curtail citizenship rights of people in subnational jurisdictions. The 2018 row in the UK about the citizenship status of people born in its overseas jurisdictions – the so-called ‘Windrush Generation’ – is neither a new nor a uniquely British affair. Already in 1981, the introduction of the British Nationality Act limited citizenship rights of people in its overseas jurisdictions to those whose parents or grandparents were born in the UK; it “effectively designed citizenship so as to exclude black and Asian populations” (Tyler, 2010, p. 63) and Wray’s (2018) long-term review of the legal changes in British citizenship speaks of “the erosion of rights”. In the Netherlands, ethno-nationalist MPs have proposed – and hitherto failed – to introduce a specific passport with limited rights for citizens of Dutch subnational jurisdictions in 2005, in 2010 and, most recently, in 2016 (Karapetian, 2016). In the USA, people from American Samoa hold a US passport with a peculiar imprint: “The bearer is a United States national and not a United States citizen” (Aleinikoff, 2000, p. 201). This distinction has created a “second-class status” (Morrison, 2013, p. 1). With emerging ethno-nationalism, it seems likely that maintaining and ensuring equal citizenship rights may become a major challenge in the years ahead.

Strategic Partnerships

A second challenge in the upcoming years is for governments of small subnational jurisdictions to fine-tune their strategic positioning vis-à-vis their metropolitan governments. So far, that stance has been a mostly adversarial one, seeking to maximize autonomy without independence. The dust now seems to have settled and metropolitan players across the globe have agreed to the new status quo, either “enthusiastically” or “begrudgingly” (Baldacchino, 2018b, p. 8). There is opportunity now for small subnational jurisdictions to expand the relationship by considering what they can offer their national governments and use that, in turn, to their own advantage too. One of the strategic metropolitan interests may lie in the fact that their often far-flung subnational jurisdictions are an opportunity to present themselves with a physical-legal presence across the globe, making them bigger than they would otherwise have been.

French diplomats, for example, are increasingly open in their desire to leverage their relationships with their small subnational jurisdictions to project France as a global power. A French ambassador in the Pacific commented that the subnational jurisdictions are “neither fully integrated in the Pacific region, nor fully excluded” and explained that Paris sees strategic geopolitical benefits in its collaboration with each of the jurisdictions, describing it as “bi-multilateralism” (Lechervy, 2015, pp. 105, 108). Greenland/Kallalit Nunaat remains a territory associated with Denmark, giving Denmark as a small country next to neighbouring Germany and Sweden what it would otherwise not have had: “an important voice and significant power in Arctic security, scientific research, shipping . . . [and enables it] to project power over the surrounding oceans” (Grydehøj, 2016, p. 108). The same goes for the Dutch Caribbean jurisdictions. And the three “countries within the Realm of New Zealand” give New Zealand a very large Pacific footprint (Foreign Affairs Defence and Trade Committee, 2010, p. 5).

CONCLUSIONS

There are about 120 small subnational jurisdictions with a potential claim to sovereignty, but few, if any, pursue sovereignty by seeking a seat in the UN General Assembly. Nonetheless, to varying degrees many display an ability to act on the international stage as if they were sovereign: with resigned acceptance or enthusiastic support of their metropolitan, national, governments. Many small subnational jurisdictions also continuously and quite successfully negotiate with their metropolises a growing autonomy in domestic policy-making. That domestic governance is generally of a personalistic character, and only occasionally do national institutional frameworks intervene in small subnational jurisdictions’ domestic politics. However, if they do, it is mostly forceful and adversarial.

The complex, ever-evolving arrangements between small subnational jurisdictions and metropolitan authorities generally leave these subnational units in a more pros-

perous and less vulnerable position than comparable small sovereign states, without significantly compromising the flexibility that comes with sovereignty. As a challenge, the rising ethno-nationalism in metropolises is likely to see small subnational jurisdictions facing pressure on their citizenship rights with regard to migration to the metropole. On the positive side, metropolitan nationalism also gives small subnational jurisdictions the opportunity to offer their often far-flung locations and local networks as a bargaining lever for the geopolitical ambitions of their metropolises.

The experiences of small subnational jurisdictions reveal significant domestic benefits of a formal bond with a much larger state, even if it comes at the cost of not being entirely free in determining international policies. However, as Veenendaal's analysis of the foreign policies of small sovereign states concludes: they *also* find themselves often in an "international patron-client model" with a larger state in which they "cannot freely and independently devise their own preferred foreign policy" (2017, p. 574). On the balance of the domestic benefits, then, people in small subnational jurisdictions are arguably better off than small sovereign states. Overton et al. (2018, p. 285) review domestic and international sovereignty practices among small sovereign and non-sovereign Pacific islands, concluding:

it is possible to identify a 'sweet spot' of sovereignty, the location of which will vary according to the political history and socio-economic context . . . a space where some degrees of close association are maintained with a metropolitan power.

That putative sweet spot of sovereignty is a point that most small subnational jurisdictions have found because their non-dissolvable bond with a larger state offers them a solid basis to negotiate expanding, shifting, or modifying the sweet spot's location as their perceived needs and interests change. Can small sovereign states benefit from the experiences of small subnational jurisdictions? Small sovereign states do not have a non-dissolvable bond with a large state; their patron-client relationships are more transactional. Moreover, once a small state has chosen sovereignty, that sovereignty cannot be voluntarily extinguished. Or can it? What would replace it? Perhaps, now that decolonization of the twentieth century empires has come to a standstill, it is worth revisiting the UN General Assembly Resolutions that guided that decolonization process.

Resolution 1541 of 1960 (United Nations General Assembly, 1960b) outlined the principles of decolonization and Principle VI stated as the first option the "emergence as a sovereign independent state". However, "free association with an independent state" was a second option. At the time, these were deemed exclusionary options and the second option was added by metropolitan states reluctant to decolonize, perhaps hoping to turn associated statehood into the twentieth-century version of vassal states or protectorates. However, in the ensuing political praxis, a few to-be-decolonized territories (e.g. Cook Islands, Federated States of Micronesia) avoided the first option and chose to elaborate the second. They quite successfully negotiated arrangements to their own interests and "the status of associated statehood . . . progressed far beyond what was originally imagined" (Igarashi, 2002, p. 300). Looking forward, Crawford

(2006, p. 626) concludes “Association represents one of the more significant possibilities of self-government for communities (especially island communities) that are too small”; while Igarashi (2002, p. 298) advocates re-examining “the question of possible dual status”. For small sovereign states seeking a less transactional relationship with a larger state, there may be useful ideas in the old UN resolutions for decolonization.

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23. Exploring *de facto* state agency: negotiation power, international engagement and patronage

Eiki Berg and Kristel Vits

INTRODUCTION

This book on small states explores *de iure* sovereign entities, so the inclusion of *de facto* states in the compilation may appear controversial. Nor does our treatment of these entities provide any direct or indirect recognition of their claims, and their international legal statuses are not likely to change in the foreseeable future. Yet, *de facto* states can still be considered intrinsically as actors in international relations (Comai, 2017; Frear, 2014). They can be seen as a natural laboratory for exploring “the effects of limited political capacity on state development” and “the interplay of power asymmetries”, where the capability gap is bridged by a powerful patron state (Baldacchino and Wivel, 2020).

However, there are also important differences that would allow *de facto* states to be placed into a separate category, next to that of traditional small states. To name a few, their pariah status, constant security deficit and embryonic institutions create a perception of ‘states in the making’, perpetually striving for sheer survival. Their minimal goal is to maintain the status quo; their maximal goal is to gain widespread international recognition, which would allow them to decide over their final status, whether it be remaining a separate state (Kosovo, Taiwan, Abkhazia, Somaliland), becoming a part of their patron (South Ossetia, Nagorno-Karabakh, Transnistria), or even rejoining the parent state in a (con)federalist arrangement (Northern Cyprus). On the road to achieving these goals, *de facto* states often rely on the support of external patrons to alleviate their acute security problems and expedite state-building.

Yet, the crux of contested existence of *de facto* states lies in this matter of external support. We have many cases where considerable reliance on external supporters is considered normal, even desirable, for small recognized states such as European microstates or small island jurisdictions (Baldacchino and Hepburn, 2012; Comai, 2018). They also tend to vote in alliance with their patrons in international organizations (Veenendaal, 2017), without compromising their external legal sovereignty. And yet, when dealing with *de facto* states, their reliance on a patron is considered as proof that they would not be viable states anyway, that the only reason they exist is because they are needed as pawns in the regional power games of larger states. They are considered to be just puppets of their patrons (Caspersen, 2009, pp. 47–48), and thus incapable of having independent agency.

The concept of agency remains underdeveloped in International Relations theory: “Rarely is it clear what agency is, what it means to exercise agency, or who and what might do so” (Wight, 2006, p. 178). Yet, the construction of the state as agent, as if it were an individual capable of independent volition and action, seems appropriate in conceiving the functions of governments. Basically, this agency entails ‘the state of acting’ and that in order to ‘act’, a state must have the ‘freedom of choice’ to do so: that is, it must possess enough deliberate will for independent action, despite the existing international structural constraints (Buzan, Jones, and Little, 1993, p. 103). The ‘capacity to do’ is centred around the interactions of states, and is most often tied to the external juridical dimension of sovereignty: that is, only those entities which have succeeded in acquiring recognition are seen as states and hence, as agents. However, it is a state’s actual “exerting of power” (Hill, 2003, p. 26) and its ability to govern, that demonstrates if and whether its actions are having any effect. ‘Exerting of power’ is not necessarily linked to an entity’s sovereign status; yet, it is an important element of agency.

A focus on agency allows us to ask how far and in what ways these unrecognized entities have been able to act on and in the international system. The idea of agency as “doing something” (Wight, 2006, p. 212) can be seen in the form of participation in conflict management. How much subjective freedom of action is being exercised and how has this been used during negotiation phases? ‘Being an agent of something’ (secessionist cause) as ‘bearers’ of the context from which they originate (collision of facts and norms) points to the agents’ capabilities to enter into international relations. Finally, agents’ role positions, which either empower or constrain their choices (Brown, 2012, p. 1895), may describe *de facto* states’ relationships with their external supporters.

In the context of *de facto* states, agency refers to their capacity to do something regarding their own circumstances, something that most of the international community wants to believe they do not have, but which in reality exists to different degrees. At the same time, due to their geographical location and the stakes involved, these territories hold considerable power as custodians of geopolitical fault lines: they have the potential to disrupt the strategic balance of the international system. We aim to show here that, despite their limited capacity, *de facto* states do display some agency, and they are sometimes not remarkably different from other small or microstates. Of course, it is somewhat difficult to generalize as, despite their small number, *de facto* states are shaped by their individual circumstances; however, by drawing out some of the extremes and some of the commonalities, we aim to shed some light onto this relatively unexplored field of international politics. While we acknowledge that states are abstractions, and thus their agency lies in human decision-makers (Hudson, 2005, p. 2), we will, for the sake of brevity, still mostly refer to the states in general as the ones doing the acting and exerting the power.

Understanding agency as ‘capacity to do’ and ‘exerting the power’, we explore whether *de facto* states may be seen as agents in their own right through (1) their role in the conflict management and conflict resolution processes; (2) their capability to enter into international relations; and (3) their capability to counter the patron.

Table 23.1 *De facto states in the international system*

De facto state	Population	Land area (km ²)	Status	Patron state	Parent state
Nagorno-Karabakh	151,000	11,460	not recognized	Armenia	Azerbaijan
South Ossetia	54,000	3,900	recognized by 5 countries	Russia	Georgia
Abkhazia	240,000	8,700	recognized by 5 countries	Russia	Georgia
Transnistria	476,000	4,160	not recognized	Russia	Moldova
Turkish Republic of Northern Cyprus	313,000	3,360	recognized by 1 country	Turkey	Cyprus
Kosovo	1,920,000	10,900	recognized by 114 countries	USA	Serbia
Taiwan	23,570,000	36,200	recognized by 15 countries	USA	China
Somaliland	3,500,000	176,100	not recognized	none	Somalia

Notes: Kosovo's number of recognitions is a matter of contention, as Serbia claims at least 15 countries have withdrawn their recognition, while Kosovo has tried to refute such claims (Ker-Lindsay, 2019).

To do so, we draw on eight examples – those of Nagorno-Karabakh, South Ossetia, Abkhazia, Transnistria, Somaliland, Northern Cyprus, Kosovo and Taiwan – as the least contested set of *de facto* states (see Table 23.1). We aim to highlight how the grey areas of the international system empower and enable *de facto* states to persevere, and how they can use overwhelming uncertainties to expand on their actorness. The questions of how much 'capacity to do' they actually exhibit, and how constrained they are in their exertion of power by external patrons, seem to be central in their attempts to increase their levels of international engagement.

PARTICIPATION IN CONFLICT MANAGEMENT AND CONFLICT RESOLUTION

A telling aspect of the level of agency enjoyed by *de facto* states relates to if and how these entities are able to participate in the processes related to the management or resolution of the conflict, which in most cases they see as leading to independent statehood or bolstering the status quo. Are these processes unfolding with their direct participation, or are they completely sidelined? The practice differs from one *de facto* state to the other, with some of them having a seat at the table (Kosovo, Taiwan, Northern Cyprus, Somaliland, Transnistria, Abkhazia, South Ossetia), and one of them being dismissed as discussions continue between the respective parent and patron states (Nagorno-Karabakh). Common to all these different negotiation cases is a tendency that 'doing something' does not necessarily bring them closer to international recognition; however, the chance of 'being an agent of something' increases.

Negotiations give *de facto* states some opportunities to assert their agency: the costliest option would be to refuse to participate, or to threaten leaving the talks, to showcase that they simply hold the power to do so. For example, in Somaliland,

the law prohibited representatives of the government or private citizens to attend conferences on Somalia in 2000–2012, declaring attendance “a treasonable offense” (Shinn, 2002, p. 2). Or they might participate for so-called ‘devious objectives’ (Richmond, 1998): for indirect benefits such as time for reorganization, military build-up, internal development, ally-seeking, legitimizing their current status, and, above all, for avoiding concessions which might undermine their position of at least maintaining the status quo. Yet, often *de facto* states are eager to participate in negotiations for the air of acknowledgement this creates, and in the hope that, by showing themselves as willing and somewhat constructive participants, they will be rewarded with increased international support and – even better – recognition.

In some cases, it is exactly the international pressure which binds the parties to a negotiation process. This can be most directly observed in the case of Kosovo and Serbia, which have been forced into direct talks by the international community, most notably by the EU. The technical dialogue has been progressing slowly, and not without tensions both between, and within, the Kosovo Albanian and Serbian communities. Yet the fact that the EU has made future accession conditional on the normalization of relations (Lehne, 2012) keeps the two sides locked in the process, showcasing how external supporters can bolster the claims of the *de facto* state, thus increasing the leverage of their ‘being an agent of a secessionist cause’. As long as Serbia wants to gain access to the EU, it is forced to continue this dialogue, even though it opposes Kosovo’s insistence that the only outcome in this process can be full recognition by Serbia. Kosovo, in turn, feels confident enough with the international community to believe that it does not need to compromise on its final objective, and can drag out the negotiation process if needed.

The same international pressure could be observed in the case of the Cyprus conflict, which has gone through several internationally led negotiation cycles, including conflict resolution proposals developed by international actors, most notably the 1992 Ghali Set of Ideas, and the 2004 Annan Plan. However, after the failure of the Annan Plan, a lot of emphasis was put on the notion that the next peace talks, beginning in 2008, would have to be ‘Cypriot owned, Cypriot led’ – a direct break from earlier attempts to propose a solution from outside. Although the most recent talks in 2017 led to nowhere, the process demonstrated that Northern Cyprus can be seen as the ‘state’ of acting independently (no less so as the internationally recognized Republic of Cyprus) in negotiating issues ranging from territorial adjustments and security guarantees to constitutional arrangements of the new state. Yet, these negotiations also showed that, even if reconciliation is sought, the *de facto* state may have its own ‘exerting of power’ to avoid deals at any cost.

Another *de facto* state in direct relations with its self-proclaimed parent, albeit without direct international interference, is Taiwan. The People’s Republic of China views Taiwan (or the Republic of China) as one of its renegade provinces setting obstacles to the fruition of President Xi’s ‘Chinese Dream’. For a short while, connections between the ‘free area’ and ‘mainland area’ – as they are referred to in Taiwan – flourished, encompassing, for example, economic cooperation and tourism. Taiwan’s ‘capacity to act’ was especially significant during the rule of Taiwanese

president Ma Ying-jeou (2008–2016), when several agreements were signed; and the leaders of China and Taiwan even met in person for the first time over the last 60 years in November 2015 (BBC News, 2015). Although Ma's 'freedom of choice' can be summarized with his Three No's – 'no independence, no unification, no use of force' – to be followed in relations with Beijing, the hope that creating as many communication channels as possible to expose more Mainlanders to their democratic system and through this erode popular support for any military operation to force unity, has not proved entirely justified. The renewed tensions are due to the China-orchestrated campaign of pressuring Taiwan – governed by pro-independence forces since 2016 – to concede, using a combination of political, military and economic means (Hsiao, 2018). Most notably, China is using its increasing political and economic clout to get states still officially recognizing Taiwan to switch their recognition to the People's Republic, and thus eliminating the rivalling agent's capabilities to enter into fully-fledged international relations.

Somaliland's 'capacity to act' is directly driven from the manifest dysfunctionality of its parent state – Somalia. Whereas Somaliland has achieved all the qualities of an independent state (Pegg and Kolstø, 2015, p. 199), the Somali Federal Government "has yet to develop even a modest capacity to exercise its authority over territory or deliver basic security and social services" and it "has been able to remain in Mogadishu mainly because of the protection it receives from African Union peacekeepers" (Menkhaus, 2014, p. 163). At the same time, Somalia's manifest failure to establish a viable state has not hindered its ability to act internationally: it has been successfully denying sovereignty to Somaliland and preventing it from engaging with international community. Due to the parent state's incapability to exert power and the absence of a patron state for Somaliland to rely on, there is no push to shift this delicate balance in either direction. Somalia and Somaliland were engaged in a series of Turkey-brokered talks in 2012–2014 without challenging Somalia's legalistic claim on Somaliland and Somaliland's capacity to voice support for its independent agency.

Post-Soviet *de facto* states differ in their 'capacity to act' and their actions related to status negotiations have not been equally effective. Transnistria has a privileged seat at the negotiation table, in the so-called '5+2' talks. The process is aimed at finding a solution which would keep Transnistria as part of Moldova, with the talks progressing with fits and starts (Pieńkowski, 2017; Socor, 2012); partly because Transnistria is, simultaneously and persistently, advocating unification with the Russian Federation. While some headway regarding the Moldovan–Transnistrian relations has been made recently, this is mostly on minor socio-economic issues that pertain to the everyday matters of the inhabitants of Transnistria and Moldova. The involvement of Abkhazia and South Ossetia in the multilateral 'Geneva International Discussions' is in a more limited capacity. Georgia refuses to acknowledge Abkhazia and South Ossetia as direct parties to the conflict, arguing that these territories are under Russian occupation and therefore implying that any resolution should first and foremost be negotiated between Georgia and Russia. As a result, the talks are being held in an informal setting, and in two Working Groups, the first of which

is concerned with the issues of security and non-use of force; and the second of which discusses matters related to internally displaced people and refugees. From the other end of the continuum, Nagorno-Karabakh has been completely excluded from the multilateral ‘Minsk Group’ talks, and relations with Azerbaijan are virtually non-existent. Experts in Armenia have somewhat diverging opinions regarding how involved are the Nagorno-Karabakh officials in shaping the Armenian agenda (from the interviews, 2017). This highlights how *de facto* state agency is constrained not only by the parent, but also by the patron state.

What these accounts reveal is that the involvement of *de facto* states in direct talks, while contentious, is possible. At the same time, all the ongoing negotiation formats seem to be stuck on questions related to the status of the participants, and on who and how they should be involved in the talks in the first place. When progress is made, it is usually limited to smaller issues, mostly involving social, economic or cultural matters; while the spill-over towards bigger, more fundamental political and diplomatic issues is slow or even non-existent. Negotiations present the parent states with serious dilemmas: in order to have negotiations, one needs to acknowledge the existence of the other side, and the validity of their claims. As the negotiation positions are diametrically opposing, with one side oriented towards reintegration and the other towards secession, the process develops a zero-sum character for both. In this case, keeping the communication channels open becomes even more important than achieving a specific end result, which explains why small agreements on technical issues can be hailed as significant progress, and reveals the logic of continuing (international) pressure for talks even when previous rounds have ended in failure. Here, *de facto* states have more to win than lose: prolonged negotiations give time to adopt constitutions, build state institutions and consolidate internal legitimacy. Consequently, their agency increases and their positions in the negotiation process will harden (Mazur, 2014).

CAPABILITY TO ENTER INTO INTERNATIONAL RELATIONS

Most often, *de facto* states are constrained in the international arena through the denial of the right to forge direct, government-level relations with other states or to join international organizations. As this usually reflects larger power plays between other states, *de facto* states have difficulties in displaying agency, and are unable to exert power to a large degree. In this matter, our cases could be imagined on a continuum, on one end of which are Somaliland (unrecognized and without a patron state), Nagorno-Karabakh and Transnistria (unrecognized even by their own patron states); while, at the other end are Taiwan (at the time of writing, recognized by 15 countries, but not by its patron, the USA) and Kosovo (at the time of writing, recognized by 114 countries, including its patron, the USA).

The failure to gain external recognition does not mean that the one seeking it lacks agency, or does not have any ‘capacity to act’ independently. Coggins (2014) has

argued that the most important determinant of recognition is great power support. Nevertheless, the comparison of the cases of Kosovo and Abkhazia/South Ossetia shows that one needs the right kinds of friends: Kosovo's independence was mostly spearheaded by the United States, and thus over 50 states followed with recognition within the first year (Kosovo Thanks You, 2018), empowered by arguments of remedial secession and earned sovereignty. And while opposition from China and Russia will keep Kosovo from the United Nations for the time being, the snowball and time effects will probably allow it to obtain more recognitions. At the same time, despite Russia's attempts to use similar arguments in their recognition of Abkhazia and South Ossetia, only a handful of states have followed suit, and these recognitions have usually come with indications of the use of chequebook diplomacy by Russia (Brooks, 2013). Syria's recognition from May 2018 follows this trend (BBC News, 2018).

Another interesting example to consider in terms of states' ability to control their own international recognition is Taiwan. The Republic of China represents the government-in-exile which fled to Taipei at the advance of the Chinese communists in 1949. As the Cold War situation dictated, Western countries sided with Taiwan, backing it for decades, until US strategic calculations of keeping the People's Republic of China away from Soviet Union caused a change of recognition in 1979. As Tucker (2009, p. 100) notes, "Taipei had enough support in the [US] Congress to protect it against abandonment, but not enough to stand in the way of diplomatic relations with China"; after the US switch, other countries followed. While Taiwan was able to capitalize both on rapid economic growth in 1970s, and internal democratization at the end of 1980s – referred to as the 'Taiwan Miracle' – the inevitable rise of China's economic and political clout has brought along a renewed pressure to bring Taiwan into the PRC fold once and for all (Hsiao, 2018).

International organizations often raise similar barriers for new entries. Kosovo, with significant international support and recognition, has been able to join some international organizations (such as the IMF, World Bank, EBRD), but is a long way from joining the UN, its specialized agencies – their bid to join UNESCO failed by three votes – the OSCE, or the EU, five member states of which still do not recognize Kosovo's independence (Krasniqi, 2016). The exclusion of secessionist territories is especially telling when it comes to international standardization organizations, which are in charge of issuing telephone codes, postal codes, Internet domain names, proscribe formats for documents, etc. – official inclusion in these organizations is considered tantamount to recognition. Without the ability to join such organizations, *de facto* states will still have to rely on their parent states for international connections (like Kosovo, which has post rerouted through Serbia), or on their patron states (like Northern Cyprus, which has post rerouted through Turkey). These schemes, however, raise participation costs for *de facto* states, making delivery of services slow and patchy, and create problems for their citizens abroad when their documents are not accepted.

These examples show that, despite references to international legal principles, state recognition – and acceptance – is ultimately a political process, and whether

a secessionist entity is recognized, not recognized, discouraged or supported depends on the geopolitical context, and not so much on the specific agency of any given state or secessionist entity. While there is not much *de facto* states can do to affect the goings-on at the highest political level, they are not completely agentless when one expands the notion of international engagement in a transactionalist manner, thus including various types of cross-border engagements. *De facto* states imitate the institutional set-up of recognized countries: all of the cases mentioned here have developed their own ministries of foreign affairs, and appointed special representatives, honorary consuls, etc. As noted by Newman and Visoka (2016, p. 378), “lack of recognition does not signify the absence of formal or informal diplomatic communication between governments, and often this space for interactions is utilized tactically by aspiring states”. Thus, it is easier for *de facto* states with at least partial recognition, as they are able to open embassies and enter into bilateral agreements with the states recognizing them; however, even the ones on the lower end of the continuum have managed to practise paradiplomacy: opening representation offices, cultural centres or trade offices in a variety of countries (Berg and Vits, 2018).

The placement of these institutions is usually more dependent on historical ties, the participation of a country in the *de facto* state’s conflict resolution process, the existence of a diaspora, or merely the enthusiasm of people sympathetic to the cause of the *de facto* state than mere political recognition. Despite often having embassy-like functions, these offices are usually registered as non-profit and/or cultural organizations, avoiding names that would highlight their political role. For example, Taiwan establishes Taipei Economic and Cultural Representation Offices in states that have officially recognized the PRC, to avoid political confrontation. Taiwan is also a case where, despite non-recognition, some countries have opened their own quasi-embassies. The American Institute in Taiwan, which is run as a non-profit, but also processes visas and provides consular services for Americans in Taiwan, serves as a good example of this.

The aim of all of these institutions is to raise awareness of the *de facto* state, to keep the host state communities interested in their cause (especially if the host state also has a significant diaspora presence), raise funds for the *de facto* entity, and advocate for bottom-up recognition through grassroots engagement. Nagorno-Karabakh is a *de facto* entity which, thanks to the relatively large and widespread Armenian diaspora, has been able to utilize these connections to raise funds for infrastructural developments, and to lobby for sub-state recognitions (Berg and Vits, 2018). In Somaliland, the value of remittances received from diaspora exceeds the value of exports – financing largely the country’s import bill and supplying much-needed assistance for schools, universities and hospitals (Huliaras, 2002, p. 162). Occasionally, *de facto* state officials have been able to meet with high-ranking politicians in states that do not officially recognize them. And when *de facto* state officials meet each other, they do so with all the pomp and circumstance of official state visits.

When it comes to institution-building, *de facto* states have struggled considerably: with the exception of Taiwan, which enjoyed a confirmed state status before 1979. As they are usually born through conflict and war, and have not had extensive previ-

ous governance experience, they have had to build their capacity from scratch, with limited access to the requisite know-how, making them more dependent on whichever external patron is willing to provide help. Kosovo, for example, declared achieving as many recognitions as possible as one of its first foreign policy goals after declaring independence in 2008, yet initially failed to develop a clear strategy of its own, and preferred to rely on the help of its international sponsors (Krasniqi, 2016). It was only in 2011 that the Government of Kosovo launched a comprehensive strategy for achieving full international recognition, detailing both the main obstacles to gaining recognition from individual countries, as well as devising main directions of their actions – a combination of targeting individual states, multilateral mechanisms as well as internationally distinguished individuals; and building the bureaucratic and diplomatic structures to support such activities continuously (Newman and Visoka, 2016, pp. 376–377).

Abkhazia and Nagorno-Karabakh rely on their patron states to train their diplomats and public servants, and in the cases of Nagorno-Karabakh and South Ossetia, officials are seconded from the respective patron states (Berg and Vits, 2018). Yet it has taken decades for *de facto* states to slowly build up their capabilities and resources to a degree where their international presence might become more noticeable. Most often, increases in their international visibility still occur during times of renewed tensions, as was shown during the August 2008 war between Georgia and Russia, as well as during the April 2016 war between Armenia/Nagorno-Karabakh and Azerbaijan, which usually create negative associations with *de facto* states. On a positive side, the world has not left unnoticed Somaliland's attempts to contain piracy and international terrorism in the Horn of Africa.

Another important aspect of international involvement concerns economic integration. While trading with *de facto* states is often limited and cumbersome, it is not entirely impossible, and represents another way that *de facto* states can display their 'capacity to do'. Taiwan belongs to the top 30 largest economies in the world. Kosovo, whose economy is still rather weak, nevertheless has an extensive list of trade partners, but is in total trading the most with its neighbours (including Serbia), as well as with EU countries (Kosovo Agency of Statistics, 2017, pp. 26, 28). Transnistria is able to export its goods to the EU through Moldova's Deep and Comprehensive Free Trade Agreement, as long as its businesses are registered in Moldova, and there is quite a high dependence on these channels, with about half of Transnistria's exports going to Moldova, and about a third to the EU (Giucci, 2017). Nagorno-Karabakh, Abkhazia and South Ossetia are able to trade through their patron states, while also relying on the shadow economy, with informal trade increasing both between Georgia and the secessionist territories, as well as between Abkhazia and other states in the region (ICG, 2018). Northern Cyprus also conducts most of its foreign trade through Turkey because Green Line Regulations have not brought expected results due to the bureaucratic restrictions imposed by the Greek Cypriot authorities. Somaliland has been able to secure access to the rest of the world by signing agreements on trade, transportation and communications with land-locked

Ethiopia for whom this creates access to the sea through Somaliland's seaport of Berbera.

In instances like these, much depends on the activeness and even willingness of *de facto* state representatives to seek opportunities for setting up different meetings and events, and for devising strategies to get information about themselves out into the world. All *de facto* states try to be proactive in contacting other states: note the case of US President Donald Trump answering a congratulatory call from Taiwan's Tsai Ing-wen, one of his first phone calls after being sworn into office as the president of the USA, showing how such perseverance can sometimes yield unexpected results and responses. Global technological progress has evened the playing field between larger and smaller actors a little: while larger states still have more monetary means to dedicate to state and nation branding, cultural diplomacy and soft power, and have more people-to-people contacts at all levels, the advancement of the Internet has reduced the traditional leverages of control which states have by multiplying and amplifying voices on the international arena, making the dissemination of information quicker and also harder to control, and delivering services in a faster and more cost-effective way (Westcott, 2008, p. 2). Even if *de facto* states themselves might not have the capability to use the Internet to its full advantage, and their sites might be hard to find because they cannot use their own country domain names, they can still display agency by encouraging tourism to 'places that do not exist'.

RELATIONSHIP WITH THE EXTERNAL SUPPORTERS

As discussed above, *de facto* states' agency is constrained by the international community, by the parent state, but also by the patron state. The relationship with the patron state – if there is one – is probably the most critical one for *de facto* states, but also the main reason why parent states try to paint the picture of contested territories as not really viable without the direct support of the patron, which extends to direct control of these entities. Somaliland is unique among other cases in lacking the support of a patron state.

All *de facto* states mentioned here have managed to build up their own institutions of governance, and have a degree of competitive democracy (the post-Soviet *de facto* states not being worse off than some recognized states in the same regions). But building quasi-state institutions, especially after a war while under international boycott, with limited experience of previous self-governance, and with meagre resources, is extremely difficult. As stated in the introductory chapter of this volume, small states often face the situation where their diplomatic and administrative resources are stretched thin. And this is especially true for *de facto* states. As seen through the eyes of Mohamed Duale and Saeed Ahmed "[Somaliland] lacks a committed team of mid-level officers who can track changes in the international environment, maintain regular contact with important allies, and provide strategic input. The ministry also lacks the capacity and will to mobilize and engage with civil society, the academic community, domestic officials, traditional leaders and the diaspora to create unified

and widespread political momentum in support of foreign policy campaigning and execution. In addition, the budget allocated to the ministry is very meagre, not nearly sufficient enough to attract knowledgeable diplomats as well as efficiently finance Somaliland's missions abroad" (Somaliland Press, 2018). Any external help they receive is therefore incredibly valuable for *de facto* states themselves, but also opens the way for criticism that the patron will also control the domestic politics of the *de facto* state.

While this is certainly true to some extent, again, the real picture is far more nuanced, and the ways *de facto* states relate to the patron, and how much they are able to advance their own specific interests with respect to the patron state, need to be scrutinized in more detail. For example, when it comes to Taiwan, the US has provided military security in the form of weapons sales (Albert, 2018), yet this only to a degree that allows Taiwan to remain more-or-less on par with China, but not to overpower it. But the US has little involvement with the day-to-day politics in Taiwan, and detailed analysis of the history of Taiwan–US relations reveals that what influence there is, is often also the result of wishful thinking and self-constraint of the Taiwanese leadership, driven by the hopes that by being compliant and considerate, the US will keep extending its protection (Tucker, 2009). Kosovo has experienced far more direct and varied US involvement, not only political and military, but also economic, in the form of US donor money poured into the country after 1999. While the direct role of the US has decreased over time, and the EU has mainly stepped in as a direct contributor to the development of Kosovo, there is still a lot of kowtowing to international donors and organizations evident in Kosovar politics, with legislation often demonstrably influenced by the language of international norms and rights.

The direct influence of the patron is far more observable in the cases of Northern Cyprus, and especially so in the cases of the post-Soviet *de facto* states. The latter have even been seen as outsourcing their independence due to the extent of their reliance on Russia (Popescu, 2006). In these places, the everyday lives of *de facto* state inhabitants are intertwined with that of the patron states: many people have the patron state's citizenship (if only for pragmatic reasons, such as ease of travelling and gaining social benefits), the patron funds the development of local infrastructure, offers security, and ways to connect to the wider world. In the case of Northern Cyprus, there is also a continued influx of patron state settlers to the *de facto* state, bolstering the numbers of Turkish people in Cyprus. In return for its support, the patron expects a combination of assets such as "ideological convergence, international solidarity, and strategic advantage" (Shoemaker and Spanier, 1984, pp. 17–20). But does that mean the patron state controls the *de facto* state's decision-making?

In all *de facto* states, the reliance on the patron is something that no political parties dare to question, and they often aim to demonstrate that they are in good standing with the patron state. Policy-making in this sense does become restricted, as the search for potential alternative support channels always goes hand-in-hand with the question of how this would affect relations with the patron. For example, Taiwan has, in the past, decided against buying weapons from other countries for fear it might harm its relations with the US in the longer run (Tucker, 2009). Similarly, when

Abkhazia tried to move towards a multi-vector foreign policy in the early 2000s, the policy line created confusion among local politicians, some of whom feared it would mean withdrawal from its alliance with Russia (Kvarchelia, 2013), even though the Russian MFA issued statements welcoming such an approach (Shariya, 2013). At the same time, candidates endorsed by the patron have (somewhat surprisingly) failed to win past presidential elections in Abkhazia (2004), Transnistria (2011) and South Ossetia (annulled elections in November 2011). In Northern Cyprus, parties more inclined to focus on maintaining good connections with Turkey over working on the reunification of the island, such as the National Unity Party, have also had varying electoral success over the years. This points to the internal complexity of *de facto* states' politics, and their eternal struggles of building a state under constant fear of being overtaken, overruled or overwhelmed (Blakkisrud and Kolstø, 2012; Kolstø and Blakkisrud, 2008; Ó Beacháin, 2015).

Abkhazia and South Ossetia especially seem to be moving in a direction where, after being recognized by Russia in 2008, they are increasingly locked into cooperation agreements which allow Russia to exert more control over their everyday domestic affairs. For example, Russia has used the delaying of payments to Abkhazia to pressure its government to comply with its wishes; and Abkhazia was notably the only state to join Russian sanctions against Turkey in 2016; a decision that unnecessarily harmed the relations between Abkhazia and its second-largest trading partner (Caucasus Times, 2016). However, Abkhazia has still not actually alleviated its restrictions on selling land to foreigners, which aggravates Russians' intent to procure land in the region, and the opposition is quite vocal in its demands not to let Russian interests trump local ones.

Yet another perspective is offered by the case of Nagorno-Karabakh, which for a long while has been considered to unofficially run its patron state, Armenia. The so-called 'Karabakh clan' included two former presidents of Armenia, Robert Kocharian and Serzh Sargsyan, as well as other members of its governing and business elites. The direct influence of this group has been waning over the last few years; yet, the issue of Nagorno-Karabakh is still so integral to the Armenian politics, the victory over Azerbaijan in 1994 still so important to the collective psyche, that no politician would dare to offer a compromise with Azerbaijan in the negotiation process, even if this means the continued regional isolation of Armenia.

CONCLUSION

Agency remains an elusive concept in the context of *de facto* states, making it difficult to pinpoint its specific characteristics. In some ways, *de facto* states become agents of change simply by being there, preventing parent states from exercising their political will across their whole *de jure* territory, and forcing them to either live with the conflict, or attempt to compromise. Still, *de facto* states are marginal players on the fringes of the international system: their agency is constrained by various actors and most of them are small both in physical as well as economic terms.

The above accounts help to highlight the challenges of *de facto* states: how they might find small opportunities to advance their own agendas of survival and recognition, and the right to make their own decisions. *De facto* states have displayed surprising amounts of resilience despite constant attempts to curtail their activities: from Kosovo or Northern Cyprus – being able to participate in negotiations almost as equals with considerable backing from the international community – to Nagorno-Karabakh, which is fully dependent on Armenia for protecting its interests at the negotiation table and has only obtained unofficial support. All *de facto* states have a variety of ways to ‘be an agent of something’ by taking an active stance in forging new relations and economic cooperation, trying to open up representation offices, or simplifying access for tourists, something they have done to different degrees over the years. Some of the factors influencing the extent of their activities are familiar to all small states: they simply lack the people-power and monetary resources to build up large-scale bureaucracies. Other factors, however, are more specific to *de facto* states, such as being born out of conflict situations and having international boycotts placed on them, which limit their ‘capacity to do’.

By arguing that *de facto* states themselves do not have agency and real sovereignty – except to the extent that the patron state allows them to develop an illusion of sovereignty – they are dismissed as entities that cannot be taken seriously. However, demanding full sovereignty and agency from *de facto* states at the age where no state can actually claim to fully have it, points to hypocrisy. All the more so when the European microstates of Andorra, Liechtenstein and Monaco have each developed arrangements with their neighbouring states over the last few centuries, which give their neighbours some degree of control over their affairs, limiting directly their ‘freedom of choice’. Yet all of them are able to interact with other states on an equal basis; and all are now members of the UN. Maintaining some sort of patronage has been especially commonplace in the context of decolonization, where former colonizers not only continued offering support, but often also maintained their military presence and interfered with internal politics when deemed necessary. USA has also forced its military presence or its international relations stance on a number of small states, having made state aid and loans contingent on compliance, and tying these states – such as the “hybrid jurisdictions” (Levine and Roberts, 2005, p. 279) of Palau, Marshall Islands and the Federated States of Micronesia – into a relationship of dependence where much relies on the goodwill of the more powerful partner. And yet, even these three states are members of the UN. In order to safeguard themselves, small states are considered special beneficiaries of joining international organizations, as they supposedly lock states into specific sets of rules, thereby increasing the predictability of world politics.

These examples offer insights into how all states can have their ‘capacity to do’ undermined by different arrangements and considerations. But, once a state has gained international recognition, the limitations placed on its agency are paradoxically considered another part of their ‘right to do’: a recognized state has full agency to enter into relations that constrain its ability to act as it wishes, to the point of

entering into unions with other states. In sharing this predicament, *de facto* states and their ‘capacity to do’ deserve scrutiny.

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24. Protodiplomacy: sub-state diplomacy and wannabe states

David Criekemans

INTRODUCTION

In today's world, states are not the only actors in international relations. Next to multinational corporations and non-state actors, there exists also another type of territorially embedded actors that conduct foreign policy: sub-state entities. Some sub-state entities can be considered under the label 'city diplomacy' (van der Pluijm and Melissen, 2007), with New York being one of the more emblematic examples in the domains of counterterrorism and climate change (Ljungkvist, 2015). Others with more encompassing competencies are often placed under the label 'regional sub-state diplomacy' (Criekemans, 2010b). The term 'paradiplomacy' was introduced into academia by Panayotis Soldatos (Soldatos, 1990), who coined the term as an abbreviation of 'parallel diplomacy'. One could define this as the foreign policy and diplomatic activities of non-central governments (Aldecoa and Keating, 1999, pp. 1–16). The concept found its way into the academic literature via the writings of Ivo Duchacek, who initially preferred the term 'micro-diplomacy' (Duchacek, 1990). Other scholars, such as Brian Hocking, are not fond of the term 'paradiplomacy' because it suggests an element of conflict between the national and subnational policy-level, and implicitly presumes "incompatible interests" (Hocking, 1993). Diplomacy should not be approached as a segmented process of the different actors within a state, but rather as a system in which the different actors within a state are entangled, both inside and outside their national settings, to embrace a diversity of interests; a multi-layered diplomacy. Perhaps the day has come to also lay the term 'paradiplomacy' to rest, and henceforth utilize the more neutral term 'sub-state diplomacy'.

Since the days of Soldatos, Duchacek and Hocking, the world of 'paradiplomacy' has changed dramatically. One could even argue that a third wave is developing in sub-state diplomacy, especially in Europe (Criekemans, 2010b). The first wave manifested itself from the 1980s onwards: a growing number of non-central governments tried to attract foreign direct investment through their own initiatives (e.g. Catalonia's early efforts in Japan) or to use culture and identity as a lever to place themselves on the international map. Such initiatives were often spontaneous; there was only a minor integration of all the external activities that were generated. The second wave in the 1990s was driven by the creation, within the sub-state entities of certain (European) countries, of a judicially grounded set of instruments for their own (parallel as well as complementary) diplomatic activities (e.g. the Belgian state

reform in 1993, which awarded formal *ius tractandi* and *ius legationis* to the Regions and Communities within the country based upon the principle *in foro interno, in foro externo*). These instruments were supplemented by the gradual development of a ‘separate’, foreign policy apparatus (administration or policy body) which started to horizontally coordinate the external activities of the different administrations in certain regions. The current third wave is characterized by steps towards a ‘verticalization’ of the organizational structure of the administration or department of external/foreign affairs, a strategic reorientation of the geopolitical and functional priorities, and attempts to integrate the external instruments of a sub-state foreign policy into a well-performing whole. An intriguing question is whether this third wave is currently leading to a fourth wave in Belgium (Crickemans, 2018a); a multilevel diplomacy consisting of coordinated external activities between the central and regional policy levels. Belgium could be seen as a front runner in this regard. On the one hand a degree of institutionalization of the intergovernmental relations within a country has been achieved. Next to the formal, one also needs the informal: good contacts and working relationships between key people at the central and regional policy level, with a good understanding of the goals to be achieved in their respective foreign policies. Hence, one can speak of a form of multilevel diplomacy (Crickemans, 2018b).

But: this phenomenon of increased cooperation between policy levels in *some* states constitutes only one side of the coin. Recent years have also seen clear cases of sub-state entities wishing to emulate states as fully-fledged actors in international relations. It is as if they did not feel the sub-state route was offering them enough in terms of political, socio-economic and cultural benefits. They – or, to be more correct: the political parties leading them – want to be respected by the international diplomatic pecking order, which is still comprised of states (Pouliot, 2016). In the past, Duchacek (1990, pp. 15–27) used the term ‘protodiplomacy’ to identify such diplomatic activities, which he defined as “actions conducted by sub-state governments to gain international support in their separatist or independence objectives”. Lecours and Moreno (2003) rightly stress that some forms of sub-state diplomacy are also a projection of governments seeking greater autonomy or recognition of their cultural distinctiveness, both nationally and internationally: hence, they operate more within a conflictual model.

Guibernau (1999) identifies the tension that exists between ‘nations’ and ‘states’. From an international-legal point of view, one can speak of a ‘state’ if five conditions are met: (1) an identifiable territory can be located; (2) there is a permanent population based on this territory; (3) a sovereign government exists there; (4) the government in question wields the (exclusive) right of violence, both internally (police) and externally (defence) – through this legitimate monopoly on violence, order and structure is created – otherwise one can speak of a ‘failed state’; and (5) there is an international recognition by the international family of states of the sovereignty of this entity. A nation is something different. Guibernau (1999, pp. 13–14) defines it as “a human group conscious of forming community, sharing a clearly demarcated territory, having a common past and a common project for the future and claiming the

right to rule itself'. This definition attributes five different dimensions to the nation: psychological (consciousness of forming a group), cultural, territorial, political and historical. From the 1970s onwards, the French Hérodote-school of geopolitics often referred to the tensions between 'nations' and 'states' as prime causes for international friction (Criekemans, 2009).

This chapter is of an explorative nature. It seeks to better understand two overarching questions. First, under which conditions does the diplomacy of sub-state entities morph into a protodiplomacy? Second, why do so many of these efforts end in failure, whereby the sub-state entity does not achieve its goal of becoming a wannabe state, or even suffers rejection? In order to do this, we explore three cases: one of success, one of failure and one 'in between', all drawn from the recent past. In doing so, we can also learn about another aspect of the politics of small states, the topic of this volume: how wannabe states struggle, persist, succeed or fail in the international pecking order of state entities.

In terms of 'success', the case to be explored is that of Slovenia in the 1990s: a region in former Yugoslavia that managed to receive recognition from Germany and other European states, and later also joined the EU. In terms of 'failure', we explore the case of Catalonia, which proclaimed a route to independence on 27 October 2017, but was immediately confronted by Madrid, invoking article 155 of the Spanish Constitution: in effect taking away all regional autonomy and stripping the *Generalitat* from its own diplomatic apparatus. In terms of an 'in between' case, we will consider the autonomous region of Kurdistan in Iraq, where an independence referendum was held on 25 September 2017, but which never materialized into a 'state'. In the first case the dream was realized; in the second, the dream became a nightmare and led to severe societal division. In the third and last case, an ambiguous situation persists. What can we learn from a brief comparison of these cases?

DIFFERENCES AND SIMILARITIES BETWEEN SUB-STATE AND SMALL STATE DIPLOMACY

Before we engage our analysis, let us briefly review the similarities and differences between sub-state and small state diplomacy (Criekemans, 2016; Criekemans and Duran, 2010).

Both small states and sub-state entities suffer from limited capacity and a dependency on stronger actors, albeit in different ways. Small states are able to engage with their larger counterparts. They will do so either via bandwagoning (for instance in security matters) or in creating alliances (whereby limited capacity is pooled together). Typically, small states develop a type of niche diplomacy, in which they continue to focus on and develop a specific topic or know-how. In doing this in a consistent way, sometimes over several decades, they are gradually able to get recognition by their larger counterparts and are even allowed by their stronger 'equals' to play delicate roles in diplomacy or mediation. Sub-state entities, on the other hand, suffer from the problem that the asymmetry in their relations towards stronger international actors

is even more pronounced and often crashes into key institutional barriers. They will never be allowed to play along in key multilateral dossiers for instance, although they still can develop certain niches and expertise over time. Sub-state entities have to invest more in building up their international-legal recognition, either via formal treaties if they have the power (as in the Belgian cases), or in structurally providing subsidies to multilateral agencies, often of a more technical nature. While doing so, they often need to renegotiate their relationship towards their respective central governments in order not to be blocked. If and when the trust between the political representatives of the regional and state capital becomes undermined, a political and/or societal crisis may develop over time in the region, feeding further into the desire by some to enter the international scene on their own merits.

In terms of similarities, a blurring has occurred over recent decades in terms of the diplomatic instruments employed by sub-state entities, compared to states. Several sub-state entities have over time defined their 'foreign policy' in a much more all-encompassing way, sometimes even emulating the activities of central governments and becoming ever more sophisticated over time. The case of Flanders in Belgium is an excellent example, having strengthened its own apparatus over recent years with a now fully-fledged 'Ministry' or Department of Foreign Affairs. In terms of the diplomatic instruments which are utilized, the sub-state picture has become quite diverse and lively: extra (political and other) representations abroad are opened and planned; even more cooperation agreements with third parties are concluded; and the domain of multilateral policy is no longer the monopoly of central governments. However, in contrast to the situation with small states, international institutions are not always the best friends of regions: at a policy level, they might accept the input of the regions (financial contributions, policy-relevant know-how); but, at the political level, only states are accepted as fully-fledged members. One also notices that regions are very active in developing formal and informal networks that try to tackle specific needs/problems in very diverse policy areas. Moreover, it seems that they are more eager to invest in additional, new forms of diplomacy, such as in public diplomacy. Sub-state diplomacy and small state diplomacy have become more difficult to distinguish from each other at the level of the utilized instruments. The third dimension is the character of the representations. One notices that the external projection of many regions with legislative power has many facets: political, economic, cultural, educational and even such 'hard dossiers' as immigration. Although the foreign networks of regions are still very modest in comparison to their respective central governments, they nevertheless do engage in vital work to further expand and deepen any existing cooperation with third parties beyond the level of classical diplomatic relations.

In terms of differences, sub-state diplomacy is daily reminded that this world remains one where states are at the centre of the international pecking order. Multilateral organizations that deal with the many transnational problems of today (climate, energy, economy, migration, etc.) are still mostly a club of central governments. Although sub-state entities might have much expertise in each of these domains, they might feel that their contribution is being thwarted by central govern-

ment(s), or that they cannot get enough access to the reservoir of policy expertise that exists within these institutions. The extant international trade regime and security arrangements are often arranged via bilateral or multilateral treaties. The contribution of sub-state entities then becomes an afterthought, which later down the road sometimes causes problems in terms of implementation because central governments can ignore or dismiss the specific problems with which the regions are confronted (e.g. in environmental matters). Sub-state diplomacy is faced with serious restrictions in harder policy domains such as intelligence gathering and security, migration (although Québec constitutes an exception here) and trade. For some parties wielding power within these sub-state entities, it then almost becomes a matter of being respected on the world political scene. Their politicians will refer to the unique identity and/or economic make-up of their region, or/and to their specific geopolitical situation so as to make a claim that life for their populations would be better if they could contribute to world politics on their own merits. But the chances for success appear slim. Let us explore a few cases so as to achieve a better understanding of protodiplomacy and its reception by the international community.

SUCCESS: HOW THE REGION OF SLOVENIA BECAME A STATE

Slovenia had always been the most prosperous region in the Yugoslav Republic. The death of strongman Tito in 1980 created a power vacuum. Of all the Yugoslav regions, the developments in Slovenia went the fastest. In 1988, several opposition movements were formed. Milan Kucan, the leader of the Communist Party of Slovenia, even stimulated this process. He stated in January 1989 that the party must give up its monopolistic position. In 1989, Slobodan Milošević, Chairman of the Central Committee of the League of Communists of Serbia since 1986, became president of Serbia. His republic was the largest and most populous of the six Yugoslav republics. Milošević consolidated power by centralizing the state. The governments of the other republics, however, sought to loosen the central grip on power by devolving as much constitutional power as possible to each of the republics and autonomous provinces (Bianchini, 2020).

In September 1989 the Slovene parliament, still filled with communists, voted under pressure of public opinion a 'Declaration on Sovereignty' which placed Slovene laws above those of the Yugoslav Republic. In December 1989, the supporters of Milošević attempted to organize a 'Rally of Truth' in Ljubljana. In 'Action North', Slovene police forces blocked this rally with the help of Croatian police forces. This action is widely considered to be the first Slovene defence action, leading to Slovenia's independence.

On 7 March 1990, the name 'Socialist Republic of Slovenia' was changed to 'Republic of Slovenia'. In the elections of April 1990, Demos – a coalition of newly formed democratic parties – received 55 per cent of the votes cast; the communists only 17 per cent. Nevertheless, Kucan was chosen as president of the new Slovene

Republic. In December 1990 a referendum was organized in which 95 per cent of the voters chose independence unless the six republics could find an agreement to reform the Yugoslav Republic within six months (Wijnaendts, 1993, pp. 52–53). On 25 June 1991, the Slovene Assembly passed the Basic Constitutional Charter and the Declaration of Independence, declaring Slovenia an independent country. Croatia followed a similar route.

This process started the so-called Ten Day War. It was fought between the Slovene Territorial Defence and the Yugoslav People's Army (JNA). Immediately after the Slovene elections, the JNA announced a new defence doctrine that would apply across the country. The Tito-era doctrine of 'General People's Defence', in which each republic maintained a Territorial Defence Force, was to be replaced by a centrally directed system of defence. The republics would lose their role in defence matters, and their Territorial Defences would be disarmed and subordinated to JNA headquarters in Belgrade. The Slovene government made sure that the equipment of Slovene Territorial Defence did not pass to the JNA. Hence, the Yugoslav Republic did not have a monopoly on violence.

The Ten Day War lasted from 27 June to 7 July 1991. It marked the beginning of the Yugoslav Wars. Instead of a large-scale military operation to remove the Slovene government, Belgrade opted for a more cautious approach: essentially, an intimidating show of force that would convince the Slovene government to back down on its declaration of independence.

Meanwhile, Europe tried to grapple with the situation. Observers were sent on a mission to uphold a ceasefire. An agreement had been struck for Slovenia to halt its intention to become independent, something which was rather difficult to monitor (Wijnaendts, 1993, p. 56). Slovenia and Croatia could only accept a loose confederal structure in the future, while the Yugoslav federal government and Serbia continued to believe in what proved to be a federal illusion. Meanwhile, the Croats under President Tudjman collided in a stronger way against the Serbs. Tudjman wanted talks with Milošević, guided by the European Economic Community (EEC), but Milošević was not interested (Wijnaendts, 1993, pp. 57–64). Slovene forces meanwhile conducted offensive operations against the JNA which, on its part, failed to bring in reinforcements from Serbia.

This conflict ended with the Brioni Accord of 7 July 1991, signed on the Brijuni Islands by representatives of Slovenia, Croatia and the Socialist Federal Republic of Yugoslavia, under the political sponsorship of the EEC. The agreement sought to create an environment in which further negotiations on the future of Yugoslavia could take place. The Dutch minister of Foreign Affairs Hans Van den Broek played a key role in this process. However, the 12 European Community (EC) countries of the time asked the European Commission to explore the possibility of economic and financial sanctions against parties that did not wish to open negotiations on the future of the Yugoslav Republic (Wijnaendts, 1993, p. 76). In practice this was against Serbia, which appeared to resist the ceasefire.

The German Minister of Foreign Affairs, Hans Dietrich Genscher, suggested that Germany could recognize Slovenia and Croatia if the Yugoslav army did not stop its

acts of violence (Wijnaendts, 1993, p. 56). This led to tensions with Hans van den Broek: if some EEC member states recognized Slovenia and Croatia, would these entities not feel emboldened? And who would defend their independence? Van den Broek stressed the importance of enforcing the ceasefire and of conducting serious negotiations in the framework of a peace conference. However, the German pressure within the 'Twelve' continued, eventually leading to the European Community recognizing Slovene and Croat independence (Wijnaendts, 1993, p. 108). This had far-reaching consequences, emboldening especially Croatia. President Tudjman not only wanted all troops to go back to their barracks, but also all Yugoslav forces to leave the territory of his new country. Tudjman also refused to renew the Brioni Accord, which ended on 7 October 1991 (Wijnaendts, 1993, p. 111). Slovenia, geographically in a safer location, now considered itself to be independent. Finally, on 15 January 1992, the European Community officially recognized Slovene independence.

Even before independence, 'Slovenia' had been quite active in the international arena. Until the end of the First World War, 'Slovene' diplomats were active in the Habsburg, Austrian-Hungarian diplomacy. From 1918 until the Second World War, 'Slovene' diplomats had prominent positions within the diplomatic corps of the first Yugoslav Republic. Finally, from 1945, several 'Slovene' diplomats fulfilled prominent roles within the second Yugoslav Republic. Although they comprised just between 3 and 5 per cent of all Yugoslav diplomats, 70 Slovenes were able to be promoted to the level of Ambassador during this period, while 50 became Consul-General between 1945 and 1991. In this period, Slovenes were involved in almost all important bilateral and multilateral negotiations involving the Yugoslav Republic. 'Slovene' diplomats were known for their expertise, level of education and knowledge of foreign languages (Duran and Crikemans, 2009; Jazbec, 2001).

From the 1970s onwards, Slovenia started to position itself as an active subnational player. Stane Kavcic, President of the Slovene Executive, visited Bavaria in 1972, much to the dislike of the central Yugoslav government. More important was the Slovene entry into the working community of the Eastern Alpine Region. This had been created in 1978 by the Italian autonomous region of Friuli-Venezia Giulia, the Austrian provinces of Carinthia, Styria and Upper Austria, Slovenia and Croatia, and had various observers. It morphed into an organization in which East and West met. Despite being part of the Yugoslav state, Slovenia undertook sub-state paradiplomatic action as a result of which a domestic, professional administrative apparatus was born. This would later form one of the constituent parts of the Slovene diplomatic corps (Duran and Crikemans, 2009).

The instalment of the Republic of Slovenia in 1990 and the creation of the 'National Secretariat for International Cooperation' was a big step towards the development of Slovene foreign policy. Initially, the National Secretariat was conceived as an intermediary between the Republic of Slovenia and the Yugoslav Ministry of Foreign Affairs. Since developments went so fast, it became the nucleus of a Slovene Ministry of Foreign Affairs. On 24 April 1991, the Slovene Parliament adopted the law on the Ministry of Foreign Affairs. On 22 May 1992, Slovenia entered the family of the United Nations as its 176th member. Since then, Slovene diplomacy

has become quite successful and strongly oriented to European and transatlantic relations, trying also to serve as a bridgehead towards the so-called ‘Western Balkans’. It is also active within the UN and organizations such as the OSCE (Duran and Crikemans, 2009).

The story of Slovenia shows how a combination of a geographical peripheral location and building of international acceptance against a backdrop of diplomatic know-how, socio-economic strength and wide societal support together with some ‘luck’ proved to be successful.

But attempts at ‘protodiplomacy’ do not always end in ‘success’. Quite to the contrary.

FAILURE: HOW CATALONIA’S INTENTION TO BECOME A STATE FAILED AND CREATED A SEVERE BACKLASH

The case of Catalonia constitutes one of today’s most dramatic cases of how the aspirations of wannabe states can turn into a nightmare, from a situation of far-reaching autonomy and a quite developed sub-state diplomacy to a tutelage and humiliation from Madrid. Deep internal societal divisions lie at the heart of this situation.

Duran (2015) explains that Catalonia is a historic nation. Its genesis as a substantive polity commenced with the enlargement of the County of Barcelona from the tenth century onwards, becoming later an integral part of the Kingdom of Aragon through dynastic marriages. Within this personal union, Catalans were allowed a meaningful degree of autonomy, with their own political and socio-economic institutions (Duran, 2015, p. 171). Already during this period, there are signs of a Catalan paradiplomacy. Duran explains that, after the Spanish defeat against the US in the Philippines, Catalanism became highly political with the rise of the Regional League (*Lliga Regionalista*). This movement became left-wing in socio-economic matters, giving birth to the installation of the Catalan Republic in 1931. The left wing *Esquerra Republicana de Catalunya* (Republican Left of Catalonia, ERC) installed an autonomous Catalan government, named *Generalitat* after its medieval predecessor. During the Spanish Civil War (1936–1939), the Catalan president of the *Generalitat*, Lluís Companys, declared independence, but this never fully materialized because of internal struggles among unionists, nationalists, communists and anarchists. The *Generalitat* was abolished in 1939 (Duran, 2015, p. 173). The lack of internal cohesion spelt the ultimate debacle. Strangely enough, history would almost repeat itself later under different circumstances.

It would take until the end of the Franco regime for Catalonia to regain its autonomy. The 1978 Spanish Constitution recognized Catalonia (together with the Basque Country and Galicia) as “historic nationalities”. Andalusia would soon follow. They received the right to self-government within the “unity of the Spanish nation” (art. 2). A fast track to self-government was given (art. 151), although Madrid retained an emergency valve to withdraw it. Article 155 states that if a regional government “does not comply with the obligations of the Constitution or other laws it imposes, or

acts in a way that seriously undermines the interests of Spain”, the national government can ask the Senate to vote on the use of the measure.

The new-found autonomy gave a rapid rise to renewed paradiplomatic and external activities. A kind of normalization took hold in the decades thereafter (Cornago, 2010). It was no surprise that the so-called historic nationalities embarked on paradiplomatic activities. In the case of Catalonia, most of its external activity can be considered long-term paradiplomacy; it sought to achieve functional objectives related to the fulfilment of policy commitments, in particular economic ones. Nevertheless, there were also political and symbolic actions aimed at achieving international recognition for Catalonia’s differentiated national identity (Garcia Segura and Etherington, 2017, p. 5).

From the beginning, Europe and the EEC constituted a priority for Catalan external action. In 1982, four years before Spain became a formal member of the EEC, the Catalan *Generalitat* had set up a *Patronat Català Pro Europa* (PCPE), as a means of preparing Catalan society for EEC membership. On Spain’s accession, the PCPE opened a delegation in Brussels: one of the first offices opened by a Spanish region in Brussels, despite the opposition of the central government. The role of the Brussels delegation became to defend the interests of Catalan actors, both public and private, within the framework of European programmes and policies (Garcia Segura and Etherington, 2017, p. 6).

In its paradiplomatic activities, Catalonia advanced the so-called ‘double export’: the simultaneous promotion of Catalan identity and economy. The *Institut Català de les Indústries Culturals* (ICIC), which operated separately from Catalan foreign policy, played a pivotal role in the cultural promotion of Catalonia. Via its network abroad, ICIC actively promoted Catalan cultural products (audiovisual, music, performing arts). Another player in the international cultural promotion was for a long time the *Institut Ramon Llull* which promoted the Catalan language and culture. The idea behind the Catalan model is that the promotion of culture and identity can facilitate economic cooperation, and vice versa. Furthermore, the organizational structure of Catalan foreign policy used to be quite horizontal, but this was changing. Under the government of the charismatic minister-president Jordi Pujol (1980–2003), foreign affairs became a voluntaristic endeavour, in which the vast personal contacts of the minister-president often initiated quite substantial initiatives abroad, which sometimes surpassed, but did not trespass, ‘Madrid’ (Crikemans, 2010a).

In 2006, a new Catalan Statute was approved by referendum. It defined the rights and obligations of the citizens of Catalonia, the political institutions of the Catalan community, their competencies and relations with the rest of Spain, and the financing of the Government of Catalonia. However, this Statute was almost immediately confronted by the *Partido Popular* (then in power in Madrid) through the Constitutional Court. A bitter judicial fight ensued. As a result, Catalan nationalist parties started to grow. The financial-economic crisis of 2008 gave this fight a fiscal dimension. Madrid enforced austerity upon the regions. The richer Catalans thought they had to pay more for the Spanish state; their regional prosperity was ‘leaking away’. A decent political debate between Madrid and Barcelona became impossible.

Catalonia's external action was not always protodiplomatic: there have also been clear paradiplomatic phases in the past. This, however, changed around June 2013. During this period, the Catalan Parliament's documents show that, in addition to the traditional paradiplomatic action, efforts would be undertaken to support Catalonia's future independence to the European and global stage: a clear sign of protodiplomacy. This was seen as a direct challenge to the Spanish state. Catalonia set up initiatives for its own public diplomacy, the Public Diplomacy Council of Catalonia (Diplocat). The organization would over time be used to organize public debates in many European universities and across the world on the 'Catalan question'. Diplocat was a consortium of public and societal entities, and as such not officially responsible for the public diplomacy of the Catalan *Generalitat*. However, the lines between the two were blurred.

Next to this, the separatist parties in office instigated a reform; a new Ministry of Transparency and Foreign Institutional Relations and Affairs was created. External relations, multilateral and European affairs and development cooperation also became part of this new entity. In high-speed mode, new protodiplomatic representations were set up abroad. At its height, the Catalan *Generalitat* had representations in France, Switzerland, the UK, Ireland, the US, Austria, Italy, Morocco, the Holy See and Portugal (Garcia Segura and Etherington, 2017, p. 8).

Heightened tensions between Madrid and Barcelona were the backdrop to an independence referendum, held in Catalonia on 1 October 2017. On this occasion, the Spanish Guardia Civil was seen using violence against voters, multiple times and in a methodical manner. The violence used was disproportional, and the Catalan *Generalitat* used it to leverage support for its independence claim. However, almost all European countries believed this was a domestic politics issue for Spain to decide. Only the Belgian Prime Minister Charles Michel said that a dialogue between both parties had to be set up – which led to a conflict between Michel and the Spanish Prime Minister Rajoy (Criekemans, 2018a). The Catalan protodiplomacy had not made any significant gains on the most crucial criterion to become a state: international recognition. Finally, the Catalan minister-president Puigdemont did declare independence, but in a rather vague way. Madrid immediately invoked article 155, stripping the region of its autonomy.

In April 2018, the Spanish government liquidated Diplocat based on the Royal Decree 945/2017 of 27 October 2017 followed by the invoking of Article 155 from the Spanish Constitution. However, the only argument of this Royal Decree is that "it is necessary to suppress those unnecessary organizations in this context or those, which have been created in order to participate in the development of the secessionist process". The decision of liquidating Diplocat was ratified by the Spanish government's Council of Ministers on 15 December 2017. In a press release and public outcry email sent on 16 April 2018, the Catalan public and civil society organizations that had supported Diplocat in the past stated that its activities had been merely "within the scope of public diplomacy", not traditional diplomacy (Diplocat, 2018).

In the period following this decision, Madrid effectively dismembered what remained of Catalan foreign policy. All Catalan bilateral representations abroad were

closed, except the one in Brussels. Diplomats from Madrid were sent to effectively take over Catalan external action, asking many questions to the officials working there on what had been done in past years, with what budgets and how.

This case shows how the wishes of wannabe states can end in bitter disappointment. Also, much can be explained through the deep societal divisions between separatists and unionists within Catalonia itself. Next to this hypothesis, Garcia Segura and Etherington (2017, pp. 12–15) develop some alternative explanations for what happened: (1) the fact that Catalan protodiplomacy was seen as a direct confrontation to Madrid, promoting secession; (2) the party composition in government at the central and regional level, whereby the Catalan parties were not needed in Madrid and thus came under pressure; and (3) the failure within Spain to jointly develop, institutionalize and implement foreign policy, in terms of the daily management of foreign policy processes between the centre and the regions.

The separatist parties never wielded a complete majority in the Catalan Parliament. Hence, the declaration of independence of 27 October 2017 remained vague. The declaration did not receive any recognition from the international community. The dream has been shattered, effectively undermining all that was painstakingly gained over many decades.

IN BETWEEN: HOW KURDISTAN IS FROZEN IN A GEOPOLITICAL STALEMATE

On 25 September 2017, the autonomous Kurdistan Regional Government (KRG) organized a referendum for independence, with well over 90 per cent of votes cast in favour. The internal backdrop to this situation was the corrupt al-Maliki government of Iraq in Baghdad. It began withholding funding to the Kurdistan Regional Government in January 2014. The KRG attempted to export oil via the northern pipeline into Turkey in May 2014, but the Iraqi government lobbied international governments to block the export and sale of this oil. Another factor was the rise of Islamic State (IS/Daesh) which occupied the northern Iraqi city of Mosul and extended into north-central Iraq, very close to KRG territory. Iraqi troops (mostly comprised of Shia from the south) proved ineffective against IS. Only the Kurdish Peshmerga fighters were able to defend their region, and extended control beyond the traditional Kurdish territory, establishing in effect a security perimeter. The Peshmerga became the *de facto* alliance partner of Western governments against IS, whereby the city of Erbil became a major point of coordination. Having lost its faith in Baghdad, the Kurdish president Masoud Barzani announced his intention to call a referendum on independence in 2014 on the grounds that the country had already been “effectively partitioned” (BBC News, 2014). In 2016, he specified that the referendum would only take place after the liberation of Mosul, although this was mainly an Arab city. Turkish president Tayyip Erdoğan had however stated that he would not allow the Kurds to play a key role in the liberation of Mosul. Turkey became a major stumbling block against potential Kurdish independence. So, although there was quite some

unity at a domestic level with regards to supporting Barzani's efforts, the shifting geopolitical spheres of influence seem to have been a major stumbling block for the KRG's ambitions.

Danilovic (2018) offers an interesting picture of the KRG, the Kurdish regional government in Iraq. Compared to the two other cases discussed in this chapter, the geopolitical dimension is a dominant explanatory variable for the complexity in which the KRG finds itself today. Danilovic acknowledges that the KRG has also been involved in protodiplomatic activities, expanding its international engagements in order to advance its status as a sovereign actor. Non-sectarianism, or Kurdish sectarian neutrality, is identified as critical to develop relations with different countries, for instance Turkey and Iran (Danilovic, 2018). Nevertheless, relations with Turkey remained precarious. The new Turkish president Erdoğan gradually became a veto player. The relationship between Erdoğan and the Kurds is ambiguous. On the one hand, relations with the KRG have always been rather positive because of economic ties, most notably Turkish exports to the KRG and oil imports from the region of Kirkuk. On the other hand, Erdoğan seems to fear a too successful Kurdish region. Millions of Kurds live in the Turkish region of Southeast Anatolia. A too successful KRG could potentially encourage these Kurds in Turkey to join the fledgling Kurdish state-in-the-making, promised in the Peace Treaty of Sèvres in 1920, but which has not materialized.

The situation became more complex when US President Barack Obama supported the creation of the Syrian Democratic Forces (SDF), in war-torn Syria in October 2015, to fight against the Alawite President Bashar al-Assad. The SDF alliance consisted of Kurdish, Arab and Assyrian/Syriac militias, as well as some smaller Turkmen and Chechen components. However, the Kurdish People's Protection Units (YPG) played a key role in the SDF. From then on, Erdoğan actively sought to frustrate a potential territorial realignment of the northern Syrian Kurdish territories with the KRG. The Turkish president intervened militarily in Syria in the region of Manbij to establish Turkey's own 'security corridor'. At the same time there have also been reports of Turkish shelling in the northern part of Iraq during the campaign to re-take Mosul. This showed how intertwined the situation for the Kurds had become: a *de facto* coupling between the situation in Iraq and Syria was made through the perception and policy actions of President Erdoğan.

Interestingly, before the KRG independence referendum, Israeli Prime Minister Benjamin Netanyahu had been the first to publicly endorse potential Kurdish independence. There are several theories as to why this was the case. Perhaps because the Peshmerga had proven themselves as a genuine security provider against such challenges as IS/Daesh; and because Netanyahu saw them as a future buffer state against an alleged growing Iranian influence in the region. Jordan considered the matter an internal Iraqi affair, playing neutral; whereas Saudi Arabia hoped that Barzani was smart enough not to hold the referendum. It seems that US President Donald Trump toyed with a scenario of extending US support, referring to the Peshmerga as very potent fighters; whereas the then US Secretary of State Rex Tillerson stated the US did not recognize the referendum. Perhaps Tillerson, together with the US Secretary

of Defense James Mattis, did not want to jeopardize the US military collaboration with Turkey, most notably the use by the US of the Incirlik base in the south of Turkey. Trump later seemed to lose interest in the matter.

In effect, the Kurdish referendum for independence from Iraq ground to a halt. The KRG had nevertheless invested in quite a substantial amount of diplomatic representations abroad during this period, most notably in Belgium (home of European Union institutions), Washington DC and Moscow. The KRG also has offices abroad in Australia, Austria, France, Germany, Iran, Italy, Poland, Spain, Sweden, Switzerland and the UK (Kurdistan Regional Government, 2019). As of yet, Baghdad is too weak to eliminate these offices. The KRG often receives official foreign parliamentary and regional visits from abroad, as well as visits from foreign countries represented at the level of consulate-general. The KRG, however, finds itself in a geopolitical stalemate, being unable to translate the September 2017 referendum in a new state-like status. The KRG 'wannabe process' is in limbo, probably for many years to come.

CONCLUSION

This chapter shows the degree of difficulty sub-state entities face in entering the state-based 'champion's league of international relations'. The international community of states remains conservative in accepting new members. Recognition from states is central in each of the cases that were analysed. Geopolitical factors and foreign policy contexts, together with historical variables, define the action space for pushing for recognition as states within the international community. Even when the conditions are just right, central political decision-makers within these entities need to show a degree of perseverance and agency to push through, sometimes against the odds and also entailing personal risks. But it would be a mistake to think that sub-state actors cannot generate genuine prosperity and welfare if they do not become states (Berg and Vits, 2020; Prinsen, 2020). The phenomenon of sub-state diplomacy has become widespread all over the world, and to a certain degree the divisions between classical state diplomacy and sub-state diplomacy have watered down, both in terms of the goals they try to achieve and the means and instruments they use in order to reach them. From that point of view, it is also very relevant to study sub-state diplomacy and wannabe states in a handbook on small states.

Lecours (2002, p. 95) argues that "if regional governments . . . are increasingly acquiring an international presence, it is largely as a consequence of structural changes". On this basis, Lecours made a plea to use a perspective based on agency-structure relationships, both at domestic and international levels. The problem facing students of sub-state diplomacy is that this phenomenon is so diverse and intertwined, and with so many different facets, that it is difficult to come to terms with it from a theoretical point of view. Theory should of course not be seen as an end in itself, but rather operate as a means to shed light on, and offer meaning to, a multifaceted trend. The literature has yet to construct a comprehensive theoretical framework via which

the external activities of non-central governments and subnational jurisdictions can be better comprehended.

Lecours's remark is also valid for the analysis of protodiplomacy and its chances for success. A cocktail of domestic and international variables seems to determine the bandwidth within which some sub-state entities seek to fulfil their ultimate wish as 'wannabe states'. Based upon our explorative analysis in this chapter, one can state that the line between dream and disillusionment is rather thin. Based upon the above analysis, one can state that some internal variables for success are: societal unity (versus division); socio-economic prosperity or at least the basic components to create a viable 'business model' for a potential future state; and political stability (or lack of internal political strife within the region). On the other hand, there are also clear external variables for success: a geopolitical atmosphere that is conducive for accepting the abolition of the territorial status quo in the wider region; and an international community (or at least key governments in it) willing to recognize the entity while not worrying too much about their respective relationship with the old 'centre' of the (potentially former) state.

There is certainly potential for a more systematic study of the tentative hypotheses generated from this chapter's limited analysis. The world will continue to be confronted with this phenomenon, as a result of global and local forces. The researcher should approach these in a non-normative way. Moreover, the evolutions which we will witness in the coming years might also lead to new forms of decentralization, emboldening regions vis-à-vis the centre (Criekemans, 2018c).

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Index

- Abkhazia 383, 390
 recognition of 385
 trade 387
- abridged realism 314, 325
- Acção Democrática Independente* (ADI)
 228, 229
- Ademmer, E. 173
- ADI *see* *Acção Democrática Independente*
 (ADI)
- administrative fragmentation 369
- af Ugglas, Margareta 215
- Africa 21, 28, 33, 34
- agency 380, 390
- Aggestam, K. 214–15
- Agha, H. 213, 215, 216
- agrarian reform 234
- Ahmed, Saeed 388
- air transport hub 320–23
- Akashi, Yasushi 331
- Akayev, Askar 299–300
- AKEL *see* Anorthotikon Komma
 Ergazemenou Laou (AKEL)
- Ala, Abu 213, 214
- al-Assad, Bashar 406
- ALBA *see* *Alianza Bolivariana Para Los
 Pueblos de Nuestra America* (ALBA)
- Albania 106
 GDP per capita 107
- Albanians 192, 193, 198
- Algeria 210
- Alianza Bolivariana Para Los Pueblos de
 Nuestra America* (ALBA) 261, 262,
 265, 286
- al-Kurd, Maher 213
- Alliance of Small Island States (AOSIS) 350
- Almada, Janira Hopfer 227
- ‘America First’ policy 108
- American Samoa 34, 372
- Anckar, D. 364
- Andean Community (CAN) 269, 270
- Andersson, Sten 215, 216
- Andijan massacre 299
- Andorra 71
 economic recovery 164
 international relations 162–4
 members of parliament 157
 migrants in 160–61
 political history of 152–3
 political institutions, dynamics and
 challenges 156–60
 socio-economic dynamics 160–62
 see also Liechtenstein; Monaco; San
 Marino
- Angola 223, 236
- Anguilla 285
- Ankara 202
- Annan Plan 140–41, 382
- annexation of Crimea 107, 123, 124, 168,
 172, 174, 180, 202
- Anorthotikon Komma Ergazemenou Laou
 (AKEL) 135, 142
- Antigua 77, 283, 286
- ‘Antigua *versus* United States’ Internet
 gambling case 283
- AOSIS *see* Alliance of Small Island States
 (AOSIS)
- Aquino, Benigno 338–9
- Arafat, Yasser 212–14, 217
- Arbenz, Jacobo 245
- Arbitration Tribunal of the Law of the Sea
 (UNCLOS) 329–30
 ruling 333, 336, 339
- archipelagos 71, 369
- Arengo* 155
- Argentina 266, 267, 271–3
 and Chile 262
- Aristide, Jean-Bertrand 287
- Armenia 384, 390
 participation in negotiations 391
- arms trade 252
- ASEAN 330
 China’s proxy in 332–3
- Asfour, Hassan 213
- Ashrawi, Hanan 212, 213
- Asia 33, 34
- Association Agreement of EU 174, 177–80
- Association of Caribbean States (ACS) 285–6
- asymmetric relationship 7, 250, 273, 331, 365
- Atambayev, Almazbek 300
- Atlantis 281
- Australia 348–51, 353
- Austria 27, 28, 102, 104, 153

- autocratic regime 41–2
 autonomy dilemma 9–10
 Azahari revolt 335
 Azerbaijan 177, 384, 390
 Aziz, Abdul 322
- ‘Baby Doc’ Jean-Claude 287
 Bachelet, Michelle 261
 Bahamas 278, 281
 Baker, James 212
 Bakiyev, Kurmanbek 298, 300
 balance of power 24–6, 34
 in Europe 107–10
 Baldacchino, G. 55, 190, 362–4
 Balkan states *see* Yugoslav successor states
 ‘banana republics’ 14, 250
 bandwagoning, in France’s
 proto-hegemony 24–5
 Banzer, Hugo 260
 Barbados 281
 Barbuda 77, 282, 283, 286
 Barbuda Land Act of 2007 286
 Barbuda People’s Movement 286
 Barcelona 403
 tensions between Madrid and 404
 Barrow, Errol 288
 Barrow, Nita 288
 Bartmann, B. 31, 77, 365
 Barzani, Masoud 405, 406
 Battle, Jorge 271
 Beijing 317, 318, 332
 Singapore and 336–8
 and UNCLOS ruling 330
 Beilin–Abu Mazen understandings
 215–17, 219
 Beilin, Yossi 212, 213, 216, 217
 Belgium 396, 398, 407
 Belgrade 201–2, 400
 Belize 247
 violence in 248
 Belt and Road Initiative (BRI) 202, 304, 305
 Benedict, B. 59, 60
 Benítez, Mario Abdo 267, 268
 Bercovitch, J. 208
 Berdymuhamedov, Gurbanguly 299
 Bergh, A. 117
 Bertram, G. 345
 Bhutan 42, 71
 bilateral lobbying 89
 bilateral relationships 105, 269–70
 Chile 262
 Bildt, Carl 209
- Bird, Vere 288
 Bishop, Maurice 284
 ‘blacklist’ 283
 Black Sea fleet 175, 177, 179
 Blaise, S. 368
 Blank, S. 182, 183
 blue economy 353
Blue Pacific, The 353, 354
 Bolivia
 and Chile 261, 262
 economic policies 260–61
 foreign policy 261
 Peru and 269–71
 politics 260–62
 Bolkiah, Hassanal 335
 Bolsonaro, Jair 267
 Bonaparte, Napoleon 21, 26–7, 155, 314
 Boris, King I 152
 Bosnia
 border between Montenegro and 191
 GDP per capita 107
 Bosnia-Herzegovina 106, 193, 200, 202
 Croatia and 191
 ethnic criterion 195
 GDP per capita 107
 Serbian citizens 189
 Bosniaks 196
 Bouckaert, G. 57
 Bougainville 352
 Boyce, P. 312, 313
 Boyce, R. 60
 brain drain 200
 Bray, M. 60, 62
 Brazil 263, 265–8, 271–3
 Peru and 270
 Brexit 4, 77, 110, 114, 125, 126
 BRI *see* Belt and Road Initiative (BRI)
 Brioni Accord 400, 401
 Britain 134, 139, 244
 British citizenship 372
 British Nationality Act 372
 British Virgin Islands 285
 Brnabić, Ana 194
 Browning, C. 4
 Brunei 71, 335–6
 China and 336
 economy 335–6, 339
 Brussels 403
 Brussels agreement 197
 Brzezinski, Z. 173
 Budapest Memorandum 177, 181
 buffer state

- conditions 170
- defined 169
- East–Ukraine–West system 172–4
- Germany–Belgium–France system 170–71
- imperial expansion from 170
- moral hazard behaviour 171
- rival powers 170
- Bulmer-Thomas, V. 242
- Bush, George W. 281
- Cabo Verde
 - challenges for 233
 - constitution 224, 225
 - development indicators 232
 - development plans 231
 - development strategy 233
 - from economic vulnerability to international credibility 230–34
 - emergency programmes 230–31
 - GDP growth 231
 - governance 233
 - intra-executive relations 224–7, 237
 - migrant remittances 232
 - parliamentary elections 225–6
 - politics in 224–7
 - presidential elections 225–7
 - public debt 233
 - reforming strategy 225
 - stable party system 224–7
 - tertiary sector 232
 - tourism 232
- CAFTA-DR *see* US-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR)
- Cambodia 340
 - ally of China 330–35
 - external aid for 332
- Cambodian National Rescue Party (CNRP) 332
- Cambodian People's Party (CPP) 330, 332
- Captains Regent 156
- career management 63
- Caribbean 51, 369
 - British colonies in 287
 - competitive elections 287
 - economic profiles 279–83
 - families and dynasties 287–8
 - international aid for 282
 - money laundering 282
 - versus* pacific small states 351
 - politics in 287
 - small states
 - falling apart 286–7
 - population size 280
 - working together 285–6
 - tourism 281–2
 - US hegemony and China 284–5
- Caribbean Community and Common Market (CARICOM) 285
- CARSI *see* Central American Regional Security Initiative (CARSI)
- Cartes, Horacio 266–8
- Carvalho, Evaristo 229
- Castro, Fidel 287
- Castro, Raúl 287
- Catalan Statute 403
- Catalonia
 - foreign policy 403
 - as historic nationalities 402, 403
 - paradiplomacy 403–5
 - state failure 402–5
- Catholic Church 193, 196, 198
- caveats 365
- Cayman Islands 282
- Central America
 - businesses 254
 - in colonial control 243
 - cooperation 254
 - corruption 248–9
 - democratization 246
 - diplomatic relations 250
 - domestic characteristics 246–7
 - challenges 247–8
 - economies 251
 - exports 250
 - federation 243
 - foreign policy 249, 255
 - history 242–6
 - inequality 246, 247
 - international characteristics 249–51
 - challenges 252–3
 - international influence and support of 251, 254
 - organized crime 252
 - politics 246–7
 - poverty 246
 - regionalism 250–51
 - social programmes 247
 - states patterns 243
 - United States and 244–5, 249
 - violence 248
- Central American Common Market 251

- Central American Regional Security Initiative (CARSI) 253
- Central Asian states
 - action spaces between Russia and China 304–7
 - foreign policy from Russia and towards China 301–4
 - institutions in 12
 - organizational setting 295–9
 - politics 300
 - regimes: resisting democratization 299–301
 - trade 306
- centre-right/centre-left divide 198
- Changi Airport 322–3
- Changi Airport Group (CAG) 323
- Charles, Eugenia 288
- Charles, King VI 153
- Charles, King VIII 154
- Chávez, Hugo 261, 264, 270, 272, 273, 284
- ‘chequebook diplomacy’ 284
- Chile
 - and Argentina 262
 - bilateral relations 262
 - Bolivia and 261, 262
 - foreign policy 262–4
 - in international affairs 264
 - international strategy 263
 - Peru and 262, 269–71
 - politics 262–4
- China 35, 202, 284–5, 317, 318, 385
 - action spaces between Russia and 304–7
 - assistance to Pacific 350
 - and Brunei 336
 - Cambodia, ally of 330–35
 - cooperation of Nordic states with 122–3
 - distance between Central Asian states (and Russia) from 303
 - economy of 304–6
 - foreign policy 301–4
 - negotiations with Taiwan 382–3
 - Philippines and 338–9
 - Singapore and 337
 - trading partners 304
 - and UNCLOS 330
- China–Taiwan divide 236
- Ching-kuo, Chiang 318
- Ching-kuo, Chiang Jr. 318
- Chong, A. 320
- Christophias, Demetris 142
- Chuuk 352
- citizenship rights 161, 372, 374
- Civil Aviation Authority of Singapore 323
- civil liberties 41
- civil war 196, 245, 248, 298
- Clayton-Bulwer Treaty 244
- Clerides, Glafcos 137
- clientelism 159, 226, 227, 237
- climate change, in Pacific small states 350, 354
- Clinton, Bill 212
- Clinton, Hillary 108
- Coard, Bernard 284
- cocoa production 234
- cocoa rehabilitation programme 234
- Coggins, B. 384
- Cold War 29, 31, 122, 172, 245, 246
 - and European small states 102–4, 110
 - foreign policy 209
 - small state proliferation 31–2
- Collective Security Treaty (CST) 298
- Collective Security Treaty Organization (CSTO) 297, 298, 307
- Colombia 265
 - illicit groups 252
 - Peru and 270, 271
- colonization 243
- Commonwealth of Independent States (CIS) 172, 175, 296–7, 301, 302, 307
 - Custom Union 180
 - Eurasian Economic Community 178
 - mean 303
 - distance of member states from 302
- Comoros 223, 237, 238, 364
- Companys, Lluís 402
- competitiveness 76
 - small states in Europe 107
- Compton, John 288
- concert system 26
 - inhospitality, 19th century 27–8
- concerted political harmony 161
- Conference on Security and Cooperation in Europe (CSCE) 138
- conflict management 381–4
- conflict resolution 381–4
- constitution
 - Andorra 152–3
 - Liechtenstein 153–4
 - Monaco 154
- contemporary political institutions 156–60
- Contessi, N. P. 182, 183
- Cook Islands 352–4
 - mobility 372
- cooperation agreement 285
- cooperative hegemony 108, 110

- coping strategies 84–6, 91
 pacific small states 355–6
 Corbett, J. 38
 Cornago, N. 365
 Correa, Rafael 264, 265, 269
 corruption 159, 226
 Central America 248–9
 Ukraine 176, 178–81
 cosmopolitan dilemma 8–9
 Costa Rica 243, 245, 250, 253
 diplomatic relations 251
 domestic characteristics 246–7
 exports 251
 inequality 247
 violence in 248
 Council of Europe's Venice Commission
 report 159
 Council for Mutual Economic Assistance
 (COMECON) 103
 Council of Sixty, San Marino 155
 Count of Foix 152
 CPP *see* Cambodian People's Party (CPP)
 Crawford, J. 374
 Crimea
 annexation of 107, 123, 124, 168, 172,
 174, 180, 202
 military incursions 77
 Croatia 190, 193, 198, 200, 400, 401
 borders 191
 Cross-Strait relations 317–19
 Cuba 31, 279, 284, 285
 Curaçao 282
 Cypriot socialist party (EDEK) 136
 Cyprus 13, 131
 and accession referenda 140–41
 British colonialism 134
 constitution 134–5, 145
 economy 132, 143–4
 ethnicity 145
 in the EU 142–3
 EU association with 139–41
 foreign policy 145
 GDP growth 142
 geographic location 132–3
 historic background 133–4
 international alignments 136–8
 international pressure in negotiation 382
 irregular migration 143
 nationalism 133
 party politics 135–6
 physical size 132–3
 political system 134–5
 religion 133
 Cyprus Problem 140, 142, 145
 Czechoslovakia, Soviet interventions in 102
 da Costa, Pinto 227–9
 Dahl, R. A. 46
 Danilovich, A. 405
 da Silva, Lula 261, 266, 267
 Dayton peace treaty (1995) 195
 de Brum, Tony 350
 decision-taking, in UN general assembly
 90–92
 “Declaration of Principles on interim
 self-government arrangements, The”
 215
 declaration of the common language 193
 Declaration on Sovereignty, Slovenia 399
 decolonization 364, 369, 374
 deep sea mining 353
 de facto states 379–81
 conflict management 381–4
 conflict resolution 381–4
 external supporters relationship 388–90
 international relations 384–8
 Delcour, L. 173
 de Losada, Gonzalo Sánchez 260
 demand constraints 103
 de Menezes, Fradique 228, 229
 democracy
 multiparty 227, 229
 Pacific 346
 resilience of 351, 352
 democratic failure 45–6
 democratic governance 44, 246
 Democratic Party (DIKO) 136
 Democratic Rally (DISY) 136
 democratic regime 41–2, 44–5
 see also autocratic regime
 democratization 246
 Central America 246
 resistance to 299–301
 democratization/group think dilemma 9
 Yugoslavia 195–9
 Denmark 102, 105, 108, 122, 123, 373
 EU membership 125
 flag 366
 immigration crisis 119–20
 denuclearization 173
 de Roburt, Hammer 349
 development indicators 232
 diplomacy, Singapore 312, 314–20, 325
 direct democracy 39–40

- Dismorr, Ann 216
 'doing' policy, economic aspects of
 economies of scope 75–6
 imperfect competition 75
 market concentration 74–5
 virtues of being small 73–4
 domestic affairs 115
 economic policy and crises 118
 immigration crisis 118–20
 migration crisis 118–20
 Nordic model 115–17
 domestic characteristics
 Central America 246–8
 pacific small states 343–7
 domestic governance 368–9, 373
 domestic policy 247
 domestic politics 368–9, 373
 Dominica 281, 282
 Dominican Republic 285, 287
 do Rosário, Gualberto 226
 Douglas, Denzil 288
 Drevet, J.-F. 141
 Duale, Mohamed 388
 Duarte, Nicanor 266–8
 Duchacek, I. 395, 396
 Đukanović, Milo 199
 Duran, M. 402
 Dutch citizenship 372
 'Dutch disease' 75
 Duterte, Rodrigo 339, 340
 Duvalier, François 'Papa Doc' 287
- EAEU *see* EurAsian Economic Union (EAEU)
 East Timor 33
 East–Ukraine–West system 172–4
 EC *see* European Commission (EC)
 economic challenge 164
 economic crisis
 of 2008 163, 165
 Nordic states 118
 Uruguay 271
 Yugoslavia 192
 Economic Development Board (EDB) 321
 economic fortunes 72–3
 economic growth 142, 160, 231, 246, 385
 economic nationalism 321, 322
 economic policy
 and crises 118
 Nordic states 118
 economic profiles, Caribbean 279–83
 economic vulnerability
 Cabo Verde 230–34, 238
 index 282
 São Tomé and Príncipe 234–6, 238
 economies of scope 75–6
 Ecuador
 economic problem 264
 foreign policy 264–5
 Peru and 269, 271
 politics 264–5
 EDB *see* Economic Development Board (EDB)
 education 50
 Education Index 47
 EEA *see* European Economic Area (EEA)
 EEC *see* European Economic Community (EEC)
 EEC–Malta Association Agreement 139
 EEZs *see* Exclusive Economic Zones (EEZs)
 Egeland, Jan 213, 214
 Elizabeth, Queen II 287
 Elkins, Z. 51
 Ellice Islands, jurisdictions 369
 El Salvador 245, 250
 corruption in 249
 domestic characteristics 246–7
 exports 251
 per capita income 247
 violence in 248
 Enhanced Defence Cooperation Agreement (EDCA) 338–9
 Erdoğan, Tayyip 202, 405, 406
 Eriksson, J. 214
 Eritrea 33
 erosion 350
 Estonia 108
 Estrada, Joseph 338
 Etherington, J. 405
 ethnic Albanians 192
 ethnic cleansing 193
 ethnic criterion 196
 ethnicity 197
 Cyprus 145
 Singapore 337, 340
 Yugoslav successor states 195–7
 ethnic segregation 195
 ethno-nationalism 193
 Eurasian Economic Community (EEC) 139, 178
 EurAsian Economic Union (EAEU) 297
 Euro-Atlantic institutions 104, 106
 euro crisis 142
 Euromaidan 30

- Europe 22, 27, 33, 400, 403
 - balance of power 107–10
- European Commission (EC) 109, 141, 143, 200, 281, 283, 400
- European Concert 27, 34
- European Economic Area (EEA) 125
- European Economic Community (EEC) 103, 109, 400, 403
- European Free Trade Area (EFTA) 125
- European institutions 109
- European integration 162, 164
 - Nordic states 124–6
- European small states
 - balance of power 107–10
 - clusters 105–7
 - Cold War and 102–4
 - competitiveness 107
 - economic shelter 103, 104
 - identifying 99–100
 - influence 103–5, 110
 - institutional affiliation 105–6
 - political outlook 106
 - populations 100
 - prosperity 102–4, 107, 110
 - rebalancing European orders 107–9
 - security 101–5, 110
 - transformation of action 101–5
- European Union (EU) 12, 33, 104–7, 110, 125, 382
 - association with Cyprus and Malta 139–41
 - Cyprus and Malta in 142–3
 - public statement in Thessaloniki 200
 - regional market 201
 - Ukraine and 174, 177, 179–80
- Exclusive Economic Zones (EEZs) 142, 234, 235, 336, 353
- exerting of power 380
- Exolgan Container Terminal 322
- exports
 - Central America 250
 - Costa Rica 251
 - El Salvador 251
 - Guatemala 251
 - Honduras 251
 - São Tomé and Príncipe 235–6
 - Transnistria 387
- external affairs 120–21
 - European integration 124–6
 - Nordic cooperation 121–2
 - security policy 123–4
 - see also* domestic affairs
- external supporters relationship 388–90
- fair-minded rationality 319
- Faroe Islands 366, 367
 - EU membership 125
- fascist/partisan polarization 194
- Fatherland Union 158
- Fazal, T. M. 169
- Federated States on Micronesia (FSM) 349, 352, 353
 - US funding 354
- Fernández, Christina 261
- Fierravanti-Wells, Concetta 350
- Fiji 346, 351–3
 - political turbulence in 349, 354
 - trade union organization 351
- Final Act of the Conference on Security and Cooperation in Europe 177
- Financial Action Task Force 282
- Finland 122–5
 - immigration crisis 119
- FIR *see* Flight Information Region (FIR)
- First World War 27, 245
- fiscal evasion 163, 165
- fisheries 353
- flag of the territory 366
- Flanders 398
- flexibility 370–71, 374
- Flight Information Region (FIR) 322
- Fonseca, Jorge Carlos 226
- foreign direct investment (FDI) 232
- foreign policy 58, 398
 - Catalonia 403
 - Central America 249, 255
 - Chile 262–4
 - Cyprus 145
 - Ecuador 264–5
 - Malta 138, 145
 - Nordic states 122, 123
 - Paraguay 266–8
 - Peru 269–71, 273
 - from Russia and towards China 301–4
 - Singapore 311–17, 325
 - of small sovereign states 374
 - Sweden 209
 - Ukraine 179, 181, 183
 - Uruguay 271–3
- formal mediation 211
- formal negotiations 88
- Forum for the Progress and Development of South America (PROSUR) 262, 263
- Fox, Annette Baker 8

- fragmentation 369
- France 107–8
 - bandwagoning, proto-hegemony 24–5
 - hegemony and concert system 26
 - relations with Monaco and Andorra 163
 - strategic partnerships 373
- Franco, Fernando 266, 267
- Franco-Monegasque Treaty
 - of 1861 154
 - of 2002 154
- “Free” countries 41
- Freedom House data 41–2
- freedom of choice 383
- free trade agreements (FTAs) 263, 267, 269, 270
- Free Trade Association of the Americas (FTAA) 268
- French-led European Defence Initiative (E2I) 105
- French Polynesia 368
- French Revolution 24–6, 154
- Friendship Treaty 177, 181
- FSM *see* Federated States on Micronesia (FSM)
- FTAA *see* Free Trade Association of the Americas (FTAA)
- FTAs *see* free trade agreements (FTAs)

- Gairy, Eric 288
- García, Alan 269, 270
- García Segura, C. 405
- Garibaldi, Giuseppe 155
- gas wars 179
- GATT *see* General Agreement on Tariffs and Trade (GATT)
- GDP per capita 47, 107, 153, 160, 335, 344, 353, 370
 - microstate rankings 47–50
- General Agreement on Tariffs and Trade (GATT) 76, 103
- ‘General Treaty for Renunciation of War as an Instrument of National Policy’ 30
- genocide 194
- Genscher, Hans Dietrich 400
- geopolitical confrontation 201
- geopolitical stalemate, Kurdistan 405–7
- Georgia 172, 174, 177, 383, 387
 - military incursions 77
- Georgian–Russian war of 2008 107
- German Confederation 27
- Germany 27–30, 34, 107–8, 400
 - economies of scope 75–6
 - sponsored resolutions 87
- Germany–Belgium–France buffer system 170–71
- Ghali Set of Ideas 382
- Gilbert islands 369
- Ginsburg, T. 51
- global climate negotiations 350
- global economic crisis of 2008 163, 165
- global economics 33
- globalization 194–5
- Gonsalves, Camillo 288
- Gonzales, Ralph 288
- governance 233, 368–9, 373
 - Cabo Verde 233
 - governance weakness, Philippines 338
- gradualism 215
- Grau, Raúl Cubas 266
- great powers 4, 8, 9, 26–9, 34, 35, 101–2, 104, 105, 168, 170, 171, 182–4, 385
 - Russia 173
- Greece 134, 141, 191, 192
- Greenland 123
 - EU membership 125
- Greenland/Kallalit Nunaat 373
- Green Line Regulations 387
- Grenada 281, 284
- Grenadines 281
- Grimaldi dynasty 154
- Grivas, Georgios 136
- group think dilemma 9
- Grydehøj, A. 365
- Gstöhl, S. 2
- Guadeloupe 369
- Guatemala 243, 245, 250
 - domestic characteristics 246–7
 - exports 251
 - international influence 254
 - per capita income 247
 - violence in 248
- Guibernau, M. 396
- Guro, J. 100, 109

- Hague, The 368
- Handel, M. 4, 144
- Hans-Adam, Prince II 154, 163
- Haradinaj, Ramush 194, 197
- Hardarson, Ó. T. 119
- Hau’ofa, E. 344–5, 348, 353, 356
- Hay-Pauncefote Treaty of 1900 244
- hegemony 26–7
- Hernández, Juan Orlando 248
- Hirschfeld, Yair 212, 213, 215

- Hispaniola 286
 Hjelm-Wallén, Lena 216
 Hocking, B. 395
 Holst, Johan Jørgen 214, 215
 Holy See 364
 Home Rule Government of Greenland 366
 Honduras 240, 245
 democratic breakdown 248
 domestic characteristics 246–7
 exports 251
 international influence 254
 per capita income 247
 violence in 248
 Hukbalahap Rebellion 338
 Humala, Ollanta 269, 270
 Human Development Index 47
 Hungary, Soviet interventions in 102
 Hurricane Irma 371
 Hussein, Faisal 212, 213
 hyper-personalistic politics 368
- Iceland 123, 124
 EU membership 125
 immigration crisis 119–20
 ICIC *see* *Institut Català de les Indústries Culturals* (ICIC)
 IMDA *see* Infocomm and Media Development Authority (IMDA)
 IMF *see* International Monetary Fund (IMF)
 IMF Debt Sustainability Analysis 233, 236
 immigrant investor program 282
 immigrants 161
 immigration 165, 312
 immigration crisis, Nordic states 118–20
 imperfect competition 75
 imperial expansion 170
 income inequality 117
 Indochina Wars 333, 334
 Indonesia 71, 312, 366
 inequality, Central America 246, 247
 influence/autonomy dilemma 9–10
 Yugoslavia 199–202
 influence, European small states 103–5, 110
 Infocomm and Media Development Authority (IMDA) 324–5
 informal communication 56, 65
 informal mediation 211
 informal negotiations 88
 informal politics 368
 information flows, Singapore 323–5
 initial regimes 40–46
- Institut Català de les Indústries Culturals* (ICIC) 403
 Institute for Applied International Studies (FAFO) 212–14
 institutional affiliation 105–6
 institutional order, Europe 109, 110
 institutional weakness, Philippines 338
 institutionalization 60
Institut Ramon Llull 403
 intergovernmental organizations (IGOs) 103
 intergovernmentalism 109, 295–9
 international affairs 162–5
 Chile 264
 international alignments, Malta and Cyprus 136–8
 international challenge 164
 international characteristics
 Central America 249–53
 pacific small states 347–51
 International Commission against Impunity in Guatemala 251
 International Court of Justice (ICJ), and nuclear weapons resolution 87–9, 91
 international credibility 230–34, 237
 international diplomacy, Central America 250
 international institutions 12, 14, 398
 international law 270
 International Monetary Fund (IMF) 271–2, 334
 international negotiations 89
 small states
 challenges in 84–6
 resolutions in UNGA committees 88–90
 international organizations (IOs) 83, 251, 385
 International Political Economy (IPE)
 research 84
 international pressure 254, 255, 382
 international recognitions 384–8, 391
 international relations 162–4, 384–8
 International Relations theory 20
 international treaties, sign of 366–7
 Internet 388
 Internet gambling case 283
 intra-executive relations
 Cabo Verde 224–7
 São Tomé and Príncipe 227–30, 237
 Iran 406
 trade 306
 Iranian hostage crisis (1979–81) 210
 Iraq 33, 405–7
 Ireland 88, 90, 91

- Islamic State (IS/Daesh) 405
 island states 71
 Israel, and PLO 212–14
 Israeli–Palestinian conflict
 Beilin–Abu Mazen understandings
 215–17
 mediation strategy for 211
 Oslo channel 212–15
 Istanbul convention 198
 Itaipú Treaty 267
 Italo-Maltese Neutrality Treaty 138
 Italy 27, 28, 34
 relations with San Marino 163
 tax amnesty 163
 Iturbide, Agustín 243
 Ivanov, Gjeorge 192
- Jakobsen, P. V. 122
 Jamaica 281
 Janša, Janez 195
 Japan 28, 30, 193
 aid to Pacific 349
 JDZ *see* Joint Development Zone (JDZ)
 Jewish genocide 194
 Jing, Huang 338
 Jinping, Xi 270, 319, 332, 337, 382
 JNA *see* Yugoslav People's Army (JNA)
 Joint Development Zone (JDZ) 234–5
 Jong-un, Kim 319
 Jugl, M. 59
 Juul, Mona 212–15
- Kai-shek, Chiang 317, 318
 Karabakh clan 390
 Karatnycky, A. 176, 181
 Karimov, Islam 299, 301
 Kavcic, Stane 401
 Kazakhstan 297, 302
 economy and unemployment 305
 political rights and civil liberties 300
 trade 306
 Kellogg-Briand Pact 30
 Kennedy, John F. 137
 Keohane, R. O. 23
 Khalidi, Ahmad 215
 'Khariv Accords' 179, 180
 Khrushchev, Nikita 175
 Kiralp, S. 137
 Kirchner, Néstor 261, 266
 Kiribati 346, 352, 353, 369
 climate change 354
 sponsored resolutions 87
- Kocharian, Robert 390
 Kosovo 106, 195, 197, 200–202, 364, 384
 economy 387
 participation in negotiations 382, 391
 recognition of 385, 387
 US involvement in 389
 Krause, V. J. 4
 Kravchuk, Leonid 175–8
 KRG *see* Kurdistan Regional Government (KRG)
 Kuala Lumpur 312, 317, 323
 Kuan Yew, Lee 20, 23, 312, 317, 318, 337
 Kucan, Milan 399
 Kuchma, Leonid 176–9, 182, 183
 Küçük, Fazıl 136, 137
 Kuczynski, Pedro Pablo 269, 270
 Kuomintang (KMT) governments 317–18
 Kurdistan, geopolitical stalemate 405–7
 Kurdistan Regional Government (KRG) 405–7
 Kurtzer, Dan 213
 Kuwait, liberation of the small state 33
 Kuzio, T. 173
 Kwajalein Atoll 349
 Kyrgyzstan 297, 302, 307
 2010 revolution in 298
 democratization 299–300
 economy 305
 political rights and civil liberties 300
- labour mobility 353, 355
 Lagos, Ricardo 262
 laissez-faire balance of power 24, 25
 language 193
 Lao People's Revolutionary Party (LPRP) 330
 Laos 330, 333–5, 340
 malnutrition 333
 partnership with China 334
 political system 333
 public debt 334
 security 333, 334
 Latin America 34
 independence movements 28
 League system principles 30
 Least Developed Countries (LDCs) 232
 Lecours, A. 395, 396, 407–8
 Lee Hsien Loong 314, 337
 Lee Teng-hui 318
 legislative elections, São Tomé and Príncipe 228
 Lehoucq, F. 246
 Leira, H. 209, 210
 Lewis, V. A. 32

- liberal internationalism 30–31
- liberalization 192
- Liechtenstein 71
 - economic recovery 164
 - economies of scope 75
 - international relations 162–4
 - members of parliament 157
 - migrants in 160–61
 - political history of 153–4
 - political institutions, dynamics and challenges 156–60
 - socio-economic dynamics 160–62
- Lijphart, A. 40, 135
- Lima, Aristides Raimundo 227
- limited diplomatic capacity 11
- limited economic capabilities 11
- limited military capabilities 11
- linear careers 63
- Lipset, S. M. 50–51
- Livingstone, Ken 316
- Louis, King XIV 24, 26
- Lowenthal, D. 57, 60
- Lugo, Fernando 266–8
- Luxembourg 71
 - constitution 42
 - GDP per capita 107
- Maamau, Taneti 346
- Macedonia 192, 195–7, 201, 202
- Macedonians 192
- Machi, Luis González 266
- Machiavelli, Niccolò 22
- Madrid 402, 403, 405
 - tensions between Barcelona and 404
- Maduro, Nicolás 268, 270
- Mahoney, J. 244
- Makarios III 135–7
- Malamud 250
- Malaysia 71, 311–13, 323
 - and resolution of nuclear weapons 87–91
- Maldives 87
- Malielegaoi, Tuilaepa Sailele 351, 353
- Malta 13, 102, 131
 - British colonialism 134
 - constitution 135, 145
 - economy 132, 143–4
 - in the EU 142–3
 - EU association with 139–41
 - foreign policy 138, 145
 - GDP growth 142
 - geographic location 132–3
 - historic background 133–4
 - independence 134
 - international alignments 136–8
 - irregular migration 143
 - Mediterranean policy 138
 - nationalism 133
 - NATO flirtation 137–8
 - neutrality 138–40, 144
 - party politics 135–6
 - physical size 132–3
 - political system 134–5
 - religion 133
 - security 144
 - and Soviet Union 138, 144
 - see also* Cyprus
- Malta Labour Party (MLP) 137, 139
- managed intimacy 60
- Mara, Ratu 349, 350
- maras gang 252
- Margolin, Jean-Louis 313
- Marinus 155
- maritime and air transport hub 320–23
- Maritime and Port Authority of Singapore (MPA) 322
- market concentration 74–5
- market failure 75
- Marshall Islands 349, 353
 - climate change 354
 - US funding 354
- Martinelli, Ricardo 249
- material power 5
- Mathisen, T. 170
- Mattis, James 406
- Mauritius 222, 223, 237
- May, Theresa 316
- Mazen, Abu 216
- McElroy, J. L. 370
- MDFM *see* *Movimento Democrático Força da Mudança* (MDFM)
- MDFM/UDD 229
- MDGs *see* Millennium Development Goals (MDGs)
- Mearsheimer, J. J. 24
- mediation 217, 218
 - defined 208
 - strategies 210–11
- mediation theory, small state 208–11
- mediator 208–11
 - role 218
- Medvedev, Dmitry 298, 307
- Mekong River 334
- Melanesian Spearhead Group (MSG) 349
- members of parliament (MPs) 157

- Menon, R. 171
 MERCOSUR 262, 266–8, 271–3
 Mesa, Carlos 260
 metropolitan authority 368
 Mexico 243
 diplomatic relations 251
 illicit groups 252
 Michel, Charles 404
 microstate rankings, GDP per capita 47–50
 migrant remittances 232
 migration 160–61, 199–200, 354–6, 372, 374
 migration crisis, Nordic states 118–20
 Migration, Remittances, Aid and Bureaucracy (MIRAB) model 345, 352
 military capability 5
 military confrontation 193
 Millennium Development Goals (MDGs) 233
 Miller, Aaron 207
 Milošević, Slobodan 192, 399, 400
 Mindanao 338
 Ministry of Transparency and Foreign Institutional Relations and Affairs 404
 MIRAB model *see* Migration, Remittances, Aid and Bureaucracy (MIRAB) model
 Mirzijojev, Shavkat 299
 Mission against Corruption and Impunity in Honduras 251
 MLP *see* Malta Labour Party (MLP)
 MLSTP *see* *Movimento de Libertação de São Tomé e Príncipe* (MLSTP)
 MLSTP/PSD 228, 229
 mobility 372
 labour 353, 355
 ‘Modern Silk Road’ concept 304
 modernity 344–6
 Moldova 174, 177, 383, 387
 GDP per capita 107
 Moldovan–Transnistrian relations 383
 Monaco
 economic recovery 164
 international relations 162–4
 members of parliament 157
 migrants in 160–61
 political history of 154–5
 political institutions, dynamics and challenges 156–60
 socio-economic dynamics 160–62
 money laundering 282
 Monteiro, Antonio Mascarenhas 225, 226
 Montenegro 106, 199
 border between Bosnia and 191
 GDP per capita 107
 Montevideo Convention of 1933 6
 moral hazard 171
 Morales, Evo 260–62, 269, 271
 Morales, Jimmy 251
 Moreno, Lenin 264, 265, 395, 396
 Morgenthau, H. J. 31
 Moscow 201
 Mosul, liberation of 405
 Motyl, A. J. 171, 181
Movimento de Libertação de São Tomé e Príncipe (MLSTP) 227, 228
Movimento Democrático Força da Mudança (MDFM) 228, 229
Movimento para a Democracia (MPD) 225–7
 MPA *see* Maritime and Port Authority of Singapore (MPA)
 MPD *see* *Movimento para a Democracia* (MPD)
 MSG *see* Melanesian Spearhead Group (MSG)
 Mujica, José ‘Pepe’ 272
 multi-functionalism 58, 59, 66, 75
 multilateral organizations 398
 multilateral policy 398
 multilateralism 270
 multiparty democracy 227–9
 multi-vector foreign policy 176–80, 182–3, 390
 Murray, D. J. 61
 Muscat, Joseph 142
 Myanmar 90, 92, 329
 human rights resolution 88, 89
 Nagorno-Karabakh 390, 384
 participation in negotiations 391
 recognition of 386
 trade 387
 Najibullah, Mohammad 298
 NAM *see* Non-Aligned Movement (NAM)
 Nansen International Office for Refugees 209
Narod Odluèuje 198
 national associations 200
 National and Democratic Union, Monaco 158
 national identity 161, 162
 national integration 244
 National Oil Agency (ANP) 235
 National Secretariat for International Cooperation 401
 nationalism 192, 194, 195, 203
 nationalist/cosmopolitan dilemma 8–9
 Yugoslavia 190–95

- NATO 12, 31, 35, 102, 104–7, 109, 110, 122–4, 136–7, 201
 Malta in 137–8
 Montenegro's membership in 199
 Turkey's relations with 202
 Ukraine and 176, 179
- Nauru 344, 349, 351, 352, 354
 climate change 354
- Nazerbayev, Nursultan 299, 304
- negotiation 89, 381–4
- Netanyahu, Benjamin 406
- Netherlands 87, 88, 90, 91, 102, 373
 citizenship 372
 mobility 372
 overseas jurisdictions 367
 population 100
- Neumann, I. B. 2
- neutrality 123, 138–40, 144, 145, 162, 182, 208, 209
- Neves, José Maria 227
- Nevis 286
- New Caledonia 366, 371
- New People's Army 338
- new world order 32–3
- New York, diplomatic missions 89, 91, 92
- New Zealand 349, 350, 373
- Newman, E. 386
- NGOs 208–10, 216, 218
- Nicaragua 243–5
 democratic breakdown 248
 domestic characteristics 246–7
 international influence 254
 per capita income 247
- niche diplomacy 397
- Niue 352, 353
 depopulation 354
- Niyazov, Saparmurat 299
- Non-Aligned Movement (NAM) 136–7, 144
 'non-bloc' status 179
- Non-Cooperative Countries or Territories (NCCT) list 282–3
- non-great powers 4
- Non-Proliferation of Nuclear Weapons (NPT) 90, 177
- Nordic administrative model 116
- Nordic cooperation 120–22
- Nordic Council 121
- Nordic Defence Cooperation (NORDEF) 105, 123, 124
- Nordic economies 125
- Nordic model 115–17
- Nordic political culture 116
- Nordic Solutions to Global Challenges 121
- Nordic states 113–15
 challenges 114
 cooperation 122–3
 domestic affairs 115
 economic policy and crises 118
 immigration crisis 118–20
 migration crisis 118–20
 Nordic model 115–17
 external affairs 120–21
 European integration 124–6
 Nordic cooperation 121–2
 security policy 123–4
 foreign policies 122, 123
- Nordic UN model 122
- Nordic welfare system 115, 117
- Noriega, Manuel 245
- North Atlantic Council (NAC) 137
- North Korea 319
- North Macedonia 106, 191, 192
 GDP per capita 107
- Northern Cyprus 382, 391
 foreign trade 387
 participation in negotiations 391
 and Turkey 387, 390
- Norway 102, 105, 122, 123
 EU membership 125
 GDP per capita 107
 immigration crisis 119–20
 in Israeli–Palestinian conflict *see*
 Israeli–Palestinian conflict
- Norwegian Ministry of Foreign Affairs 209, 213
- NPT *see* Non-Proliferation of Nuclear Weapons (NPT)
- nuclear weapons, ICJ follow-up resolution 87, 89
- Nusseibeh, Sari 212
- Obama, Barack 124, 254, 284, 339, 406
 'pivot to Asia' 108
- OECD *see* Organisation for Economic Co-operation and Development (OECD)
- OECS *see* Organisation of Eastern Caribbean States (OECS)
- Olivier, Gorg Borg 137
- Olof Palme International Center (OPIC) 216
- omnibalancing theory 300
- omnidirectional diplomacy, Singapore 314–20
- 'One China Policy' 251, 318

- Ong, G. G. 320
 Önnudóttir, E. H. 119
 openness 64–5
 Orange Revolution 172, 174, 178–9
 Organisation of Eastern Caribbean States (OECS) 285
 Organisation for Economic Co-operation and Development (OECD) 102, 163
 Organisation for European Economic Co-operation (OEEC) 102
 organized crime, Central America 252
 Ortega, Daniel 248, 254
 Orthodox Church, Greece 192
 Oslo Agreement 215, 217, 218
 Oslo channel 212–16
 “Oslo spirit” 213
 Otunbayeva, Rosa 300
 ‘Our Sea of Islands’ (Hau’ofa) 344–5, 348
 overseas jurisdictions 367
 overseas representation 366
 Oviedo, Lino 266
- PA *see* Pacific Alliance (PA)
 PACER *see* Pacific Agreement on Closer Economic Relations (PACER)
 Pacific Agreement on Closer Economic Relations (PACER) 355
 Pacific Alliance (PA) 262, 263, 267, 269–71
 Pacific Island Countries Trade Agreement (PICTA) 355
 Pacific Island Development Forum 349
 Pacific Islands 345, 369
 sovereignty 374
 Pacific Islands Forum of 1999 349, 366
 Pacific Islands Forum Secretariat (PIFS) 347, 349
 Pacific Plan 348
 Pacific regionalism 347–8, 353
 Pacific small states
 Caribbean *versus* 351
 challenges 354–5
 Chinese aid 350
 climate change 354
 climate negotiations 350
 confirming or defying expectations 351–4
 coping strategies 355–6
 domestic characteristics of 343–7
 international characteristics of 347–51
 Japanese aid 349
 labour mobility 353, 355
 modernity 343–5
 policy solutions 355–6
 scalar problems of development 352
 tourism 352
 underdevelopment trap 354–5
 US influence 349
- Packer, S. 60, 62
 PAIGC *see* *Partido Africano da Independência da Guiné e Cabo Verde* (PAIGC)
 País, Alianza 264
 Palau 33, 349, 352, 353
 US funding 354
 Palley, C. 141
 Palme, Olof 209
 Panama 243, 245, 250, 254
 corruption 249
 diplomatic relations 251
 domestic characteristics 246–7
 inequality 247
 Panama International Terminal 322
 Panke, D. 100, 109, 110
 Papadopoulos, Tassos 141
 Papal States 42
 Papua New Guinea 352
 paradiplomacy 365, 366, 395–6, 401
 Catalonia 403–5
 Slovenia 401
 Paraguay
 foreign policy 266–8
 Itaipú Treaty 267
 politics 266–8
 Paris 368, 373
 Parry, C. E. 370
 Parsons, T. 60
 Partem, M. G. 170
 partially independent jurisdictions 364
 ‘particularistic’ role-relationships 60
Partido Africano da Independência da Guiné e Cabo Verde (PAIGC) 224–7
Partido da Convergência Democrática (PCD) 226, 229
Partido da Renovação Democrática (PRD) 226
Partido de Convergência Democrática (PCD) 228
Partido Social Democrata (PSD) 228
 Parties to the Nauru Agreement 353
 partisan polarization 194
 Partit Demokratiku (PD) 135
 Partit Laburista (PL) 135, 142
 Partit Nazzjonalista (PN) 135, 139
 Partnership and Cooperation Agreement 176
 Party Euroscepticism 140, 142

- party system instability, São Tomé and Príncipe 227–30
- party system institutionalization 351
- patriotic/terrorist dichotomy 194
- Patronat Català Pro Europa* (PCPE) 403
- paying twice strategy 117
- PCD *see* *Partido da Convergência Democrática* (PCD)
- PCPE *see* *Patronat Català Pro Europa* (PCPE)
- PD *see* Partit Demokratiku (PD)
- peaceful negotiations 315–16
- Peace of Westphalia 24
- Pelliconi, M. 158
- Pendarovski, Stevo 192
- People's Action Party (PAP) 312–14, 337
government 313, 317, 321, 322, 324
- People's Revolutionary Party (PRP) 333
- per capita GDP of sovereign states 370
- Pereira, Aristides 224, 225
- Peres, Shimon 214, 217, 219
- perfect competition 75
- performance management 59–61
institutionalization of 60
- persistent aid dependency, São Tomé and Príncipe 234–6
- personalized politics 368–9
- Peru
bilateral relationship 269–70
and Bolivia 269–71
and Brazil 270
and Chile 262, 269–71
and Colombia 270, 271
and Ecuador 269, 271
foreign policy 269–71, 273
politics 268–71
- Peshmerga 405, 406
- Philippines 340
China and 338–9
US ally 338–9
- PICTA *see* Pacific Island Countries Trade Agreement (PICTA)
- PIFS *see* Pacific Islands Forum Secretariat (PIFS)
- Pindling, Lynden 288
- Piñera, Sebastian 263
- Pires, Pedro 224, 226
'pivot to Asia' 108
- PL *see* Partit Laburista (PL)
- Plan Colombia 265
- plantation economy 234
- PLO, Israel and 212–14
- PN *see* Partit Nazzjonalista (PN)
- policy analysis 46–50
- policy-making 55, 64–6
- policy solutions, pacific small states 355–6
- political constructs 6
- political economy
'doing' policy
economies of scope 75–6
imperfect competition 75
market concentration 74–5
virtues of being small 73–4
economic fortunes 72–3
impact and effect of state's size 70–72
- political fragmentation 369
- political history
Andorra 152–3
Liechtenstein 153–4
Monaco 154–5
San Marino 155–6
- political instability 229, 237, 266
- political institutions 150, 156–60
- political outlook, European small states 106
- political productivity 46–50
- political turbulence 349, 354
- political volatility 268, 271, 274
- politics
Bolivia 260–62
Cabo Verde 224–7
Caribbean 287
Central America 246–7
Central Asian states 300
Chile 262–4
Ecuador 264–5
Paraguay 266–8
Peru 268–71
São Tomé and Príncipe 227–30
small states 11, 12
African states 224–30
Uruguay 271–3
- Pollitt, C. 57
- Polynesia, urbanization in 344
- polyvalency 76
- populism 119–20
- Poroshenko, Petro 180–81
- Port of Singapore Authority (PSA) 321, 322
- Portugal 232
- Portugal, tabling resolutions 87
- post-Cold War 102
and small state proliferation 32–3
- Post-Crimean War 28–9
- post-Napoleonic system 27
- "post-sovereign inter-governmentalism" 108

- poverty 234, 246, 247, 261, 287, 333
power asymmetries 13
power politics 14
powerlessness 23
PRD *see* *Partido da Renovação Democrática* (PRD)
presidential elections
 Cabo Verde 227
 São Tomé and Príncipe 228–9
Principality of Liechtenstein 42, 153
Prinsen, G. 368
private sector management practices 59
Progressive Citizens' Party of Liechtenstein 158
Progressive Party of Working People of Cyprus 135
proliferation 20
 Cold War and 31–2, 34
 in 20th- and 21st century 29–30
prosperity 370
 European small states 102–4, 107, 110
PROSUR *see* Forum for the Progress and Development of South America (PROSUR)
PRP *see* People's Revolutionary Party (PRP)
PSA *see* Port of Singapore Authority (PSA)
'PSA Singapore' 322
PSD *see* *Partido Social Democrata* (PSD)
public administration 55–8
public debt 233, 236
 Laos 334
public diplomacy 398
Public Diplomacy Council of Catalonia (Diplocat) 404
public organizations 64
public personnel management 61–3
public sector organization 57–9
public service career 63
public service performance 59
Puigdemont, Carles 404
Pujol, Jordi 403
Pundak, Ron 212–15, 219
Putin, Vladimir 172, 179, 180, 201, 295, 297

Rabin, Yitzhak 212, 217
Račić, Puniša 193
Raffles, Thomas Stamford 314, 320
Rainsy, Sam 332, 333
Rajaratnam, S. 312, 314–17
Rajoy, Mariano 404
Rakhmon, Emomali 299
Rama, Edi 194
Ranariddh, Norodom 331
Read, Benjamin H. 137
Reagan 284
rebalancing European orders 107–9
Rechtsstaat values 116
recruitment decisions 62
refugees 196
regimes in Central Asian states 299–301
regional integration 72, 266, 305
regional market 201
regional migration flows 200
regional powers 273
regional relationships, Uruguay 271, 272
regionalism
 Central America 250–51
 Pacific 347–8
Republika Srpska 196
resident foreigners 160–61
resident population 70–71
resilience, of democracy 351, 352
resistance to democratization 299–301
Revolution of Dignity 180–82
Rezvani, D. A. 364, 370
rights and liberties 41
rival powers 170
Robertson, R. 370
Rød-Larsen, Terje 212–15, 218
Rodríguez, Andrés 266
Rollins, A. A. 169
Romania 28
Rothstein, Robert 29
Rotuma 352
Rouge, Khmer 331
Rousseff, Dilma 263
Royal Air Force 322
Royal Decree 945/2017 404
Rubio, Marco 251
Russia 35, 107–9, 175–6, 179–81, 201, 390
 action spaces between China and 304–7
 annexation of Crimea 107, 123–4, 168, 172, 174, 180, 202
 approach to Ukraine 172–3
 cooperation of Nordic states with 122–3
 distance between Central Asian states and 302, 303
 economy of Ukraine and 179
 foreign policy 301–4
 great power 173
 and Kosovo 385
 trade with Serbia 202
 trading partners 304
 Ukraine

- dependence on 175, 180, 182–4
 - relationships with 176–8, 182
- and US 173
- Russian aggression 124, 126
- Russia Ukraine Friendship Treaty 177

- Sahlins, Marshall 343
- Saint Barthélemy 367
- sale of passports 282
- Samoa 352–5
- San Marino 42, 71
 - clientelism and corruption 159
 - economic recovery 164
 - international relations 162–4
 - migrants in 160–61
 - political history of 155–6
 - political system of 151
 - socio-economic dynamics 160–62
- Sanjak 202
- São Tomé and Príncipe
 - cocoa exports 235–6
 - cocoa production 234
 - economic vulnerability 234–6
 - elections 227–9
 - foreign aid for 235
 - intra-executive relations conflict 227–30
 - multiparty democracy 227–9
 - oil production 234–5
 - party system instability 227–30
 - plantation economy 234
 - politics 227–30
 - instability 229, 237
 - poverty 234
 - public debt 236
 - tourism growth 235–6
 - see also* Cabo Verde
- Sargsyan, Serzh 390
- Savir, Uri 214
- Sayasone, Choummaly 335
- SCE *see* Singapore Cooperation Enterprise (SCE)
- Schori, Pierre 216
- SCO *see* Shanghai Cooperation Organisation (SCO)
- SCP *see* Singapore Cooperation (SCP)
- Second World War 8, 29–31, 102, 162, 245
- secret talks 213, 217
- security
 - in Europe 101–5, 110
 - small states 20–23, 25–30, 32, 33
- security policy, Nordic states 123–4
- self-determination, principles of 31
- Selwyn, P. 64
- semi-sovereign jurisdictions 364
- Sen, Hun 331–3
- Sentosa Island 321
- Serbia 106, 192, 193, 198, 200, 202, 400
 - GDP per capita 107
 - international pressure in negotiation 382
 - language rights 199
 - power articulation 198
- Serbian-Kosovo dialogue 190
- Serbian refugees 200
- Seychelles 223, 237, 238
- Shanghai Cooperation Organisation (SCO) 298–9, 307
- Shanghai Five 298
- SIA *see* Singapore Airlines (SIA)
- SIDS *see* small island developing states (SIDS)
- Sihanouk 331
- Singapore 336–7
 - economic security 313
 - ethnicity 337, 340
 - foreign policy 311–16, 325
 - immigration into 312
 - information flows 323–5
 - keeping its distance from Beijing 336–8
 - maritime and air transport hub 320–23
 - omnidirectional diplomacy 314–15, 325
 - peaceful negotiations with all parties 315–16
 - words and deeds, comparing 316–20
 - trade 317
- Singapore Airlines (SIA) 323
- Singapore Cooperation (SCP) 315
- Singapore Cooperation Enterprise (SCE) 315
- Singer, J. D. 4
- Single European Act of 1986 104
- Sisoulith, Thongloun 334
- Skossyreff, Boris 152
- Slovene Territorial Defence 400
- Slovenia 190, 193
 - Brioni Accord 400, 401
 - Declaration on Sovereignty 399
 - democracy and nationalism 195
 - before independence 401
 - paradiplomacy 401
 - state success 399–402
 - Ten Day War 400
- small African states, politics in
 - Cabo Verde 224–7

- São Tomé and Príncipe 227–30
- small coastal continental states 71–2
- small island developing states (SIDS) 350, 353
- small powers
 - in South America *see* South American small powers
- small state death
 - history of 22–3
 - in 19th century 26–7
- small state diplomacy, sub-state and differences 397–9
 - similarities 398
- small state Exodus 28–9
- small states
 - challenges in international negotiations 84–6
 - and decision-taking in UNGA 90–92
 - definition of 3–7
 - denuclearization 173
 - direct democracy 39–40
 - falling apart 286–7
 - findings and future research
 - capacity and capabilities matter 11
 - history 12–13
 - institutions 11–12
 - new research agendas 13–14
 - mediation theory 208–11
 - military capability 5
 - and negotiating the resolutions in UNGA committees 88–90, 93
 - non-great powers 4
 - political constructs 6
 - politics, three dilemmas of 7–8
 - democratization/group think 9
 - influence/autonomy 9–10
 - nationalist/cosmopolitan 8–9
 - power of 8
 - proliferation 20
 - Cold War and 31–2, 34
 - in 20th- and 21st century 29–30
 - security 20–23, 25–30, 32, 33
 - South China Sea *see* South China Sea, small states
 - and tabling of resolutions 86–8
 - three categories 70–72
 - working together 285–6
- small states style 40–46
- small state survival, history 20–21, 34–5
 - 19th century concert system's inhospitality 27–8
 - balanced equilibrium of powers 25–6
 - bandwagoning in France's proto-hegemony 24–5
 - Cold War and proliferation 31–2
 - in era of laissez-faire balance of power 24
 - hegemony and concert system 26
 - liberal internationalism 30–31
 - Post-Cold War and proliferation 32–3
 - Post-Crimean War 28–9
 - proliferation in 20th- and 21st century 29–30
- small subnational jurisdictions 362–5
 - challenges and responses 371–3
 - domestic characteristics of 367–9
 - expectations associated with small states 370–71
 - international characteristics of 365–7
- social capital 116
- social ecology 60
- socio-economic dynamics 160–62
- Söder, Sven-Eric 216
- Sokha, Kem 332
- Soldatos, P. 395
- Solomon Islands 344, 352, 353, 364
 - political turbulence in 354
- Somalia 382, 383
- Somaliland 384, 388, 389
 - 'capacity to act' 383
 - participation in negotiations 381–2
 - recognition of 386
 - trade 387–8
- Sonangol 236
- Sousa, Manuel Inocência 227
- South American Defence Council (CDS) 262, 267
- South American small powers 259–60, 273–4
 - politics of
 - Bolivia 260–62
 - Chile 262–4
 - Ecuador 264–5
 - Paraguay 266–8
 - Peru 268–71
 - Uruguay 271–3
- South American Union (UNASUR) 261–5, 267, 270, 272
- South and Central American independence movements 27, 28
 - around South China Sea 329–30
 - Brunei 335–6
 - Cambodia 330–35
 - Philippines 338–9
 - Singapore 336–7
- South China Sea, small states 329–30

- Brunei 335–6
- Cambodia 330–35
- Philippines 338–9
- Singapore 336–7
- South Ossetia 383, 390
 - recognition of 385
 - trade 387
- South Sudan 33
- sovereign states 362, 369
 - foreign policies 374
 - per capita GDP of 370
 - personal politics 368
- sovereignty 6, 28, 364, 373–4, 391
 - Westphalian concept of 365
- Soviet Union 32, 77, 102, 103, 284, 294–6, 304, 385
 - conflict between the US 122
 - fishing agreement 350
 - GDP 175
 - Malta and 138, 144
- SPA *see* Special Partnership Agreement (SPA)
- Spain 163, 403
 - relations with Andorra 163
- Spanish Constitution, Article 155 402–4
- Special Partnership Agreement (SPA) 233–4
- sponsoring resolutions 86–7
- Spykman, N. J. 169
- Srebrenik, H. F. 46
- state-to-state Anglo-American contest 244
- St Barthélemy 369
- St Kitts-Nevis (SKN) 41, 281, 282, 286
- St Kitts-Nevis-Anguilla 286
- St Lucia 281
- St Martin 286, 369
- St Vincent 281
- stable party system, Cabo Verde 224–7, 237
- state borders 190
- state systems 21–2
- Stokke, K. 210
- Stoltenberg, Thorvald 213
- strategic partnerships 373
- Stroessner, Alfredo 266
- strong buffer states 171
- Stuart, K. 363, 364
- subnational democracy 363
- subnational flag 366
- subnational French jurisdiction 369
- subnational territories 363
- sub-state diplomacy 407
 - and small state
 - differences 397–9
 - similarities 398
- supply constraints 102
- supranationalism 106
- survival 20–23
 - small state *see* small state survival
- sustainable buffer states 171
- Sustainable Development Goals, UN 315, 363
- Sweden 102, 122–4, 209
 - EU membership 125
 - immigration crisis 119–20
 - in Israeli–Palestinian conflict *see* Israeli–Palestinian conflict
- Swee, Goh Keng 312
- Switzerland
 - GDP per capita 107
 - relations with Liechtenstein 163
- Syria 406
- Syrian Democratic Forces (SDF) 406
- systemic irrelevancy 23–4
- systemically irrelevant state 23
- Tabai, Ieremia 350
- tabling resolutions
 - Portugal 87
 - small states and 86–8
- Taipei 318, 319, 385
- Taiwan 317, 318, 384
 - ‘capacity to act’ 382–3
 - economy 387
 - negotiations with China 382–3
 - recognition of 385, 386
 - US military security to 389
- Taiwan Miracle 385
- Taiwan Straits 317, 318
- Tajikistan 302
 - economy and unemployment 305
 - political rights and civil liberties 300
 - political tension in 298
 - trade 306
- Tashkent Treaty 298
- tax havens 163–5
- tax regulation 164
- Taylor, Dame Meg 348
- TCTP *see* Third Country Training Programmes (TCTP)
- Temporary Protected Status (TPS) 254
- Ten Day War 400
- terrorism 299
- terrorist dichotomy 194
- Thailand 329, 334
- Thatcher, Margaret 108
- Theophanous, A. 141

- Third Country Training Programmes (TCTP) 315
- Thompson, G. G. 314
- Thucydides 31
- Tillerson, Rex 406
- Tito, Josip Broz 136, 189, 190, 192, 399, 400
- Tobago 286
- Tokayev, Kasym-Zhomart 299
- Toledo, Alejandro 269, 270
- Tong, Anote 346, 350
- Tonga 352–5
- topping up strategy 117
- tourism 235–6
 - Caribbean 281–2
 - Pacific small states 352
- Touval, S. 209
- Track I talks 213, 215
- Track II diplomacy 211, 213–15
- trade liberalization 355
- Transnistria 383, 384
 - exports 387
- Trans-Pacific Partnership Agreement 263
- transparency 64–5
- treaty of friendship of 1977 333–4
- Treaty on the European Union of 1992 104
- Treaty on the Non-Proliferation of Nuclear Weapons (NPT) 90, 177
- Treaty of Utrecht of 1713 25
- Treaty of Vienna in 1815 26
- Trinidad & Tobago 281, 286
- TRNC *see* Turkish Republic of Northern Cyprus (TRNC)
- Tropo negotiations 137
- “Tropospheric Scatter Station” 137
- Trovoada, Miguel 227–9, 236
- Trovoada, Patrice 228, 229, 236
- Trujillo, Rafael 287
- Trump, Donald 77, 110, 115, 124, 201, 254, 263, 268, 270, 284, 319, 388, 406
 - ‘America First’ policy 108
- Tsai Ing-wen 388
- Tsipras, Alexis 192
- Tucker, N. B. 385
- Tudjman, Franjo 400, 401
- Tufte, E. R. 46
- Turkey 134, 141, 406
 - relations with NATO 202
 - trade 306
- Turkish Republic of Northern Cyprus (TRNC) 132
- Turkmenistan 296, 298, 299, 302, 304
 - economy 305
 - political rights and civil liberties 300
 - trade 306
- Tuvalu 353, 369
 - climate change 354
 - economies of scope 75–6
- Tyler, I. 372
- Tymoshenko, Yulia 179, 180
- UCID *see* *União Cabo-Verdiana Independente e Democrata* (UCID)
- UDD *see* *União para a Democracia e Desenvolvimento* (UDD)
- UK–Malta Defence 138
- Ukraine
 - corruption 176, 178–81
 - dependence on Russia 175, 180, 182–4
 - economy 179
 - and EU 174, 177, 179–80
 - first years of independence 175–6
 - foreign policy 179, 181, 183
 - multi-vector foreign policy 176–80, 182–3
 - and NATO 179
 - ‘non-bloc’ status 179
 - reforms 176, 180, 181
 - relationships with Russia 176–8, 182
 - return to Europe 175–6
 - Russia’s approach to 172–3
 - securitization of 172–3
 - shelter seeking in the West 180–82
 - as small state between the East and the West 175–81
 - and US 173–4
 - West’s approach to 173
- UN *see* United Nations (UN)
- UN transitional authority (UNTAC) 331
- UNASUR *see* South American Union (UNASUR)
- uncooperative tax havens 163
- underdevelopment trap 354–5
- UNDP *see* United Nations Development Programme (UNDP)
- unemployment 305
- unemployment rates 116
- UNESCO 315, 385
- UNGA *see* United Nations General Assembly (UNGA)
- União Cabo-Verdiana Independente e Democrata* (UCID) 225
- União dos Povos das Ilhas de Cabo Verde* (UPICV) 225

- União para a Democracia e Desenvolvimento* (UDD) 229
- United Kingdom (UK) 104, 107–10, 113, 125, 136, 177
 aid for Caribbean 371
 citizenship Act 372
 FDI 232
- United Nations (UN) 122, 315
 Sustainable Development Goals 315, 363
- United Nations Department of Economic and Social Affairs 47
- United Nations Development Programme (UNDP) 47
- United Nations General Assembly (UNGA) 83–4, 301, 305, 306, 308
 decision-taking in 90–92
 policy cycle 86, 90, 91, 93
 resolutions 85–8
 of 1541 of 1960 374
 Rules of Procedure, Chapter VII 86
 small states
 challenges in 85–6, 93
 and decision-taking in 90–92
 negotiating the resolutions in committees 88–90, 93
 voting 90–91
- United States (US) 107–10, 122–4, 144, 319, 385
 and Central America 244–5, 249
 citizenship 372
 flag 366
 hegemony 262, 263, 265, 273, 284–5
 influence on Pacific islands 349–50
 Internet gambling case 283
 involvement in Kosovo 389
 Iraq invasion 35
 military security to Taiwan 389
 Philippines, ally of 338–9
 Post-Cold War 32–3
 regional market 201
 Russia and 173
 Ukraine and 173–4
- UPICV *see* *União dos Povos das Ilhas de Cabo Verde* (UPICV)
- Uruguay
 economic crisis in 2002 271
 foreign policy 271–3
 in MERCOSUR 271–3
 politics 271–3
 regional relationships 271, 272
- US-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) 249, 251, 254
- US *see* United States (US)
- Uzbekistan 298, 302
 economy 305
 leaving the CSTO 301
 May 2005 massacre 299
 political rights and civil liberties 300
- Van den Broek, Hans 400, 401
- Vanuatu 351, 353–5
- Vatican 71
- Vázquez, Tabaré 272
- Veenendaal, W. P. 38, 39, 374
- Veiga, Carlos 226
- Venezuela 265, 269, 272, 273, 284
- Verheugen, Gunther 140
- Verney, S. 142
- Versailles Treaty 29
- Vietnam
 Cambodia and 330–31
 immigrants of 333
 Laos and 333–5
 virtues of being small 73–4
 ‘Vision 2035’ 336
- Visiting Forces Agreement (VFA) 338
- Visoka, G. 386
- Vizcarra, Martín 269, 270
- Vojvodina 198
 voting 90–91
- Vučić, Aleksandar 194, 198, 200
 vulnerability 72, 371
- Waage, H. H. 213, 214
- Waltz, K. N. 20–21, 24
 wannabe states 12, 397, 402, 405
 war multilateralism 77
- Warsaw Pact 31
- Wasmosy, Juan Carlos 266
- Watson, A. 21
- Watters, R. 345
- weak buffer states 171
- Weber, M. 62
- Wendt, A. 6
- West Indian Federation, jurisdictions 369
- Western Province 352
- Westminster model 40, 51
- Westphalian state system 21–2
- West’s approach to Ukraine 173
- Wight, M. 23
- William, Frederick 25

- Wilson, Woodrow 30, 101
 Windrush Generation 372
 Wivel, A. 55, 190, 362
 Wolczuk, K. 173
 World Bank 5, 234, 236, 321, 333, 335
 GDP per capita estimates 107, 335
 World Health Organization (WHO) World
 Health Report 47
 world history 21–2
 world politics 21–2
 World Trade Organization (WTO) 76, 77, 283
 World War II 8
 Wray, H. 372
 WTO *see* World Trade Organization (WTO)
- Xiaoping, Deng 316–18, 322, 337
 Xinjiang 305
- Yanukovich, Viktor 178–80, 183
 Yeo, George 337
 Ying-jeou, Ma 319, 383
 Young, O. R. 208
 Yugoslav People's Army (JNA) 400
 Yugoslav successor states
 decisional power 196
 democratization/group think dilemma
 195–9
 economic crisis 192
 ethnic cleansing 193, 196
 ethnicity 195–7
 ethnic nation-states 193
 EU membership 200
 fascist/partisan polarization 194
 federation of republics 192
 influence/autonomy dilemma 199–202
 languages 193
 liberalization 192
 migration flows 199–200
 military confrontation 193
 nationalism 192, 194, 195, 203
 nationalist/cosmopolitan dilemma
 190–95
 patriotic/terrorist dichotomy 194
 power articulation in Serbia 198
 refugees 196
 regional market 201
 'regional' politics 194
 Russian trade with Serbia 202
 state borders 190–91
 trade balance 201
- Yugoslavia 32, 34, 136, 189, 191, 201,
 399–401
 economic crisis 192
 Yushchenko, Viktor 178–9
- Zaev, Zoran 192, 196, 197
 Zedong, Mao 317
 Zelaya, Manuel 248
 Zemin, Jiang 334
 Zheebekov, Sooronbai 300