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AUTONOMOUS BUT NOT SOVEREIGN?:
A REVIEW OF ISLAND SUB-NATIONALISM*

1. The Setting This paper hypothesizes that small islands provide a number of lessons in the political economy of development, particularly in the manner in which they enjoy and deploy sub-national jurisdictional leverage. A range of examples illustrates how a number of small island jurisdictions navigate “autonomy”: that is, what at face value appears to be the “limbo” between sovereignty and dependency, in practice may turn out to be a winning strategy in political economy. A distinction is also made between, on one hand, the utilization or rendering of autonomy as merely a lever for the extraction of larger fiscal transfers or “rents” from benevolent sponsors,¹ and, on the other hand, as a driver for increased constitutional discretion, while notionally remaining a sub-national jurisdiction.² The concept of sub-nationalism explains the particular combinations of “shared rule” and “self rule” that these small territories have secured in the contemporary political scene. In considering the “creative politics” of small islands, special attention is given to the five main policy dimensions of their articulation: natural resource management, fiscal policy, freedom of movement of people, air/sea transportation policy, and para-diplomacy.

2. A Failed Prognosis In 1987, political scientist Paul Sutton confidently predicted that ten erstwhile non-sovereign territories--Aruba, French Polynesia, Greenland, Montserrat, Namibia, New Caledonia/Kanaky, Western Sahara, and parts of the Trust Territory of the Pacific (Palau, Marshall Islands, Federated States of Micronesia)--would be seeking and achieving political independence over the following five years.³

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The year 1992 has come and gone. With the advantage of hindsight, it can now be said that Dr. Sutton's prognosis proved to be substantially wrong.⁴ From his list, only Namibia sought and obtained independence, in 1990. The three Trust Territories of the Pacific, while legally sovereign, operate within a "Compact of Free Association" with the USA, which grants the latter defense rights and obligations.⁵ Of the rest, only Western Sahara appears to be still heading slowly along the independence route. Another new sovereign state, Eritrea, was not on his list, nor were all the offspring of the break-up of the Soviet Union, Yugoslavia, and Czechoslovakia. All the other candidates on the Sutton list did not obtain full sovereignty--not so much because independence was denied to them, but rather, in most cases, because they have not requested it in the first place. Referenda in the Dutch Antilles (1993 and 1994), Puerto Rico (1993), U.S. Virgin Islands (1993), and Bermuda (1993) have all rejected independence by huge margins.⁶ The August 1998 vote in Nevis was exceptional in that it was approved by almost 62% of the voters, although still falling short of the required two-thirds majority.⁷ It is also curious to note that, of the ten territories on the Sutton list, only the non-insular territories have, or are, contemplating orthodox independence (that is, Namibia and Western Sahara). Could it be sheer coincidence that Eritrea is also not an island?

There hardly appears to be any sentiment for independence among non-sovereign island territories today. Over the last two decades, the only small country (actually a half-island) to struggle and obtain independence in May 2002, was East Timor. Meanwhile, there are a number of peoples waiting in the proverbial wings to declare their statehood,⁹ but only one of these is an island.¹⁰ The *only* island with a strong pro-independence movement up till the 1990s has been New Caledonia/Kanaky;¹¹ to which, today, one may add Corsica, although Corsican separatism is not necessarily independence-driven.

A dominant trend in world politics over recent decades has been for countries to grow smaller rather than larger, by fracturing along national and ethnic lines. Will this trend continue any longer? This drive seems to have stopped short of its assumed natural conclusion, that is, sovereignty, certainly for islands.

The contemporary political map is strewn with cases of island jurisdictions. Watts identifies "forms of political relations which combine autonomy [read self-rule] and partnership [read shared-rule]" within federal political systems.¹² These include the following five categories,¹³ each of which incorporates contemporary island exponents:

- Constitutionally centralized unions¹⁴
- Constitutionally decentralized unions¹⁵
- Federations¹⁶
- Federacies (mainly ex-colonial associations)--dissolvable by mutual consent¹⁷
- Associated states--dissolvable unilaterally¹⁸

McElroy and Mahoney explain how political affiliation continues to grant substantial economic advantages to small, non-sovereign, island units. These benefits include free trade with (and export preference from) the parent country, social welfare assistance, ready access to external capital through special tax concessions, availability of external labour markets through migration, aid-financed infrastructure and communications, higher quality health and educational systems, natural disaster relief, and provision of external defense cost. Autonomy without sovereignty also does not hinder the development of flourishing tourism economies, and may actually facilitate them because of easier terms of access and security. Most of these special conditions have emerged in the context of a history of a relatively benign colonial relationship--typically one dominated by strategic rather than economically exploitative interests.¹⁹

A second explanation for the lack of a drive for independence is the existence of an ample dose of existing jurisdictional prerogative. Many small islands, because they are islands, enjoy some degree of administrative autonomy. This same feature supported the transition of some two dozen small islands or archipelagos to sovereign statehood, starting with Iceland, in the period of 1944-1984. Furthermore, because they are also small and somewhat isolated, and irrespective of independence, such island jurisdictions usually manage to extract some special advantages from their respective metropole. Those that have refrained from sovereignty, jurisdictionally, or constitutionally, enjoy more discretionary powers than any similarly sized or even larger blocs of the "mainland."²⁰ Royle identifies 41 populated territories with overseas territories, associated status, compacts of free association, or some other special, separate arrangement with a larger state. Four of these are fully-fledged departments of France.²¹ Fagerlund describes the four autonomous European island regions enjoying a special relationship, this time with that sort-of-supranational state, the European Union.²² It appears that the independence candle for islands has been snuffed, at least for the moment. The current status is regarded as the best of both worlds. These island jurisdictions wield many of the benefits associated with political sovereignty while they are delegating responsibilities to, enjoying the security and reaping the material benefits of, remaining in association with a larger, and typically richer, patron.

Thirdly, and related to the above topic, one must address a twist in the contemporary articulation of nationalism. National identity is and remains one of the most powerful forces in modern history, and at the root of much civil strife and violence. However, sovereignty and self-determination do not appear to be any longer the obvious trajectories of peoples who see themselves as dispossessed political entities or at the losing end of federalist developments.²³ The articulation of nationalism is becoming jurisdictional but not necessarily sovereigntist.

The summative analysis of the above dynamics suggests that many island people are comfortable in displaying evidences of *sub-nationalism*, much like a regional or geographically anchored ethnicity. Typically, there is a morbid interest in outright independence, a lukewarm but deep-seated sympathy in favour of maintaining links with former colonial patron states, and a sense of pride and identity with their island jurisdiction in the context of having a more powerful but arms-length protector. The intermittent willingness to interpret or test the "shared-rule versus self-rule" formula constitutes the hard core of local politics. The key ideological schism is not in terms of left versus right, but in terms of autonomism/secessionism versus integrationism/irredentism. The electorate will judge local political leaders mainly on their ability to work and negotiate the balance of power with the larger player in the political dyad. In short: *Parva Sub Ingenti*.²⁴

3. Three Routes to Autonomy Colonialism has been the main explanatory variable underlying small-island autonomy and small-state sovereignty. As colonization retreated after 1945, it left in its wake small puddles of jurisdiction, with the largest territories obtaining sovereignty first, with the smallest territories following last, but with the really *very* smallest units stubbornly refusing to budge. See Table 1.

Table 1: The Largest Go First: The Direct Relationship between Population Size and Achievement of Independence: (1943-1987)

5-Year Epoch	No. of Countries Securing Independence During this Time	Total Populations (Thousands)	Average Population per Newly Independent Country
1943-1947	9	1379823	153313000
1948-1952	8	339423	42427000
1953-1957	6	136411	22735000
1958-1962	28	421323	15047000
1963-1967	12	100771	8397000
1968-1972	10	146261	14626100
1973-1977	13	37495	2884000
1978-1982	9	14001	1556000
1983-1987	4	561	140000
Populated, Autonomous but Non-Sovereign Territories	42 (38 of which are Islands)	17168	408700
Same, but excluding Puerto Rico, Macao, Hong Kong and West Bank	38 (36 of which are Islands)	3183	83760

Source: CIA, *The World Fact Book 2003* (Washington: Brasseys, Inc. for the Central Intelligence Agency, 2002).

Insularity, isolation, and small size provide the geographical, if not also administrative, logistic, cultural and historical, properties to render the existence of such jurisdictional pockets, whether sovereign or merely autonomous, much more likely.

Conversely expressed, unless a territory has enjoyed separate status within a colonial relationship, it appears most unlikely to have the basic political raw material which eventually could be nurtured into being a sovereign state, or even a quasi-sovereign one. This situation would have resulted because the administrative boundaries legitimating a distinct political identity were developed both out of sheer convenience as well as within the comfort of an internationally and domestically recognized framework of colonial rule.

Native Peoples have also been quite successful in securing decision-making powers from the metropole in recent years--all the more so when they are islanders. This goes for the Aleutian Islanders (Alaska, USA); the Baffin/Ellesmere Islanders (Canada) and the Torres Strait Islanders (Australia). Small population base size here is also likely to facilitate the granting of "autonomy."

In the case of continental states which have island provinces or regions without a history of a given, separate colonial boundary, the metropole is usually careful not to create the circumstances for any eventual devolution, unless exceptionally obliged to do so under *force majeure*: witness recent overtures to Corsica by the centralized French state, in the wake of violence and strong moves for separatism. Such a strategy could be undertaken, for example, by deliberately avoiding the

creation of exclusively island-based administrative or political units, ensuring that geographic “island regions” are incorporated within larger sub-national units,²⁵ or are themselves broken down into smaller, sub-national units, as occurs in large archipelagic states such as the Philippines and Indonesia. Opportunism may create historical conjunctures which facilitate such a withdrawal of autonomy, and the availability of prized resources may provide the material pretext to do so.²⁶

Meanwhile, failing the colonial card, island regions must rely on diplomatic acumen and leadership to extract discretionary powers from the central state. How is this done? One way of so doing is to use the existence of a supranational institution to somehow circumvent the local state. This is one intended outcome of the islands’ lobby within the European Union, which has identified no less than 286 island regions as the targets of “specific measures” since the adoption of the Treaty of Amsterdam.²⁷ The sheer act of being defined and recognized as an “island region” could, in itself, be seen to represent an, albeit tokenistic, political victory of sorts. Of course, one could argue that such initiatives actually conspire to consolidate rather than erode the dependency of such island regions, and that a high political price could eventually be paid in exchange for any transfer of funds from Brussels resulting from such a recognition.

A more radical way is to embark unilaterally on a style of “rogue politics” which may set an island region on a confrontational path with a central government but where critical local public opinion may be swayed in favour of the lurch and thereby act to legitimate it democratically, if not legally or constitutionally. Whether such politics may indeed be deemed “maverick” is probably a matter of interpretation. Fully sovereign island regions may be more likely to adopt such a system and could therefore rely on the momentum or “extantism” that sovereignty provides, in their confrontation with other, larger powers.²⁸ Examples which come to mind include Iceland and the “cod wars” with Great Britain in the mid-twentieth century, Malta’s negotiations with the UK over the military facilities on the island in the 1970s, and the drive by Vanuatu and the Solomon Islands for a nuclear-free Pacific in the 1980s.²⁹

In all three routes identified above, smallness of population and/or land area, isolation, and islandness can act in concert to fuel a distinctive politics and act to safeguard and differentiate the region from external “intervention.”³⁰ Rather than consider such departures as exceptional, it would be wiser to see them as examples of carving out political niches where geography facilitates the action, while at the same time it circumscribes the territorial scope of any achieved/granted powers and privileges.

Handsome benefits result from the extraction and deployment of jurisdictional power.³¹ They usually translate into a larger localization of control over economic and political decisions. The apex of jurisdictional powers, which are far greater in relation to the small size of a land mass or resident population, has been achieved and assiduously cultivated especially by sovereign small states-- fisheries policy by Iceland, the only successful exclusive enterprise zone in Africa by Mauritius, sustainable tourism policy by the Seychelles, and air transportation policy by Malta. But the political economy of success is perhaps even clearer among non-sovereign island territories.

4. Five Capacities Island-based and island-biased literature suggests five policy categories which have been most likely to fit within the remission of self-rule. They are scrutinized by sub-national island authorities/spokespersons as policy concerns which they would rather have under local control, in order to be undisputed actors in shaping economic prosperity.³² Contestation over “who does what” in these policy areas also has been typically tense and may in itself trigger demands for more self-rule and autonomy, or its withdrawal or its renegotiation in some other way between the parties concerned.

4 a) *Powers over Finance, Mainly Banking, Insurance, and Taxation*: Most offshore finance centres are located on small island territories, because the latter habitually involve few significant domestic transactions, attract “rent”-based surpluses from elsewhere, and are therefore not unduly troubled by low tax policies. Arguably, locating offshore finance centres on small non-sovereign islands helps to place the industry more closely within the purview of government approval and thereby increase investor confidence.³³ Smallness and insularity may precipitate a “capture of the local state” by international financial capital, such as international banks and large accountancy firms as well as non-respectable operators.³⁴ The Group of Seven’s published blacklist of fifteen territories where money laundering was allegedly taking place included ten island locations.³⁵ Successful finance centres located in small economies also tend to “crowd out” pre-existing industries, such as agriculture or small-scale manufacturing, which increases the price of property and skilled labour. Such a condition prevails in such island territories as the Channel Islands³⁶ and Madeira.³⁷

Baldacchino and Milne consider the power to tax as the most critical capacity to economic prosperity.³⁸ An exceedingly low tax environment, induced by low corporation taxes and business rates, generous capital allowances, absence of capital gains tax, wealth tax, capital transfer tax, inheritance tax, death or estate duties, along with low personal income tax rates ranging between 15-20%, goes a long way towards attracting manufacturing and service industries.³⁹ Such a clutch of fiscal powers largely forms the basis of the success of the Isle of Man.⁴⁰ Locating international offshore finance centres, banks, and insurance companies situated on low/no-tax islands as enclaves of larger states enables the reaping of the benefits of the industry while limiting the associated costs.

4 b) *Powers over Environmental Policy, Particularly Natural Resources*: The management of specific local resources desired by the central state, such as oil, gas, mineral deposits, fishing zones, strategic bases, tourism potential, or sheer political loyalty, can, and has been, used as a leverage for extracting some degree of policy autonomy.⁴¹ The Canadian Provinces of Newfoundland and Labrador and British Columbia, as well as the Shetland Islands in the UK, have successfully negotiated some local powers from the central state over critical dimensions of their economy, largely in relation to jurisdiction over oil, gas, and other sub-soil resources.⁴² The same cannot be said about the management of the Newfoundland fishing stocks.⁴³ North Sea oil and gas has also led to some renegotiation of the power balance between Faroe Islands and Denmark⁴⁴ and between the Shetland Islands and the UK.⁴⁵ Svalbard (Spitzbergen) is a special case with its bilateral treaty provisions over mining access reached between Norway and the USSR/Russia.⁴⁶ Sakhalin Island, with its prized oil resources, has its own governor, yet it is not a Russian federal district. Other islands have extended their economic zones over tracts of sea many times larger than their own land mass, notably the Falklands. Yet other islands, such as Hainan (China) or Batam (Indonesia), have benefitted economically by being designated as special economic zones.⁴⁷ Such changes have not been accompanied by a measure of power transfer.

Meanwhile, the contribution of islands to cultural, environmental, and biological diversity is proportionately much greater than the size of their territories or populations.⁴⁸ Sixteen sites from thirteen different island regions in Europe have been added by UNESCO to its World Heritage list.⁴⁹ Islands which *in toto* are also World Heritage Sites, such as Rapa Nui or Galapagos, are governed differently from the “normal,” mainland provinces of Chile and Ecuador, respectively.

4 c) *Powers over Access, Particularly in Relation to Air and Sea Transportation*: Transportation is often a triple problem of choice, time, and price for islanders. Generally speaking, islanders know that transportation options decrease and verge towards monopoly provision. Transit times increase and prices rise with growing distances from mainland areas, and with decreasing size of a specific

island's population.⁵⁰ Archipelagic islands compound these issues even further.⁵¹ Difficulties with transportation affect a whole range of issues, including the viability of a tourism industry, a manufacturing export strategy, absence of economies of scale, as well as limitations to emergency off-island health care.⁵² Distance means high cost for the transport of goods, services and people, and effectively reduces access to the metropole, even for those overseas areas where residents are citizens of a European mother country.⁵³ An analysis of the population history of the Irish Islands suggests a clear relationship between levels of access and population decline.⁵⁴ Island transportation is often in the hands of "governments,"⁵⁵ but which ones, and at which level, in a federal arrangement? The Åland Islands' control over its shipping registry and the safeguarding of duty-free transactions on Åland ships flying the Åland flag have been crucial to the territory's economic prosperity.⁵⁶ In contrast, Niue's dependence on a weekly Air Nauru service has led to a below-capacity operation for its fledgling tourism industry when that service was discontinued for over 2 years.⁵⁷

4 d) *Powers over Free Movement of Persons*: Sub-national island jurisdictions usually comprise small populations and a small land area. Given that smallness increases the disposition towards all-round volatility,⁵⁸ the threats of depopulation or overpopulation loom larger, as do the resulting impacts on labour supply and demand, on housing stock surplus or shortages. Archipelagic island territories must also contend with the additional dynamics of internal migration and urbanization. Acute emigration, and more infrequently immigration, are the safety valves readily available in response to all-too-frequent demographic, real estate, or employment imbalances. "Overall, it must simply be concluded that the problems of human resource planning are particularly acute in island micro-states."⁵⁹ Pitcairn is the extreme scenario of an island risking depopulation.⁶⁰

Many small islanders from sub-national jurisdictions look upon citizenship rights as a double privilege. It is a condition which grants the basis for property ownership and employment on their own island, to the possible exclusion of foreigners or even of other citizens of the same metropolitan power,⁶¹ while providing them with a passport for potential emigration and freedom of access to the territory and labour markets of the same metropolitan power. Since 1999, the citizens of the UK's overseas territories have enjoyed free access to the UK, a right hitherto extended only to the citizens of the Falkland Islands and Gibraltar. The citizens of Puerto Rico and the Marshall Islands enjoy free access to the USA. Lisbon granted citizenship rights in Portugal to almost all citizens of Macau before the transfer of that territory to China in 1999. Island autonomies with a special association with New Zealand, such as the Cook Islands, Niue, and Tokelau, have had half of their island-born population living in New Zealand by the mid-1980s.⁶² Indeed, "unconstrained migration" to a mother country, typically the former colonial power, is one key benefit of negotiating self-determination without independence for small island territories.⁶³

Concurrently, other island populations have swollen with the influx of foreigners. In the Balearics, a 90% population increase in recent years has been due to immigration for the purpose of retirement or employment.⁶⁴ Temporary residents, such as tourists, increase competition for local, scarce resources. Many small islands receive annual visitor numbers which are many times the size of the local population.⁶⁵ The influx of temporary or permanent visitors raises the price of housing, at times beyond the reach of local islanders, causing political ripples.

4 e) *Para-Diplomacy*: The devolution of representative power to institutions above or below the nation state has assumed some momentum in recent years. Notable among these is the increasing demand for political power by cities and large urban metropolises in a burgeoning knowledge economy. In Europe, the Committee of the Regions within the EU is one such legitimate advisory body. "Para-diplomacy" has involved sub-national governments establishing offices in Brussels or in other cities,

within and outside the EU. A component of such devolution finds expression in the flurry of international activity by sub-national “authorities.” The Catalan government within Spain has been a recent striking example. Part of a wider process of recent and ongoing transformation of the EU into a structure of multi-level governance involves defying those who, within a sovereigntist mould, had only been able to imagine that the future would create a Europe of nation-states or a new country called Europe. Another example is the Canadian Province of Québec, an active non-sovereign state member of the Francophonie. The Riau Islands form the plank of a Singaporean-Indonesian collaborative effort to kickstart development projects by creating jurisdictional enclaves, and bolder than the exclusive economic zones of earlier development strategies.⁶⁶ “De facto states” in the international system, such as the Turkish Republic of Northern Cyprus or the Tamil-controlled parts of Sri Lanka (Tamil Eilam), press for recognition on the international stage, seeking to bypass other regimes.⁶⁷ Other proponents of para-diplomacy include Tatarstan in Russia,⁶⁸ the German *Länder* and the Belgian region of Flanders.⁶⁹ In the world of island jurisdictions, para-diplomacy is one of the advantages of autonomy without sovereignty.

5. Discussion We are dealing here with a cocktail of strategies that impact on the relationship between the smaller island and larger metropolitan player. The island does not neglect its potential resort to the metropole, whenever dire straits so determine or suggest, such as when the island undergoes budgetary shortfalls, suffers environmental disasters, over-population, as well as labour surpluses or shortages.⁷⁰ In this way, it avoids the chronic vulnerability which is supposed to plague small island territories most of all.⁷¹ Meanwhile, the metropole not only fails to cut the island off this umbilical cord, but also fails to bring the island in step with respect to a common legislative or regulatory regime. Such (in)action may also be deliberate, despite public declarations to the contrary. The equilibrium resulting from this condition develops its own regulatory legitimacy and momentum. A critical question to ask is whether such departures from the norm are in fact indicators of autonomy, or merely manipulations driven and controlled by the central state to its own net advantage, often without any consultation or power-sharing arrangements with the island locals.⁷²

Non-sovereignty and sub-nationalism, therefore, can be a shrewd manner for a metropole of hedging its risks, deploying a flexible and creative diplomacy, adopting free riding in such matters as international relations, defense and security as well as currency issues, and/or slipping freely through the nets of regulation. All these measures constitute a skills repertoire that the small and powerless deploy and, being small, often get away with. They may also be providing useful regulatory escape routes for their metropolitan patrons. Furthermore, the deployment of such skills could command media attention and attract sympathy. Such is the character of unequal dyads: the “tyranny of the weak.”⁷³

What may be in store over the next few decades is not so much a flurry of independentist movements, but attempts by sub-national jurisdictions to carve out policy discretion on a specific number of areas in their favour. With nationalism losing its flavour and fashion, demands for sub-nationalism are likely to increase. As the nation-state, a mythical construction of modernity, finds itself too big as well as too small to address key political problems in the contemporary “framegrative” space,⁷⁴ the pressures for internal devolution and internal federalism will increase, just as the incentive for supranational agreements with other neighbouring states will also. It is likely that, as in the case of Malta and Mauritius forty years ago, political sovereignty as a fully-fledged state will only be seriously entertained, or threatened, with some degree of bluff, if what is considered a better deal by the smaller player is absolutely unacceptable to the larger.⁷⁵ The same political contest is bound to occur at a supranational and regional level, as countries jockey to maintain policy autonomy while recognizing that “pooled sovereignty” is the only way forward to

render such bodies as the European Union even more effective. The EU exists in the first place as the outcome of such a sober assessment. "Government," meaning decision-making by elected representatives, gives way irrevocably to "governance," meaning decision-making by networking partnerships.⁷⁶

A second observation concerns the financial dimensions of development. Conventional economic statistics rank countries according to gross national/domestic product or purchasing power parity standards. Wealth is often defined in such terms as per capita GNP/GDP. Often small island territories are doing exceptionally well on these counts. In their powerful critique of the alleged structural vulnerability of many small, often island, territories, Armstrong and Read conclude that smaller jurisdictions actually perform economically *better* than larger states.⁷⁷ Of the ten richest countries in the world in terms of per capita GDP, only the USA has a population of more than seven million, and six of these countries have a population of less than one million.⁷⁸ These include four island territories: Aruba, Iceland, Bermuda, and French Polynesia.⁷⁹ That three of the above four territories are non-sovereign states is also insightful. Comparative research has shown that, on the average, non-sovereign island territories tend to be richer *per capita* than sovereign ones.⁸⁰ Stopping short of full independence, while negotiating access to spoils within a larger jurisdictional framework, appears to pay off, literally.

6. Creative Political Economy McElroy and Mahoney conclude that small dependent (read sub-national) island territories "...remain unwilling to trade the visible security, affluence and standard of living of affiliation for the less tangible but more costly rewards of autonomy".⁸¹ Similarly, Bertram writes:

During the second half of the twentieth century ... it would appear that small island territories experienced a trade-off between sovereign nationhood and material welfare. Whatever the rhetoric at the time, independence did not pay as well as continued political dependence. In the new century the attributes of sovereignty, such as votes at the United Nations and possession of internet domains, may turn out to confer greater bargaining power than hitherto; but there is no clear incentive for presently-dependent island territories to seek independence, and good grounds for them to hold to the status quo.⁸²

While these observations highlight the pragmatic, often financial, basis for such a political stance, it underestimates the economic leverage that autonomy could grant, apart from other non-monetary, "status goods" such as identity, pride, international clout, and self-respect. However, autonomy is not to be necessarily translated as sovereignty. Human nature is disorderly and complex. It is also possible to encounter a scenario with opposite "cause-effect" dynamics--meaning that an enhanced economic prowess and business success in/by a peripheral island can nurture such sociocultural conditions which eventually lead to demands for greater autonomy.⁸³

Armstrong and Read have argued that many very small states, most of which are island or archipelagic territories, have managed to compensate effectively for their small size by a high quality of "endogenous policy formulation and implementation."⁸⁴ They also contend that "further investigation of the policy stance of successful micro-states, *particularly in the sphere of international political economy*, is likely to be fruitful."⁸⁵ This paper suggests an extension to this insightful observation, coming as it does from two eminent economists working largely in a neo-classical and a-political mould, to sub-national considerations. International political economy becomes domestic politics in the case of sub-national units, and falls within federalist studies where sub-national jurisdictions exist constitutionally or legally.

7. Conclusion Like the proverbial miner's canary, islands have been leading the way as frontline zones and pioneers in a number of policy fields. These include the devolution or extraction of specific policy autonomy from "core" powers, often in the context of deals which are mutually advantageous, and often, but not necessarily, within federalist arrangements. The desirable option today appears to be that of achieving some jurisdictional autonomy for territories which lack it, but not to proceed to full sovereignty, as if that were some kind of natural course to be followed.

The nurturing and flexing of jurisdictional muscle, *de jure* or *de facto*, are bound to be a basic feature of an increasingly integrated world. It may appear contradictory, even paradoxical, that such machinations will be entertained and deployed in the face of rampant globalization and the ever increasing interconnectedness of people and places. This observation, however, should not come as a surprise to anyone except those who consider globalization as a deterministic, unidimensional feature. Almost a century ago, Max Weber had advised that Economy and Society need not follow the same laws of motion. Opportunities for maximizing welfare and development may be struck via convergent liberalization on the economic front, where free trade is deemed beneficial, and via striking political deals where free trade is not one's best perceived option.⁸⁶ The world's major powers provide various examples of protectionism in support of narrow but powerful local constituencies. This paper is designed to alert readers of similar "convergent/divergent" antics at the other end of the size continuum, reflecting examples of the sheer "power of powerlessness."

The increasing and unstoppable interconnectedness of the world facilitates the understanding of (themselves globalizing) markets. In so doing it spurs the resort to techniques which may distort the market to one's advantage. Politics is the instrument with which to exploit economics. A federalization project as proposed in this paper is one such powerful political response to economic opportunities. Sub-nationalism supports, and in turn facilitates, the multilayered loyalties that make such a strategy politically possible and democratically popular.

Small islands are prototype peripheral regions which can be singled out as sites for "innovative treatment" within the new political economy of development. Historically, they were already seen as suitable locations for such pioneering initiatives as fortress or plantation economics.⁸⁷ Today, they may be looked upon as political innovators, testing out the limits of possibility which insularity, small size, location, and a measure of administrative autonomy may offer.

Sovereignty gives way to autonomy, government gives way to governance, big gives way to small--interesting dynamics in the context of globalization which, at face value, suggests the exact opposite. Along with Drucker, we must come to terms with what is more than the "intriguing coincidence" of an integrating global economy and a splintering global and national polity.⁸⁸

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¹ J. Connell, "Sovereignty and Survival: Island Microstates in the Third World," Research Monograph No. 3 (Sydney: University of Sydney, Department of Geography, 1988); and H. Kakazu, *Sustainable Development of Small Island Economies* (Boulder, CO: Westview Press, 1994).

² G. Baldacchino and D. Milne, eds., *Lessons from the Political Economy of Small Islands: The Resourcefulness of Jurisdiction* (Basingstoke: Macmillan, 2000).

³ Paul Sutton, "Political Aspects," C. Clarke and T. Payne, eds., *Politics, Security and Development in Small States* (London: Allen and Unwin, 1987), p. 5.

⁴ Confirmed by Paul Sutton. E-mail communication of 21 August 2003.

⁵ E. Friberg and L. Holen, "The Compact of Free Association: The U.S. Experience in Micronesia." Paper presented at the 'Islands of the World VII' Conference, Canada, University of Prince Edward Island, June 2002.

⁶ J. L. McElroy and K. de Albuquerque, "The Social and Economic Propensity for Political Dependence in the Insular Caribbean," *Social and Economic Studies*, 44, No. 1 (1996), 167-193.

⁷ R.R. Premdas, "Identity and Secession in a Small Island State: Nevis," *Canadian Review of Studies in Nationalism*, 28, Nos. 1-2 (2001), 27-44.

⁸ The latest small enclave state to achieve independence before East Timor was Brunei Darussalam in 1984. I am deliberately omitting the three states which entered into a compact of free association with the USA after 1986 as being *sui generis*.

⁹ Kosovo, Bosnia-Herzegovina, Chechnya, Trans-Dniester Republic, Republika Srbska, Palestine, Somaliland, Abkhazia, Nagorno-Karabakh, the Kurdish self-rule areas in Northern Iraq, and perhaps Euskadi (the Basque Region). See T. Bahcheli, B. Bartmann, and H.F. Srebrnik, eds., *De Facto States: The Quest for Sovereignty* (London, Routledge, 2004, forthcoming).

¹⁰ This is Bougainville in the South Pacific. If Aceh, Tamil Ealam, and North Cyprus are added, these would, however, be parts of larger islands.

¹¹ J. Connell, "New Caledonia or Kanaky? The Political History of a French Colony." Pacific Research Monograph No. 16. National Development Studies Centre, Canberra, 1987.

¹² R. L. Watts, "Islands in Comparative Constitutional Perspective," Baldacchino and Milne, eds., *Lessons*, pp. 23-29.

¹³ Other known examples of island autonomies, such as Rapa Nui (Chile); Galapagos (Ecuador); Rotuma (Fiji); Andaman, Nicobar and Lakshadweep (India); Labuan (Malaysia); Gozo (Malta); Svalbard (Norway); Sakhalin (Russia); and St. Helena and Its Dependencies (United Kingdom), need to be investigated and their "goodness of fit" within the Watts Typology considered.

¹⁴ New Zealand; St. Vincent and the Grenadines; and Trinidad and Tobago.

¹⁵ Antigua and Barbuda; Fiji; Indonesia; Japan; Papua New Guinea; Solomon Islands; Vanuatu (bearing island constituents of archipelagic states); Corsica; French Polynesia; New Caledonia; Wallis and Futuna (island autonomies within a mainland state--France); Sicily and Sardinia (island autonomies within a mainland state--Italy); Zanzibar and Pemba (island autonomies within a mainland state--Tanzania); Anguilla; Bermuda; British Virgin Islands; Montserrat; Pitcairn; Turks and Caicos (island autonomies within a larger island state--UK); Tokelau (an island autonomy within a larger island state--New Zealand); American Samoa; Guam; US Virgin Islands (island autonomies within a mainland state--US).

¹⁶ Exclusively island-based federations are Comoros; Micronesia; and St. Kitts and Nevis. Federations encompassing islands as fully-fledged constituent units include Argentina (Tierra del Fuego); Australia (Tasmania); Canada (Newfoundland and Labrador, Prince Edward Island); China (Hainan); Comoros (Njazidja, Mwali, and Nzwani); Malaysia (Penang, Sabah, and Sarawak); Micronesia (Kosrae, Pohnpei, Truk, and Yap); St. Kitts and Nevis (St. Kitts and Nevis); Spain (Balearics and Canaries); US (Rhode Island and Hawai'i).

¹⁷ Faroe Islands and Greenland (in relation to Denmark); the Åland Islands (in relation to Finland); the Azores and Madeira (in relation to Portugal); the Isle of Man, Guernsey, and Jersey (in relation to the UK); and Northern Marianas and Puerto Rico (in relation to the US).

¹⁸ Netherlands Antilles (in relation to The Netherlands); and Cook Islands (in relation to New Zealand).

¹⁹ J.L. McElroy and M. Mahoney, "The Propensity for Political Dependence in Island Microstates," *INSULA*, 9, No. 1 (1999), 32-35.

²⁰ B. Poirine, "Should We Hate or Love MIRAB?," *The Contemporary Pacific*, 10, No. 1 (1998), 65-107.

²¹ S.A. Royle, "A Human Geography of Islands," *Geography*, 74, No. 1 (1989), 108.

²² N. Fagerlund, "Autonomous European Island Regions Enjoying a Special Relationship with the European Union," L. Lyck, ed., *Constitutional and Economic Space of the Small Nordic Jurisdictions* (Copenhagen: NordRefo, 1997), pp. 90-121. These are Faroe Islands, Åland Islands, Isle of Man, and the Channel Islands.

²³ G. Trompf, ed., *Islands and Enclaves: Nationalisms and Separatist Pressures in Island and Littoral Contexts* (New Delhi: Sterling Publishers, 1993), p. xxv.

²⁴ This is Latin for "the small under the protection of the great," the motto of the coat of arms of Prince Edward Island, Canada's smallest province. Record 1053 in *P.E.I. Royal Gazette* Vol. 128, No. 51 (21 December 2002).

²⁵ Such as the Western Islands of Scotland which form administrative units with parts of the mainland (Skye and Lochalsh; and Argyll and Bute); or the Dutch, Danish, Finnish, German, Irish, and Swedish Islands. Possibly, Newfoundland and Labrador is a similar case.

²⁶ As happened in the case of Cape Breton Island (now part of the Province of Nova Scotia, in Canada). Bradshaw, the then Premier of St. Kitts used the proposed granting of independence to St. Kitts-Nevis-Anguilla to tighten central control by St. Kitts over the archipelago, leading to the secession of Anguilla and its persisting status as a separate British associated territory.

²⁷ Planistat Europe & Bradley Dunbar Associates, *Analysis of the Island Regions and Outermost Regions of the European Union. Part 1: The Island Regions and Territories, final report* (March, 2003).

²⁸ Barry Bartmann, "Meeting the Needs of Microstate Security," *The Round Table*, No. 365 (2002), 361-374.

²⁹ The Economist, "Damned Dots," London, *The Economist Magazine* (31 July 1971), 16; H.W. Wriggins, "Up for Auction: Malta Bargains with Great Britain," W. Zartman, ed., *The Fifty Per Cent Solution* (New York, Doubleday, 1976), pp. 208-234; and Trompf, ed., *Islands*, pp. xv-xvi, respectively.

³⁰ In fact, such examples of jurisdictional leverage are not restricted to physical islands. Catalonia in Spain and Quebec in Canada are excellent non-island examples.

³¹ Baldacchino and Milne, eds., *Lessons*.

³² E.g., D. Milne, "Ten Lessons for Economic Development in Small Jurisdictions: The European Perspective," Charlottetown, Prince Edward Island, Institute of Island Studies, for the North Atlantic Islands Programme, 2000.

³³ G. Baldacchino and D. Fabri, "The Malta Financial Services Centre: A Study in Micro-State Dependency Management?" Mark P. Hampton and Jason P. Abbott, eds., *Offshore Finance Centres and Tax Havens: The Rise of Global Capital* (Basingstoke: Macmillan, 1999), pp. 141; Kakazu, *Sustainable*; and M.P. Hampton and J.P. Abbott, "The Rise (and Fall?) of Offshore Finance in the Global Economy: Editors' Introduction," Hampton and Abbott, eds., *Offshore*, p. 7.

³⁴ J. Christensen and M.P. Hampton, "A Legislature for Hire: The Capture of the State in Jersey's Offshore Finance Centre," Hampton and Abbott, eds., *Offshore*, pp. 166-191; and S.A. Royle, *A Geography of Islands: Small Island Insularity* (London: Routledge, 2001), p. 180.

³⁵ *G7 Review to Identify Non-cooperative Countries or Territories: Increasing the World's Effectiveness of Anti-Money Laundering Measures* (Paris: G7, Financial Action Task Force on Money-Laundering, June 2000).

³⁶ M.P. Hampton, "Treasure Islands or Fool's Gold: Can and Should Small Island Economies Copy Jersey?" *World Development*, 22, No. 2 (1994), 237-250.

³⁷ Milne, "Ten Lessons," 17-18.

³⁸ Baldacchino and Milne, "Conclusion," Baldacchino and Milne, eds., *Lessons*, p. 232.

³⁹ *Ibid.*

⁴⁰ W.R. McKercher, "The Isle of Man: Jurisdictional Catapult to Development," Baldacchino and Milne, eds., *Lessons*, pp. 91-106.

⁴¹ Discussions have been held on the discretion of the Faroes, Shetlands and Falkland Island jurisdictions over oil and/or gas reserves in their territorial waters. Westminster has discussed offshore banking provisions in the British Virgin Islands and Bermuda. India has reviewed its relationship with the Andaman and Nicobar Islands, given the islands' strong tourism potential. The Compact of Free Association between the Marshall Islands and the USA regulates the use of Kwajalein Atoll by the U.S. military. The cultivation of political loyalty explains most of Gozo's administrative autonomy within the Maltese state. R. Cullen, *Federalism in Action, NSW* (Sydney: Federalist Press, 1990) also explores the different ways in which Australia and Canada treated the management of natural resources within their sub-national jurisdictions.

⁴² Baldacchino and Milne, *Lessons*, p. 234; Cullen, *Federalism*; A. Blackadder, "The Case of Oil in the Shetland Islands," Godfrey Baldacchino and Robert Greenwood, eds., *Competing Strategies of Socio-Economic Development for Small Islands* (Charlottetown, Canada: Institute of Island Studies, University of Prince Edward Island, 1998), pp. 91-118.

⁴³ Baldacchino and Milne, *Lessons*, p. 233.

⁴⁴ A. Olafsson, "Constitutionalism and Economics in the Faroes," Baldacchino and Milne, eds., *Lessons*, pp. 121-140.

⁴⁵ Blackadder, "Case of Oil."

⁴⁶ I am grateful to Iain Orr for this information (e-mail communication dated 19 September 2003).

⁴⁷ See F. Chongyi and D.S.G. Goodman, "Hainan: Communal Politics and the Struggle for Identity," D.S.G. Goodman, ed., *China's Provinces in Reform* (London: Routledge, 1997), pp. 53-80; and S.A. Royle, "The Benefits of Insularity on Development: The Case of Batam Island, Indonesia." Paper presented to the Development Studies Association Conference, Norwich, University of East Anglia, 11-13 September 1997, respectively.

⁴⁸ E.g., L.B. Young, *Islands: Portraits of Miniature Worlds* (New York: W.H. Freeman and Co., 1999), p. 253.

⁴⁹ UNESCO World Heritage List is available at <http://whc.unesco.org/heritage.htm>

⁵⁰ Conference of Peripheral Maritime Regions (CPMR), *Off the Coast of Europe: European Construction and the Problem of the Islands* (Saint Malo, France: Study undertaken by EurIsles on the initiative of CPMR, 2002), pp. 25-26.

⁵¹ D. Hamilton-Jones, "Problems of Inter-Island Shipping in Archipelagic Small-Island Countries: Fiji and the Cook Islands," H.M. Hintjens and M.D. Newitt, eds., *The Political Economy of Small Tropical Islands: The Importance of Being Small* (Exeter: University of Exeter Press, 1992), pp. 200-222; and T. Bayliss-Smith, R. Bedford, H.C. Brookfield, and M. Latham, *Islands, Islanders and the World: The Colonial and Post-Colonial Experience in Eastern Fiji* (Cambridge: Cambridge University Press, 1998).

⁵² Baldacchino and Milne, *Lessons*, p. 234.

⁵³ R. Aldrich and J. Connell, *The Last Colonies* (Cambridge: Cambridge University Press, 1998), p. 33.

⁵⁴ S.A. Royle and D. Scott, "Accessibility and the Irish Islands," *Geography*, 81, No. 2 (1996), 111-119.

⁵⁵ Royle, *Small Island Insularity*, p. 113.

⁵⁶ B. Lindström, "Culture and Economic Development in Åland," Baldacchino and Milne, eds., *Lessons*, pp. 107-121.

⁵⁷ S. Milne, "Tourism Development in Niue," *Annals of Tourism Research*, 19, No. 3 (1992), p. 568.

⁵⁸ E.g., E.C. Dommen, "Some Distinguishing Characteristics of Island States," *World Development*, 8, No. 12 (1980), 931-945; and W. Easterly and A. Kraay, "Small States, Small Problems? Income, Growth and Volatility in Small States," *World Development*, 28, No. 11 (2000), 2013-2027.

⁵⁹ J. Connell, "Sovereignty and Survival," 23.

⁶⁰ J. Connell, "The End Ever Nigh: Contemporary Population Change on Pitcairn Island," *Geo Journal*, 6 (1988), 193-200. In 2003, the Pitcairn population count was 43. CIA, *The World Fact Book 2003* (Washington: Brasseys, Inc. for the Central Intelligence Agency, 2002).

⁶¹ For example, foreigners in Bermuda are unable to buy land or property, other than houses with an annual rental value in excess of US\$43,800, equivalent to a sale price of approximately US\$500,000. Currently, only 312 houses on the island qualify. *Insiders' Guide to Bermuda*. 2nd edition (Guilford, CT: Globe Pequot, 1999). www.lowtax.net/lowtax/html/bermuda/jbrres.html

⁶² G. Bertram, "Sustainable Development in Pacific Micro-Economies," *World Development*, 14, No. 7 (1986), 809-822.

⁶³ J. Connell, "Sovereignty and Survival," 12.

⁶⁴ CPMR, "Off the Coast of Europe," 67.

⁶⁵ J.L. McElroy, "A Propensity for Dependence," *Islander (U.K., Habitat Scotland)*, No. 5 (January, 1998), 33.

⁶⁶ C. Grundy-Warr, K. Peachey, and P. Martin, "Fragmented Integration in the Singapore-Indonesian Border Zone: Southeast Asia's 'Growth Triangle' Against the Global Economy," *International Journal of Urban and Regional Research*, 23, No. 2 (1999), 304-328.

⁶⁷ Bahcheli *et al.*, *De Facto States*.

⁶⁸ G. Sharafutdinova, "Paradiplomacy in the Russian Regions: Tatarstan's search for Statehood," *Europe-Asia Studies*, 55, No. 4 (2003), 613-629.

⁶⁹ F. Aldecoa and M. Keating, eds., *Paradiplomacy in Action. The External Activities of Sub-National Governments* (London: Frank Cass, 1999).

⁷⁰ My thanks to Jerome L. McElroy for developing this argument.

⁷¹ L. Briguglio, "Small Island Developing States and their Vulnerabilities," *World Development*, 23, No. 9 (1995), 1615-1632.

⁷² Royle, "Benefits of Insularity," describes the development of Batam Island as an exclusive economic zone within Indonesia, in order to exploit its proximity to Singapore. But this move was performed unilaterally by Jakarta and actually intensified the powerlessness of the Batamese who mainly missed out on the effects of this change.

⁷³ An apt expression, coined by the President of Iceland, Dr. Olafur Ragnar Grimsson.

⁷⁴ J.N. Rosenau, *Distant Proximities: Dynamics Beyond Globalization* (Princeton, NJ: Princeton University Press, 2003).

⁷⁵ In their run-up to eventual independence, Malta and Mauritius opted first to seek integration within the British state.

⁷⁶ Rosenau, *Distant Proximities*.

⁷⁷ H.W. Armstrong and R. Read, "The Phantom of Liberty? Economic Growth and the Vulnerability of Small States," *Journal of International Development*, 14, No. 3 (2002), 435-458.

⁷⁸ The Economist, "When Small is Beautiful," *The Economist Magazine*, 20 December 2003, 108.

⁷⁹ The Economist, "On the World's Rich List," *The Economist Magazine*, 17 May 2003, 33. The other two are Luxembourg and Liechtenstein.

⁸⁰ G. Bertram, "On the Convergence of Small Island Economies with Their Metropolitan Patrons," *World Development*, 32, No. 2 (2004), 343-364.

⁸¹ McElroy and Mahoney, "Propensity for Dependence," 35.

⁸² Bertram, "Convergence," 353.

⁸³ A current condition of Newfoundlanders, especially those engaged in the extraction of (oil/gas) industries. I am grateful to Mark Shrimpton for this observation.

⁸⁴ H.W. Armstrong and R. Read, "The International Political Economy of Micro-States: An Overview." Paper presented at Islands V Conference, Mauritius, University of Mauritius, July 1998, 13.

⁸⁵ *Ibid.* My emphasis.

⁸⁶ Max Weber, *Economy and Society: An Outline of Interpretative Sociology* (Berkeley: University of California Press, 1978, 1914).

⁸⁷ E.g., D.S. Landes, *The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor* (New York: W.W. Norton, 1999); and R.H. Grove, *Green Imperialism: Colonial Expansion, Tropical Island Edens and the Origins of Environmentalism 1600-1860* (Cambridge: Cambridge University Press, 1995).

⁸⁸ P. Drucker, "The Changed World Economy," *Foreign Affairs*, 65 (Spring, 1986), 3-17.