GOVERNANCE OF SMALL STATES

POSTGRADUATE COURSE

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INTRODUCTION

The course is designed to introduce postgraduate students to the realm of small state governance. In many areas of life, small states face different problems than larger states, both in terms of the nature of problems (e.g., size of the market) and in potential solutions (e.g., limited human capital). Globalization and regionalization add new complex challenges to this. The distinct economic, international, and policy context of small states thus demands special attention just as the specific characteristics of small public administrations do. However, in the field of governance, most of the knowledge comes from large states and large organizations. It has even been argued that many of the governance problems of small states are direct results of the attempts to copy the administrative solutions of large countries by relying uncritically on their institutional and value systems. Compared to the large states, small state governments tend to be characterized by limited scope of activity, multi-functionalism, higher personalism and reliance on informal relations. Consequently, the small state context offers both constraints and opportunities.

Thus, there is a need to take a closer look at small states and their governance. Although there are many small states in the world, the impact of size and the specifics of small size are rarely reflected in the higher education curricula. The aim of the curriculum at hand is to provide university lecturers with a practical support for integrating the issues of small state governance to their courses or even providing a special full course on small state governance. The impact of small size on the governance of states, economic development, politics, EU membership, and international relations are discussed.

After passing the course students will:
- know how small states are defined according to different disciplinary/theoretical perspectives (international relations, economics, public administration, sociology);
- describe the special characteristics of role-relationships in small societies and their impact on political, administrative, and economic behavior;
- analyze the impact of size on small states’ politics, public administration, economy, and international relations;
- name the potentials and constraints of small states’ participation in international relations and the EU;
- discuss the challenges and opportunities of small states in Europe and their strategies in taking advantage of the EU institutional structures, including the ‘smart state strategy’;
- characterize the special traits of small markets, relate these to the potential goals and means of economic policy in the context of global markets and multi-level governance;
- be able to apply the gained knowledge to a practical policy problem in order to provide policy advice to a small state government.

The topics of small state governance are divided into 12 sessions, forming a 12-week course with approximately 2 hours of lectures/seminars per week. The sessions aim to cover the core issues of small state governance and to provide an overview of the respective literature. The program starts with the discussion of the definition of small states and the issues of domestic governance, proceeds to the problems of international governance, and concludes with practical sessions on addressing complex policy problems and providing policy advice to the small state governments. The practical exercise takes place in two steps and is integrated to the course. The lecturers are free to amend, extend, complement, compress, or cut the topics according to the learning context and student body. A multi-disciplinary approach is encouraged.
**STUDY SESSIONS**

**Session 1. What is a small state?**

**Introduction:**
The opening session has two aims. First, to discuss the concept and phenomenon of a ‘small state’. Second, to analyze the relevance of addressing small states as a distinct object of study. The students learn that ‘small’ is a relative concept. The perspectives on small states distinguish between relative and absolute definitions (for example, small power vs. a state with a small population). What is common for the different streams of studies on small states is the shared understanding that the scale matters.

**Reading material:**

**Questions for discussion:**
- How are the ‘small states’ defined?
- What are the arguments for and against developing a universal conceptualization of a ‘small state’?
- Why is it relevant to bring the size of states into discussions on small state security, economics and governance?

**Session 2. Sociological characteristics of small states**

**Introduction:**
The aim of the session is to open the special social context of governance in small states. Small states are usually characterized by smaller social fields and closer personal relationships than large states. The smaller the states are in terms of populations, the more outlined can the special social straits expected to be. Small states tend to incline towards particularistic relations (Benedict 1966) and ‘managed intimacy’ (Lowenthal 1987). The distinct social ecology has impact on the functioning of politics, administration and economy.

**Reading material:**

**Questions for discussion:**
- What are the special social characteristics of small states?
- How does the distinct social ecology of small states become visible in politics and administration?
- What are the limits and opportunities of close social relationships from the perspective of governance?
Session 3. Democracy and politics in small states

Introduction
The session focuses on the characteristics of small state democracy and politics. From the perspective of democratic governing, ‘small’ is often taken to be beautiful. It is expected that small scale of a state brings decision-makers closer to the people, makes them more representative, responsive and accountable. However, research shows that smallness is a mixed blessing. The same 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. Small societies are likely to lack a critical mass of institutionalized interest groups who could balance each other in the political discourse. There is a tendency for government to be more dominant in the policy-making process in small than in medium-sized and large states. The third session discusses these tradeoffs in small state politics and democracy.

Reading material:

Questions for discussion:
• How does the small size of a state support or inhibit democracy?
• What are the special characteristics of interest representation in small states and how do they influence politics?
• Should small states rely more on direct democracy than large states?

Session 4. The economics of state size

Introduction
We have witnessed numerous new, mostly small states, emerging during the last century, whose economic outlooks have been questioned. The aim of this session is to address economic outcomes related to the size of the states. These include bigger openness, increased vulnerability to external shocks, the impact of state size on economic performance, specifics of industrial structure, and supply and demand limitations. The session provides the insight that state size has economic consequences at macro, meso and micro levels, in the form of limited demand for goods and services, limited supply of production factors, less diverse industrial structures, thus necessitating both increased exports and imports. The characteristics create larger exposure to the external economic conditions, the so-called openness effect.

Reading material:
Questions for discussion:

- What are possible politico-economic explanations for the processes whereby new, mostly small states, have emerged in the last decades?
- What are the main characteristics of industrial structure in small states?
- What is the relationship between country size, economic openness and government size presented in the literature?
- How can small states address their economic vulnerability?

Session 5. Multi-level governance and policy-making in small states

Introduction:
The aim of the session is to extend the discussion on small state governance to the issues of policy-making in the multi-level context. Two major subtopics are addressed. First, small state specifics in policy-making are discussed, both from the perspective of process as well as the content of policies that may differ in comparison to larger states. The analysis includes also the specifics of public service provision in small states. Second, the European perspective is taken into account and multi-level governance (MLG) in the small state context is discussed. The limitations of MLG in smaller states are addressed, in particular the role of sub-national levels of government.

Reading material:

Questions for discussion:

- Why should the so-called ‘broadcasting effect’ promote easier policy-making in smaller states?
- Why is policy-making in smaller European states generally more focused on creating the ‘Social Investment State’?
- How can small states potentially reduce the costs of public service delivery? Is there any analogy to the concepts heavily promoted in the local government economics literature?
- Why may MLG be problematic in the context of small European states?

Session 6. Public management in small states

Introduction:
The session explores the nature of public administration and the specifics of public management in small states. This topic has a limited coverage in the literature, yet it is crucial for understanding the governance of small states. During the session, the administrative characteristics of small states’ public administrations, the variations in HRM and job design practices, and the nature of relations between politicians and bureaucrats are discussed. The issues of scale are put under consideration both from organizational as well as transformational point of view. The session also addresses the issue like administrative flexibility, social cohesion, collective action and principal-agent problems that are different in comparison to larger states.

Reading material:
Questions for discussion:

• Why are administrative characteristics of small states usually portrayed as constraints?
• Why is job design in public administration different in small states in comparison to larger states?
• How can small states take advantage of their size in promoting innovation?

Session 7. Practical exercise: Developing policy advice for a small state, part I

Introduction:
Delving into the literature on governance of small states is an interesting endeavor in its own right. However, the literature can also be used proactively in formulating policies. In this session, and in its follow up (Session 12), students are asked to use the literature they have acquainted themselves with in the course to develop policy advice. The aims of the two sessions are to develop the analytical competences of students and to activate the literature studied with an empirical case of the students own choice.

For this first session students are asked to pick a pertinent topic relevant to small states. Topics may include immigration, innovation, improved governance structures, taxation or quality in higher education.

Students are asked to prepare a short paper on the topic (maximum of 3 pages). The paper should include the following:

• A brief introduction to the topic chosen (e.g. migration crisis in Europe).
• A discussion of the challenges facing small states with regard to the topic, leading to an identification of one or more pertinent problems (challenges to societies and governance structures of small states in the face of the migration crises, the potentials of immigration to small states).
• A discussion of how the topic is dealt with in one particular small state covering actions taken and political positions.

Based on the papers, students will be paired in groups of four, and will be expected to provide feedback to the other students in the group during the session.

Feedback could center on the following questions:

• What did I find particularly useful in your paper?
• What can I use from your paper to inform my own?
• What confused me the most when reading your paper?
• Where do I see the greatest potential for policy advice, based on your paper?

Reading material:
No common readings are required, however, students are asked to do initial research on a policy topic of their choice, which is currently relevant in a small state context.

Session 8. Small states and the EU

Introduction:
For many European small states, the EU is a central part of their governance structures. Increasingly, national legislation is based on the EU legislation, and the EU proposes both a challenge and an opportunity for small states in pursuing their national interests and improving their governance capabilities. This session introduces a number of studies, examining how small states act in the EU governance system. The aim of the session is to acquaint the students with the ways small states can influence EU decision-making and make them reflect on the strengths and weaknesses of small states in the EU. For students unfamiliar with the workings of the EU, it is recommended to consult the websites of the EU explaining how the decision-making processes work and potentially a textbook introduction to the political system of the EU.
Reading material:

Questions for discussion:
• What are the challenges facing small states in EU decision-making?
• How can these challenges be met by small EU member states?
• What are the capabilities required to succeed in influencing EU decision-making?

Session 9. Small states as “smart states” in EU affairs
Introduction:
Following up on the literature read in the previous week of the course, this week focuses on small state strategies of influence in the EU, in particular the smart state approach. This literature examines some of the strategies available to small states when trying to influence the policies of the EU. The literature emphasizes strategies, which turns the “smallness” of states into a strategic advantage and explores the opportunities of pursuing national interests beyond the formal decision-making system. The aim of the session is to make the students familiar with the concepts of the smart state approach and apply these to an empirical context familiar to the students.

Reading material:

Questions for discussion:
• What characterizes a smart state strategy?
• What small state features enable a smart state strategy and which are a hindrance?
• Consider a small state you know: which of these features are prominent?
• What are the pros and cons for small states in pursuing a lobbying strategy?
• Consider the concept of norm advocacy: can you provide empirical examples of successful norm advocacy in recent years?

Session 10. Small states and international organizations
Introduction:
Small states are important players on the international stage also beyond the EU. This session focuses on applying some of the familiar concepts previously introduced to a wider international context. The aim of the session is to make students reflect on the relevance of the knowledge developed in the EU context for the larger international system.
Questions for discussion:

• What are the differences and similarities between the smart state approach applied in an EU context and in a wider international context?

• To what extent are the critical competences relevant in EU decision-making relevant in a wider international context, e.g. in the UN?

• Consider a small state which you are familiar with: what role does it play in the UN? And comparatively in the EU?

Session 11: The capacity of small states to address complex policy problems

Introduction:
The preceding sessions have indicated that small states are facing several challenges in their governance. Small countries are not smaller versions of large countries – differences between large and small states are not merely quantitative, but also qualitative. This impacts the states capability to deal with complex policy problems. The session invites students to apply the knowledge that they have gained during the course to discuss the challenges and opportunities of small states in addressing uncertain, interdependent and fragmented policy problems. The cases of education and economic crisis are proposed for scrutiny.

Reading material:

https://doi.org/10.1177/0095399713481601

https://doi.org/10.1080/01629778.2012.719306

https://doi.org/10.1016/j.ijedudev.2013.03.002

https://doi.org/10.1080/00358530903371429

https://doi.org/10.1080/0305792042000214010

Questions for discussion:

• What is the potential impact of state’s small size on the capacity of public administrations to deal with complex policy problems?

• How does the small size of a state influence its capacity for policy analysis? Strategic decision-making? Policy enforcement?

• What are the special characteristics of interest-group representation and stakeholder engagement in small states and how could they influence the capacity of small states to deal with complex issues?

• How can small states manage their smallness to accommodate for the challenges they face in addressing wicked/complex problems?
Session 12. Practical exercise: Developing policy advice for a small state, part II

Introduction:
Building on the paper developed for session 7, this session takes the analysis one step further and develops the case study into a policy paper advocating one or more solutions for the problems facing the relevant policy area.

Students are asked to prepare a short paper on the topic (maximum of 5 pages). The paper should include the following:

• A rewrite of their first paper, stating the problem, which should be solved.
• A clear statement of what or which countries the paper is directed to.
• A suggestion for one or more solutions to the problem, addressing issues at both national and international level.
• A critical assessment of the strengths and weaknesses of the proposal.

Based on the papers, students will be paired in groups of four, and will be expected to provide feedback in these groups in the session.

Feedback could center on the following questions:

• What did I find particularly useful in your paper?
• What can I use from your paper to inform my own?
• What confused me the most when reading your paper?
• Where do I see the greatest potential for policy advice, based on your paper?

[The paper can – in an edited form – be handed in as the exam of the course]

Reading material:
No common readings are required, however students are asked to extend their initial research on a policy topic of their choice, which is currently relevant in a small state context.
FURTHER READING


