

Crisis management in small states: Lessons for the global community

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Abstract: Smallness can impact negatively upon good governance and democracy. However, it may also facilitate knowledge-sharing and rapid policy responses in times of crises. A small public administration enables frequent interaction between elites and experts which may compensate for greater resources of larger states. This paper argues that small state scholars have proven that the flexibility of small states often makes them handle crisis situations better than larger states, despite their limited human, economic and military resources. Accordingly, small states can provide important and timely answers to the big question of how global actors can manage crisis situations.

Keywords: small states, crisis management, Nordic states, flexibility, small public administration, experts, elite, governance

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Introduction

Small state studies are largely about crisis management. However, crisis management in small states has not been given the right name in small state studies and has been sidelined in comparative politics and the international relations literature. Governments in small states are world experts in coping with domestic and external crisis situations, and although not all small states may be able to tell the same success story, they have significant experience in handling uncertainty and have developed inbuilt coping mechanisms, despite constantly changing international political and economic circumstances. Consequently, other world actors have much to learn from small states' skilful policies of compensating for structural weaknesses.

This paper argues that overlooking the successful handling of crisis management in the small Nordic states and intertwining it with the study of comparative politics and international relations makes us miss important knowledge on best practice in handling crisis situations. The lack of focus on crisis management in the Nordic states comes at a great cost to better handling crisis situations in large and other small states. This is in line with Veenendaal and Corbett's argument that the systematic overlooking of two successful regions in terms of democratisation – the Pacific and the Caribbean – has greatly distorted understanding of the causes and stimuli of transition and consolidation (Veenendaal & Corbett, 2015).

Small states are more prone to crisis than larger states (Thorhallsson & Kirby, 2012). They are often the first to be hit by crisis situations, and these crises tend to be deeper in small states than in larger states. Small states also have more to lose than their larger counterpart since their main economic sector/s or their entire economy may collapse overnight because of fluctuations of the international economy (Katzenstein, 1984; 1985). Also, small states must make special security and defence arrangement to compensate for their greater volatility in the

field (Thorhallsson & Steinsson, 2017). They are more vulnerable to diplomatic pressure, and often lack the expertise to withstand external pressure (Thorhallsson & Bailes, 2016). Furthermore, small states are more susceptible to environmental disasters and pandemics since whole sectors, and even the whole of society, may be under threat.

Small states and crisis management

Extensive research has been carried out about how small states can cope with economic, security, and environmental challenges. For instance, Katzenstein (1984; 1985) argues that small corporatist European states are better equipped to deal with international economic crises than large European states (also, see Thorhallsson & Kattel, 2013). In fact, the international relations literature on small states mainly deals with how small states (with their limited human and economic resources, and military capacity) can compensate for their vulnerability, domestically and internationally. Accordingly, small state scholars are preoccupied with small states' limited resources and their handling of crisis situations. Nevertheless, scholars rarely combine their own theoretically-driven analyses of small states' coping mechanisms with the rich crisis management literature (Stern, 1999; Sundelius, Stern & Bynander, 1997; Stern & Bynander, 1998; Bernhardsdóttir & Kristinsson, 2004; Bernhardsdóttir & Kristinsson, 2003).

The crisis management literature identifies both challenges associated with small states' limited resources during crises and opportunities within small public administration to handle such crises in an efficient and skilful manner. Hence, there is a room for improvement, not only within comparative politics and the international relations literature, but also within small state studies, by combining the crisis management literature with studies of small states.

The crisis management literature has come up with several important findings which are worth exploring. First, limited human and economic resources, and great public participation, in small states make them more prone to be reactive than proactive in identifying and managing crises. Secondly, individual initiatives in small states (further enabled by an egalitarian culture and the mental and physical 'closeness' to decision makers) are commonly recognised and accepted as slack capacity of the state's crisis management system, and they work as a default mechanism when the formal process is too slow. Finally, cooperation problems and bureaucratic infighting in small states tend to be the result of a lack of planning and unclear rules in crisis situations, rather than the actors' concern over future distribution of the state's scarce resources (Bernhardsdóttir & Svedin, 2004).

These findings align with Corbett & Veenendaal (2018): everyday politics in small states tend to be highly reliant on informal dynamics and personal qualities of key leaders. They argue that small states provide examples of extreme, personality-driven politics, with: 1) strong bonds between individual leaders and voters; 2) a limited private sphere; 3) a limited role for ideology and programmatic policy debate; 4) strong political polarisation; 5) a tendency towards patronage; and 6) a capacity for leaders to dominate all aspects of public life. Such features *can* impact negatively on good governance and democracy; but they may also ease knowledge-sharing and rapid policy responses in times of crises (Thorhallsson & Ellertsdóttir, 2004; Bernhardsdóttir & Svedin, 2004).

Small public administrations enable frequent interaction between elites and experts, which may somewhat compensate for the greater resources of larger states. For example, the flexibility of the small public administrations in Nordic countries contributed to their effective

handling of the Covid-19 pandemic, despite challenges related to their size (Vegard Haug, 2025; Bernharðsdóttir, Eydal & Valsson, 2022; Christensen et al., 2022).

Additionally, the Nordic countries' European policies have been associated with crisis management, particularly decisions concerning whether to join or not to join the European Union (and, in the case of Greenland, to leave). Iceland, for instance, has only taken steps toward greater participation in European integration when faced with deep economic crises (such as the 2008 financial crash) and severe free movement hindrances (Thorhallsson, 2019). Moreover, Finland and Sweden's swift security and defence U-turns after the full-scale Russian invasion of Ukraine is an ideal example of a highly consequential crisis management response by small states (Thorhallsson & Stude Vidal, 2023; 2024). Finally, the creation of the Scandinavian welfare state has been proposed as another example of crisis management in the Nordic states: set up to deal with the fluctuations of small domestic markets – especially deep economic downturns – and temper the associated political turmoil (Katzenstein, 1984; 1985).

Conclusion

To conclude, global actors need to be better prepared for possible crisis scenarios; not only will international economic fluctuations keep harassing small states, but so will aggressive world powers, climate change, and pandemics. The latter components seem most likely to require not only small states but all global actors to be better equipped to handle crises.

Despite limited human, economic and military resources, the flexibility of small states can help them handle crisis moments better than larger states. Small public administrations enable frequent interaction between elites and experts, which can compensate for the greater resources of larger states, as well as ease knowledge-sharing and rapid policy responses in times of crises. Consequently, small states can and do provide important and timely answers to the big question of how global actors can manage crisis situations.

Disclaimer

The author declares that this article did not benefit from research funding. He also declares no conflict of interest issues in connection with writing this paper.

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