Bursting the Bubble: The Pseudo-Development Strategies of Microstates

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ABSTRACT

Developing microstates are bountiful on the world political map today. Yet the concept of smallness, apart from being relativistic, conjures up a sense of deviation, indicative of a subtle discrimination which implicitly takes large to be normal and preferable. Based on an extensive yet selective literature review, this article suggests that the orthodox development paradigm, in both its liberal and radical traditions, has borne little relevance to small developing states, either in theory or in practice. On looking more closely at the survival strategies of developing micro-economies, it is proposed that a different conceptualization of 'development' is warranted; one which, for all its negative connotations, is both plausible and consistent with the peculiar practices of microstates.

THE THEME

It was a combination of imperial retrenchment and grass roots agitation, fed by the appeals to rights of self-determination and national liberation which, in the aftermath of the Second World War, led to a profusion of independent states. In 1952 there were around eighty politically independent states; now, just forty years later, that figure has more than doubled. Of these, forty are small or micro states, each with a resident population of less than one million. There also remain around forty-two other, still dependent, small territories which may be considered as potential microstates and which exercise varying degrees of self-government. Smallness is of course a relative term, and there are a host of different ways in which smallness may be, and has been, defined. We are, however, spared most of the confusion by the remarkable combination of
different parameters of smallness. While smallness of population, of natural resources and of territorial size are the dominant competing variables, the saving grace is that most microstates are small on all these counts (Erb and Schiavo-Campo, 1969: 187).

Developing microstates may be bountiful on the contemporary political map. Nevertheless, the concept of smallness, apart from being a relativistic one, also conjures up a sense of anomaly. This is indicative of a subtle discrimination which implicitly assumes that large is normal and preferable whereas small — if considered at all — is at best petty and lilliputian. This article explores how, in the absence of an emergent and inductive microstate theorization, mainstream development theory and strategy have borne little relevance to small developing states and continue to be perplexed by them. On closer examination of the survival strategies of developing micro-economies, it is suggested that a different, alternative paradigm of 'development' is warranted, one which is both plausible and consistent with the peculiar predicament of microstates.

**PENETRATED SOCIETIES**

In spite of various prognostications to the contrary (for example Wood, 1967: 96), there is a good deal of evidence from recent history to suggest that, when compared to larger developing states, very small countries have achieved and maintained a significantly better track record: they have a higher GNP per capita (Jalan, 1982: 1; Lloyd and Sundrum, 1982: 20; UNCTAD Secretariat, 1985: 129); a higher school enrolment ratio (Bray and Fergus, 1986: 100; Dommen, 1980: 942); lower mortality rates (Dommen, 1980: 937); and they receive more development assistance per capita, and on less harsh terms, than larger countries (Bray, 1992: 53; de Vries, 1975; Knapman, 1986: 140,147; Singleton, 1990: 6; UNCTAD Secretariat, 1985: 143–4). This goes against the fundamental expectations of both liberal and radical perspectives on development and underdevelopment. Indeed, it may seem astonishing that microstates did not throw these models overboard long ago in the stark realization of their inapplicability to microstates' different, or perhaps we should say peculiar, condition. Yet, when we consider the historical and colonial heritage of the world's small states, then it becomes much less surprising that they cling so tenaciously to models derived from the metropole.
Firstly, within the global process of decolonization, there has been a certain languidity about the way in which most microstates sought to obtain independent status. Of the territories which have achieved political sovereignty, microstates have been among the very last (Doumenge, 1989: 51). Few actually struggled for independence; for many, the process was undramatic, somewhat haphazard or even sudden. Micro-territory domestic political forces have at times been more enthusiastically engaged in forestalling independence than in clamouring for it, the initiative behind such 'upside down decolonization' being due more to the readiness of the colonizing powers to let their erstwhile colonies go (Hoefte and Oostindie, 1991: 93). Even today, many small dependent territories, the outposts of empires, still cling tenaciously and proudly to their colonial status (Winchester, 1985). For them, cashing in the independence cheque is not only an extravagant proposition but an impoverishing one as well.

Secondly, it is to the international dynamics of colonization and imperialism that microstates owe their original entrance into civilization. Most small territories were uninhabited; in others indigenous populations were decimated or wiped out soon after the first contacts with European culture, falling victim to superior use of force, merciless physical exploitation or new, and therefore lethal, contagious diseases passed on (unwittingly?) by the European invaders (Moorehead, 1966: 88; Wolf, 1982: 133-5). The net result is that colonizers started off with a tabula rasa. Many microstates have therefore not been colonized but created by penetration from outside, a penetration often involving (relatively) massive influxes of immigrant labour (Houbert, 1980: 146). They conform to Naipaul’s ‘manufactured societies, labour camps, creations of empire’ (Naipaul, 1972: 254). They may be states, and take pains to proclaim that they are such; but many are still searching painfully for a sense of authentic nationhood. If they can speak at all of a local culture, it is generally a non-indigenous creole variety, itself a by-product of colonialism. Even radical reactions to imperialism have not managed to escape the strictures of inverted imagery.

Thirdly, microstates have proved to be extremely prone to a wide repertoire of external interventions. Economically, they suffer from the ‘concentration phenomenon’ (Lloyd and Sundrum, 1982: 27) — a dependence on a very narrow range of tropical agricultural products (typically sugar, bananas, copra, pineapples), light
manufacturing (textiles, screwdriver industries) or services (tourism, tax havens, banking, data processing) with little or no influence on the terms of trade. The weakness of this arrangement is its vulnerability to potentially erratic market fluctuations which microstates cannot predict or preempt. With a limited range of resources available, microstates will tend to be heavily dependent on international trade, not only for the provision of luxury consumer goods and raw materials for processing but also for a high proportion of essential foodstuffs. Given also that microstates can generally command limited domestic investment, overseas market share, engineering know-how, design acumen and marketing skills to operate export-oriented production successfully, the outcome is typically a reliance on a few, foreign owned enterprises, operating on highly privileged terms. The linchpin of the local economy becomes an enclave beyond domestic control. Financially, a large number of microstates receive considerable largesse from beyond their shores. These include remittances from emigrants as well as official visible and invisible aid. These inflows constitute a regular, vital share to the national balance of payments (Doumenge, 1985: 100; Sutton, 1987: 20–1). Militarily, microstates have obvious limitations and while they do not usually behave in ways which alienate or anger more powerful neighbours, a pretext is seldom lacking if the stronger party deems it fit to invade — witness the cases of Cyprus (1974), the Falklands/Malvinas (1982), Grenada (1983) and Kuwait (1990) in recent years, not to mention various other unsuccessful attempts (Espindola, 1987). Ecologically, most microstates are prone to natural disasters such as cyclones, epidemics and droughts. While larger countries can often take such setbacks in their stride, microstates are likely to suffer shattering and long-lasting consequences (Dolman, 1985: 42; Dommen, 1980: 936; Doumenge, 1985: 86; Wood, 1967: 32). In all of this, the common theme of openness with which microstates are allegedly plagued stands out clearly. Indeed, there are indications that such a dependence on externalities spills over into cultural and psychological dependence. Smallness appears to increase the likelihood, pervasiveness and legitimacy of penetration.

Penetrated social systems are characterized by a perceived shortage of capabilities and resources, which provides legitimacy for the participation of ‘imports’. Such a receptor orientation is typical of most developing post-colonial states. Smallness may also be understood to hasten and improve the assimilation of citizens, when...
and if they are impregnated by colonialism's 'civilizing mission'. The effects are likely to be spread over the whole population, helped by the weighty, often intimate, presence of European establishments (Green, 1984: 114; Shaw, 1982: 106). There is also virtually no physical or cultural hinterland in which to retreat (Hintjens, 1991: 38).

Penetration has indeed been so complete and thorough that microstates have hardly ever looked at themselves critically in terms which are not of foreign, typically western, provenance. They may thus have failed to come up with proper answers to their problems because they have failed to raise the proper questions. What is missing is a praxis informed by local experiences and guided by locally determined objectives; a formal intellectual tradition which is authentically native to their habitat (Girvan and Jefferson, 1971: 1; McIntyre, 1971: 165). Even following the achievement of political independence, the absence of such an inductive and reflexive stance remains practically guaranteed, with the microstates' intelligentsia either opting to join the brain and skill drain for a better future elsewhere or else socialized into western constructs by exposure to western pedagogy. They have thus been among the most enthusiastic and uncritical in embracing and championing the doctrines and associated methods and policies devised by others. This betrays a lack of sensitivity to arguably different social experiences in different geographical milieux.

Microstate decision-makers appear generally oblivious — or even outrightly proud — of the fact that their perceptions of their own interests, problems and prospects are significantly shaped and determined by externally constructed, western-biased theories and models of what should be. As a result, specific concern for the microstate condition has been neglected. In part, this is explained by the marginality of microstates, and in part by the fact that, in many aspects of theoretical and applied social science, it is generally and implicitly assumed that what applies for large states can be equally valid, in proportion, to small ones. It is easy to be taken in by grand, cosmic explanations. Almost nothing original and innovative is evident — in nearly every case, the microstate is offered tried and tested theories and procedures, with the accompanying prescriptions. Adaptations to these hallowed canons have generally been limited to proportional scaling: scaling down the doctrines to fit the circumstances of microstates, or somehow scaling up the microstates to suit the doctrines by, for instance, the use of regional
institutions and region-based specializations (Murray, 1981: 247). Unaware of any sense of fallacy, microstate policy-makers and academics continue to resort to these concepts and painstakingly try to employ them in normative, analytic or even predictive endeavour. If the practice fails to match the theory, then it is the practice which is somehow wrong, and which is labelled as anomalous and pathological. This phenomenon is clearly evident in the realm of development theory and strategy.

**SMALL SIZE: AN INHERENT PROBLEM?**

The cardinal recommendation of the orthodox liberal theory of development is the Ricardian one of specialization — the securing and defence of international market niches, reaping wealth from trade based on comparative advantage and economies of scale. It therefore comes as no surprise that the microstates appearing in quick succession on the world political map were discounted as inherently problematic; through the neo-classical lens their small size was seen as a structural inhibitor to the prerequisites of the development path.

The taxonomy of identified constraints is impressively insurmountable. On the supply side, total land area on most microstates is scarce, and land with specific exploitable properties even more so. The labour force is likely to have a narrow spread of specialization, which could result in frequent and unpredictable shortages of specific skills. Slight demographic imbalances may lead to sudden, critical shortfalls or surpluses in labour market segments, not easily resolved because of the logistic difficulties involved in recruiting or shedding labour across national frontiers. Capital is likely to be locally scarce and must therefore be sought from overseas. Entrepreneurship is also perceived as lacking, the locals being dismissed as deficient in organizational skills, technical know-how and risk orientation. On the demand side, the limited domestic market renders almost all productive activities (subsistence agriculture and traditional cottage industry being the exceptions) quite uneconomical let alone profitable, unless a substantial export outlet is developed. At the same time exports are, at best, restricted to a few commodities and the microstate, again because of its size, lacks the capacity to influence the terms of international trade in any economic way: its produce is
internationally insignificant in terms both of volume and of financial or strategic value. Microstates, it seems, have all the odds stacked against them. They fail to meet the credentials of the closed-economy basis of standard development models on every count. Open-economy elements such as trade, capital flows, migration and exposure to world prices are not an annexe but rather constitute the main economic flows of such small states. It becomes impossible not to consider them as problems (Bray, 1987).

The Dependency School introduced a structuralist and transnational dimension to the debate on the causes and persistence of underdevelopment: it was not enough to blame microstate underdevelopment on smallness per se but on the instruments which controlled the small economy. Microstate economies could be developed, but the avenues to do so were most elusive. While radical underdevelopment theory opened up theoretical possibilities for microstates, the associated strategy prescriptions were, regrettably, often rhetorical. The policy recommendations of dependency theory were fuelled by the long-term objective of self-sustained growth, but the means of achieving this appeared physically beyond all but the larger countries. Self-reliance and self-sustained growth may have an emotive, nationalistic ring, and they may travel a long way when espoused by a charismatic leadership; but history has shown that these pronouncements soon become politically indefensible, economically catastrophic and culturally impossible to sustain. Microstate leaders, perhaps most of all, would find it hard to sell the idea of economic self-reliance to their citizens even for a short spell, accustomed as they are to the reception of alien imports. These may be bicycle societies, but they have cadillac tastes.

Microstates in search of policy guidelines thus find themselves engulfed in a functionalist and tautological world order which even large states cannot influence. The possibility for development has been neatly 'defined away' (Best, 1971: 129). Socialist self-reliance (for example Thomas, 1974) often reads like an extension of wish-fulfilment and does not appear so attractive per se. The spectre of marginalization and of destabilization is a far less palatable one to bear than that of integrated economic dependence.
Regionalization as a Non-Event

By proclaiming the theoretical or practical impossibility of nationally based development (in spite of its implicit desirability), the competing mainstream development paradigms share the recommendation that microstates should strive for supra-national, regional integration. This is suggested either in order to achieve the scale necessary for a viable export-oriented development strategy or else for the sake of collective self-reliance, a division of labour among socialist countries preferable to national autarchy. There are quite solid arguments in favour of regional integration as a strategy for alleviating the burdens imposed by smallness: the wider markets which regionalism creates — not only in terms of goods and services but also in less orthodox commodities such as administrative facilities, higher education, diplomatic efforts, consultancy, finance and military capability — offer the chance of capturing otherwise most elusive economies of scale (Abbott, 1975: 108–9; Bray, 1990: 275–7; Selwyn, 1975: 20–3).

Yet the experience of microstate regional integration systems shows that they have fallen victim to an uneven distribution of costs and benefits, a slow and ponderous decision-making machinery and policy decisions taken on the basis of national (rather than international) self-interest (Abbott, 1975: 110; Wallace, 1977; Wiltshire, 1976). It would also seem that microstates judge there to be wider (and more profitable?) possibilities for action by being an autonomous policy-making unit, which are perceived to outweigh the more secure but lower profile and more constraining effects of regional collusion (Clarke, 1987: 84; Thorndike, 1987: 102).

A Non-Strategy of Opportunist Pragmatism

It would seem closer to the truth to argue that, for most microstates, it is not a question of which development strategy to choose: a free choice has never really existed. It is rather a case of pursuing any available strategy consistently and yet being prepared to ditch it when the situation so demands. Development policy is basically a balancing act (Seers, 1983). To succeed in development is to perceive and exploit the possibilities and mitigate the obstacles as these emerge, in compliance with the basic formulations of what is understood by development in particular contexts (Selwyn,
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1975: 20). The policy, to be relevant, must remain flexible and responsive to concrete strategies applied to what are understood to be constantly and unpredictably changing conditions. ‘Economic development is a problem of management — of timing, sequencing and manipulating in an unending effort to perceive or create, and in any case, to exploit a multiplicity of little openings and opportunities’ (Best, 1971: 30). Contrast this reality of microstates’ contingent and opportunist pragmatism (Moen, 1982: 345) with the western idea of development as organic, directional, cumulative, irreversible and purposive (Hettne, 1990: 80).

The room for manoeuvre is arguably most limited for microstates: any manoeuvring they engage in must be carried out with skill to clinch a successful outcome. For microstates do have choices to make; they embrace a set of options which is certainly wider than that of complete acquiescence to international dynamics. Certain elements in dependency may be structural, but others are contingent on actors' policies and decisions. If there is such room for manoeuvre it is in the interest of all states, but of microstates most crucially, to recognize it and exploit it to the full.

For many microstates, smallness — and the characteristics of insularity and remoteness which usually accompany it — need not represent a trinity of despair but rather an opportunity. Insularity has automatic defensive and locational advantages which a number of small states have utilized to develop as centres at which 'merchandise' can be stored and/or trans-shipped. Historically, this has included prisoners and slaves; today it includes fish, chemicals, fuel and cargo (Dommen, 1981). Remoteness carries the possibilities of military and strategic uses as well as the advantages of crop gene pool isolation (Cohen, 1983: 16-18; Wace, 1980); perceptions of strategic location and global insecurity frequently result in the installation of military or telecommunications bases. These advantages in themselves starkly highlight the problems of microstate powerlessness which these small states may well prefer to exploit rather than avoid.

THE ECONOMICS OF PRODUCTIVE DIPLOMACY

Given that their political status and national sovereignty inevitably exceed their economic influence, it is likely that microstates will seek to use this balance to their net advantage, opting for non-market
solutions to their problems (Commonwealth Secretariat, 1985: 68). The history of economics in the real world is, after all, none other than a continual attempt to distort and usurp the free market to one's perceived advantage. Microstates are unlikely to harbour pretensions as to the influence commanded by their small product range, value or volume in the international economy. They are quite aware that, behind the rhetoric of perfect competition and free trade, those who control access to technology, markets, material resources and finance have a predetermined lead. Microstates would therefore be guaranteed losers if they were to abide by the official rules of the game. They cannot afford to jeopardize their survival by putting all their eggs into one basket — the international economy — over which they have so little control. Here, microstates find another unexpected advantage in their smallness: the importance of being unimportant — the power of being powerless — enables them to clinch favourable deals which concede special advantages. This helps them avoid playing the inevitable role of price-takers. Because they comprise only a minuscule proportion of total transactions in the international system, microstates may be successful in these transactions and avoid retaliation, even if they infringe upon the system's rules (Demas, 1965: 91; Reid, 1974: 30). It is often only by being diplomatic, political actors that they can get their prices right (Brookfield, 1987: 56-7; Taylor, 1987: 1-3).

The evidence of recent history suggests that microstates, even those without tradable natural resources, have fared well. There are, admittedly, some exceptions to this trend, but these are microstates whose dominant cultures are Indian and/or African, whose main religion is non-Christian, and where the majority of the population can speak no European languages. The anomalies may thus confirm the general rule; in other words, these countries have not been penetrated enough — they have not been sufficiently groomed as products of a European maritime culture, or have otherwise forfeited this legacy in search of a different vision which failed to materialize (Caldwell et al., 1980: 954). The few particularly poor microstates are actually those which have failed to establish (or have abrogated) sufficiently intimate relations with a prosperous protector.12
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A Shameless Survival Strategy . . .

Being small, disaster prone, environmentally precarious and facing logistic and transport constraints, many microstates do not appear keen to sever the umbilical cord with the external world. Once resigned to 'dependent development', microstates may well establish a life-line to a richer country (Hoetjes, 1992: 142-3; Hoogendonk, 1989: 104; Sutton, 1987: 20-1). Today, most appear to believe that their best chance lies in even better (though dependent) integration within world capitalism. Surprisingly, such dependence seems to allow these peripheries of the periphery the miraculous possibility of turning unequal exchange topsy-turvy — thriving on a net transfer of value from the core (Connell, 1991: 96; McKee and Tisdell, 1990: 170). They may have decolonized, but they have no intention of disengaging (Houbert, 1986: 145).

Such an evaluation of a continuing experience falls far short of any of the espoused theories of development. It is rather a crude realization of a survival strategy which shamelessly seeks to maximize consumption (rather than production) levels, preferably on a par with idealized western standards. Small size and all it brings with it make any other 'development strategy' unsustainable: but then, the microstate can tap resources elsewhere to assuage its needs, relying on the receipt of aid in various guises and exporting the most extraordinary of commodities and services to earn a living. The commodities include postage stamps, exotic seashells, petty handicrafts, sun, sea, sand (and sex?) as well as human resources such as migrant workers; the services include natural beauty, tourist-appeasing plastic cultures, fishing and mining rights, flags of convenience and suitable locations for drugs trans-shipment and money laundering.

. . . with a Different Notion of Viability

In 1975, Selwyn boldly proposed that small countries need not be assumed to be problems — there were both economies and diseconomies of scale. As late as 1980, it also became possible to identify some advantages of spatial isolation and remoteness. These advances were significant examples of paradigmatic iconoclasticism: increasingly, the academic and policy world was coming to terms with the irrefutable fact that microstates exist and obstinately
show no signs of withering away. This could only imply that they were viable in their own peculiar manner: *sum ergo sum* (Selwyn, 1975: 12). Viability can mean simply survivability or livability, and thus need not imply anything close to self-reliant development, with an economy generating internally the productive requirements for expanded reproduction through time (Abbott, 1975: 107–8).

Many microstates today survive and even thrive on a ‘rentier status’ in the world economy. Rents are revenues which are cut off from any directly productive activity on the part of the recipient (Bertram and Watters, 1985: 500): they include aid, remittances from abroad, dividends on foreign securities, licences, stamp duties, customs receipts, land or fishing taxes, leases, loans and payments for the provision of various services — tourism, banking, tax havens, finance, military bases, casinos, yacht berths, space tracking facilities, trans-shipment, flags of convenience, bunkering, waste dumping sites, philately and other collectors’ items — which are collectively known as invisible receipts (Dommen, 1981; Legarda, 1984: 43). Ricardo's aversion to rentiers and Marx's predilection for productive over unproductive labour may both be responsible for the fact that such a survival strategy (‘from subsistence to subsidy’: Connell, 1992) is looked on as anathema. It is frowned upon as parasitic, fragile and non-entrepreneurial; it does not contribute to any basis for local accumulation (Dolman, 1985: 54; Selwyn, 1975: 18; UNCTAD Secretariat, 1985: 138). Even where microstates are the beneficiaries of expanded territorial resources, their rentier orientation persists. The new Law of the Sea, with its provision for a 320 km exclusive economic zone implies an astronomical increase in coastal zone jurisdiction, especially for dispersed archipelagic microstates. Yet this has not led to self-reliant, productive activity by microstates but to a leasing out of extractive rights, and even of their enforcement, to distant and richer nations (Connell, 1988; McKee and Tisdell, 1990: Ch. 11; Waugh, 1987).

**A PARADIGMATIC DIVIDE?**

In looking at the experiences of various developing microstates through the lens of mainstream vision, the temptation is to consign them to exceptionality as ‘special cases’ (Kaplinsky, 1983: 195) or ‘genuine puzzles’ (Rosenau, 1983: 4). As traditional analysis bears
little relevance to these territories in theory, its analysts continue to be confounded by them in practice (Bryan, 1983: 237).

For many years, development theory has struggled primarily with the problem of explaining why, in countries which are intrinsically richly endowed with resources and possibilities and which contain all the necessary economies of scale, economic development failed to occur while poverty and misery actually increased. In the meantime, out of sight and out of mind, most of the world’s smallest territories, although intrinsically poor, managed to establish and cling to a standard of living which is above what could realistically be obtained on the basis of local production and which is in some cases significantly higher than that of much larger neighbours. The Protestant Ethic, the notion of viability implying ‘standing on your own feet and earning your keep’ (Schumacher, 1973: 65), continues to exert a paradigmatic stranglehold on theorization. It is difficult, even in the face of incontrovertible evidence, to throw such fundamental parameters overboard, and to boldly seek out an alternative hypothesis with superior explanatory potential.

The power of such a value orientation is demonstrated by the wide range of popular cultural expressions which pay tribute to its proverbial, and assumed to be globally relevant, ‘wisdom’. French writer Jean de La Fontaine (1621-95) epitomizes the moral in the popular fable of the cricket and the ant. All through the summer, the story goes, the industrious ant goes about collecting food to store for the winter months, while the cricket leads a carefree life, even laughing at the ant who is working hard. But when the cold season approaches, the hungry cricket is forced to knock on the ant’s door and to beg for charity. In the fable, the ant solemnly turns the cricket away and the latter pays for his irresponsibility with death. Lesson: survival depends on industrious autonomy. The moral in the fable is uncompromisingly cruel, but perhaps too ascetic in its message. Autonomy need not necessarily be valued for its own sake. After all, the natural kingdom is itself replete with innumerable parasitic relationships which are viable in their own way. The question to ask is not whether such a symbiosis (read dependence or neocolonialism) is good or bad;13 but whether it is a rational strategy (Cohen, 1987: 212).

‘It has been claimed that small nation states would need to follow a development policy which is likely to reduce their present economic dependence, that is, one which is likely to make their economies somewhat less “open” and promote “internally propelled
development"" (Bacchus, 1989: 15–16). Most microstate policymakers, penetrated as they are with the unassailable force of mainstream western logic, continue to chase the elusive phantom of viability. Development plans continue to dwell on the advantages of local value added, industrialization, the amelioration of the national balance of payments. The projected image is often that of a ready-to-go enterprise: the microeconomy becomes a state-of-the-art turnkey project, waiting only for the kiss of Prince Charming (read foreign investment) to launch into a Rostowian take-off.

However, on bursting the bubble of rhetoric, the chances of a microstate developing seem about as likely as those of a frog learning to fly (Katzenstein, 1985: 211). While microstate economic development policy may seem rational and in search of viability, microstate politics remains essentially the art of the possible (Connell, 1988: 81). The microstate reality is better expressed as an insular or enclave territory, for sale or for rent, providing a dignified basis for aid reception (Bertram and Watters, 1985; Munro, 1989). Income accrues through the provision of services and/or by withholding these from undesirable third parties (Ward, 1989: 242).

The rational development policy façade appears tenable only as a sop to actual and potential sponsors and rentiers, who may be led to believe that their contribution, even if a pittance by international standards, will guide the microstate to some kind of viability. Blatant handouts are not so readily justifiable from the donor's part nor desirable from the recipient's (McKee and Tisdell, 1990: 37). And even a few million dollars go a long way on a speck of land ('The Pacific Idea', The Economist, 16 March 1991).

Many microstate development plans thus arise from the need to demonstrate a serious undertaking by the recipient to utilize development loans and investment, actual or potential, offered from abroad. It may be a token exercise; nevertheless, it must be plausible or it would alienate the all-important transfer of largesse. Once successfully obtained, such largesse may not increase but rather reduce the ability to produce real income, killing the microeconomy through kindness by eroding self-reliance and reinforcing a status of non-viability (Bertram and Watters, 1985: 499; Hintjens, 1991: 51; Knapman, 1986: 148). The perceived gains from industrialization may also prove largely illusory: the real costs incurred may include irreversible ecological and environmental implications, difficult to contain on a limited land area, as well as the crowding out of cash benefits from the offer of services
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(Bertram, 1986; Dolman, 1988; Waugh, 1987). Attracting industries to microstate settings (with the concomitant distance of markets, extra freight and insurance costs, absence of scale economies and typically high labour costs) is only possible if such industries are heavily subsidized (McKee and Tisdell, 1990: 18; Ramsaran, 1989: 1, 139). Otherwise, paradoxically, these very same industries become respectable structures and operations which disguise aid and concessionary finance (Taylor, 1987: 1–3).

IN DEFENCE OF A MENDICANT STATUS

If this is the stark contemporary evidence, perhaps an alternative proposition could be put forward to understand otherwise pathological microstate behaviour. It appears that the central economic concern for microstates with respect to the outside world is the active preservation or, better still, the enhancement of their status and desirability as rentier states (Bertram, 1991; Kaplinsky, 1983: 203–4; Payne, 1991: 18). The pressures and benefits of this appear to increase inversely with country size. The only semblance of 'self-reliance' is the reliance by microstate citizens upon their abilities to negotiate the sums of money they need, in return for whatever marketable rights they are willing to surrender (Connell, 1991: 115). In this pursuit of 'reinforced dependence' (Lemon, 1987) the enhancement of vulnerability and shopping for the fiscal sympathy it evokes in others is a profitable technique: why else would microstates continue to present themselves in international fora in this guise (Bray, 1987; Commonwealth Secretariat, 1985; Harden, 1985)? Similarly, the cultivation and packaging of the myth of paradise, of quaintness and of natural exuberance is another necessary string to the bow, knowing that this enduring human fantasy will strike a chord in many alien, western hearts (Cohen, 1983: 15; Diggines, 1985: 192; Lowenthal, 1972: 13).

One has only to look at the Diego Garcians and the Marshallese (transported away from their island homes when these were sold rather than rented in the interests of military strategy) to be reminded that sanguine and idealized conclusions need to be tempered with caution. Yet, thanks not least to their small size, and notwithstanding the obvious differences between various kinds of developing microstates, most of them do seem to be seeking the same thing: the status of a dignified and enviable mendicant; the
achievement of a brittle prosperity without accumulation, without restructuring, without 'development'; eking out an existence as a 'pampered periphery' (Bayliss-Smith et al., 1988: 289). They may be fated, or fortunate, in always having been meant to form a part of something larger (Naipaul, 1972: 270).

NOTES

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1. The one million population mark as the upper threshold for microstate qualification has gained wide currency among various international organizations and academic studies. See Butter (1985); Commonwealth Secretariat (1985); Dolman et al. (1983); Harden (1985); Hein (1989) on behalf of UNCTAD's special programme for the least developed, land-locked and island developing countries; UNITAR (1971). The World Bank uses a similar benchmark in the statistical appendix of small countries published in its annual World Development Report. According to this definition, the world's developing microstates are, in their vast majority, former British colonies. These are Antigua and Barbuda, Bahamas, Barbados, Belize, Brunei, Cyprus, Dominica, Fiji, Gambia, Grenada, Guyana, Kiribati, Maldives, Malta, Nauru, Seychelles, St Kitts-Nevis, St Lucia, St Vincent and the Grenadines, Solomon Islands, Swaziland, Tonga, Tuvalu, Vanuatu and Western Samoa. The others include Bahrain, Comoros, Cape Verde, Djibouti, Equatorial Guinea, Federated States of Micronesia, Guinea-Bissau, Marshall Islands, Qatar, Sao Tomé and Principe, Surinam, and the United Arab Emirates.

2. The most comprehensive compendium of geographical and political features relating to small states and territories remains UNITAR (1971). Perusal of the data contained therein must of course take into consideration events (such as declarations of independence, secessions, annexations, etc.) which have occurred since publication.

3. A number of studies on the effects of country size on various socio-economic variables have used population, gross national product, gross domestic product, land area, energy consumption and even self-perception as measures of country size. These indices have been used either singly or in combination. Examples include Downes (1988); Jalan (1982); Kuznets (1960) and Rothstein (1968).

4. Documented examples of this are found in Payne (1991) and Hoefte and
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Oostindie (1991) on the British and Dutch Caribbean respectively. Both Malta and Mauritius sought integration with Britain prior to the granting of independence whereas Cypriots sought enosis with Greece.

5. When the Surinamese Premier Arran asked the Dutch Antillean Prime Minister Evartsz why the Antilles would not opt for independence, the reply was crude: ‘If you allow yourself to be hanged, it does not mean I will do the same’ (quoted in Hoefte and Oostindie, 1991: 75).

6. Microstates have been described as ‘states without nations’ (Cohen, 1987: 212) and ‘states in search of nations still to be formed’ (Beetham, 1984: 209).

7. This applies to such reactions as Black Power, Ras Tafarianism and the Pacific Way; see Lowenthal (1972: 291); Howard (1983).

8. This observation has been made ad nauseam. A sample of exponents of such rampant vulnerability include Benedict (1967: 2), Commonwealth Secretariat (1985); Demas (1965: 90-1); Dolman (1985: 41); Doumenge (1985: 96); Harden (1985); Knox (1967: 37); Reid (1974: 13); Selwyn (1980: 946).

9. See, for example, Hope (1983) and the ensuing criticism by Schahczenski (1990).

10. These arguments are adapted from Knox (1967) and Ward (1975), and also summarized in Jacome (1992: 236) and Payne (1987: 52-3). Kuznets (1960: 27) argued that ‘small countries are under a greater handicap than large in the task of economic growth’ — small, at that time, meant a cut-off point of ten million population. The litany of woe is repeated in most subsequent international conferences organized on the theme. Possibly Kaminarides (1989: xi–xvi) holds the record for describing twenty-nine ‘special constraints’ which beleaguer microstates in the space of just two pages of text.


12. So, for example, the Maldives depend economically on Sri Lanka, itself a relatively poor country. The Comoros has so far ‘failed to touch the heart of France’; Sao Tomé, as with Cape Verde, has not yet found a more dynamic patron to replace not so prosperous Portugal (Harden, 1985: 46). Surinam forfeited substantial Dutch aid following the 1980 coup (Thorndike, 1990) but recovered it after the 1991 elections. The Gambia’s putative protector (especially after the political crisis of 1981) is equally poor Senegal (Hughes, 1983: 61).

13. See for example the insightful comparative critique by Hayes (1991) on the conflicting stances of social scientists on the issue of emigration and microstate dependence in Polynesia.

REFERENCES


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