

Godfrey Baldacchino & Andres Wivel (Eds.) (2020). *Handbook on the politics of small states*. Cheltenham UK: Edward Elgar. xiv+410pp+index. ISBN: 978-1-7881-1292-5. £139.50; e-book from £48.00.

The *Handbook on the politics in small states* provides a timely overview of the state-of-the-art research on small-state politics. Among other aspects, the handbook also provides insights on public policy and public management in small states. Public administration and public policy in small states is a minuscule research field, a niche (public administration and policy) within a niche (small state research). The same goes for this handbook in which only three out of 24 chapters focus on questions of policy or administration. Nevertheless, these chapters (3, 4 and 5) are valuable sources for scholars and practitioners interested in how the public sector is organized and managed and how policies are made and implemented in small states. Authored by leading scholars in the field; the chapters combine overviews of established knowledge and general features of small states with discussions of recent debates and stimuli for future studies. The following sections review these three chapters; and, in conclusion, perspectives and priorities for future research are considered.

Policy performance and political context in small states

Dag Anckar (chapter 3) focuses mostly on *politics* and *polities* in small states, on direct democracy, and on democratic and non-democratic regimes. In a final section (pp. 46-50), he discusses *policy* results, which he calls “political productivity”. While many studies have elaborated political regimes and practices in small states in the last decades, relatively little systematic work has been done on the practical results of small state governance. To address this gap, Anckar collects and compares data on four policy indicators for 40 small states with populations below 1 million (Table 3.3). The indicators cover the areas of economic policy (GDP per capita), health (the WHO ranking of national health systems), human development (the UNDP Human Development Index HDI) and education (the HDI subindex for education). Anckar compares the ranking positions of small states along these indicators and discusses three findings. First, small size does not appear decisive in determining policy results, because small states appear everywhere in the ranking, from top to medium-level positions and at the bottom of the ranking. Second, these differences constitute a certain pattern or puzzle: the top-performing small states are almost all mature and stable democracies. On the other hand, several of the small states with lowest policy performance are also formally democratic. This puzzle requires further analyses of the interaction of politics and policy in small states. Third, Anckar notes and discusses important differences between policy fields within countries.

Anckar makes an important contribution to a better systematic understanding of policy productivity in small states. Nevertheless, Anckar admits that the use of rankings is not ideal. Indeed, it may have been more insightful to present actual data (e.g. the actual GDP per capita, not the rank of a country in a GDP-per-capita country ranking) in Table 3.3. Rank positions depend decisively on the cross-country distribution for each indicator, and this makes it difficult to compare them between countries (e.g.: is the difference or gap between rank 10 and 20 the same as that between ranks 110 and 120?) and between policy fields (e.g.: is rank 20 in education and rank 40 in health comparable?). Another question that deserves conceptual clarification is how far the chosen indicators really reflect ‘political productivity’ or policy performance. Whereas the quality of a country’s health system is a policy *output* more or less directly under control of policy makers (i.e. politicians), the other three indicators rather represent policy *outcomes*. Policy outcomes are the ultimate goals of policy making (high wealth, high development, an educated population) but their achievement does not only depend on public policies and policy output but on a variety of contextual factors, including social,

economic and ecological factors at domestic and international levels. In line with Anckar's Eastonian framework (p. 46), future studies should distinguish conceptually and empirically between the content of policy, outputs and outcomes. More conceptual clarity is also needed to disentangle the effect of size and other factors. Notably, the role of wealth (GDP per capita) as an outcome of economic policy *and* as an intervening variable for other policies should be clarified. How far is wealth a good measure of economic policy success? How far do wealth levels predetermine other policy outcomes? The Human Development Index that Anckar uses explicitly includes wealth; in other words, the indicators overlap (the same goes for development and education). I suggest conceptual clarification and more sophisticated analytical methods, for example multiple regression analysis or mediation analysis, to further disentangle the effects of wealth and size on certain policy outcomes. This may also lead to a reconsideration of Anckar's conclusion that "the small size factor is not in itself decisive in determining the level of productivity" (p. 47).

Challenges of smallness for political economy and policy making

Godfrey Baldacchino (chapter 5) discusses the economic challenges for policy makers in small states. Small size poses severe problems for public policy in all small states: small and concentrated domestic markets, dominance of single sectors, imperfect competition, and the lack of economies of scale. Baldacchino examines the particular economic challenges that result from the geopolitical status of small states, such as archipelagic or landlocked status. Baldacchino also describes how the debate about the economic situation in small states has shifted: the typical openness to trade, investment and tourism has long been interpreted as a source of vulnerability; but the tone has turned more optimistic with an increasing focus on small states' resilience and flexibility. This economic flexibility can also be interpreted as *policy* flexibility. The author argues that small states' commitment to openness has imposed flexibility, an elastic economy and responsive policies that allow switching focus when external conditions (e.g., regional or world markets) change or when one economic niche dries up and another one opens. The author here highlights two main challenges for small states and policy-makers: bolstering international competitiveness and coping with the effects of climate change.

Baldacchino mentions that small states have gained attention as "laboratories" for climate change finance (p. 77). In this regard, I would suggest framing future studies of small state policies as 'policy experimentation', highlighting their relevance to a broader audience. Small states can serve as laboratories where policies are tested under particularly tough conditions. If policies are successful in small states, with limited and concentrated markets and a lack of economies of scale, then they may be suited for broader use elsewhere. The extreme conditions in small states mirror some of the emerging or most pressing challenges in larger states, including austerity and limited public finances, dependence on volatile world markets, or the effects of climate change.

One limitation from a public-policy perspective is that the understanding of 'political economy' remains quite abstract in this chapter. Small states are described mostly as unitary actors, although a growing literature highlights the variety of interests *within* small societies. Distinguishing between political and economic, public and private actors and between politics, polity and policy (as done by Anckar) helps to further unpack the relations and developments described in this chapter. How do international and domestic conditions and interests shape policy making in small states? Are there differences (e.g., in flexibility) between different types of small states (with regards to geography, development or political institutions)? How far are decisions to pursue or switch an economic niche deliberate, and which actors make such decisions?

Size effects on public management

In chapter 4, Külli Sarapuu and Tiina Randma-Liiv discuss public management and policy making in small states. They structure their discussion along four core components of public administration systems discussed in the ‘mainstream’ literature: public sector organisation, performance management, personnel management, openness and transparency. The authors discuss the effect of key characteristics of small states, limited human resources and multi-functionalism on each of these four components. Implicitly, they refer to the public administration as the institution or context of policy making and implementation (p. 57).

First, Sarapuu and Randma-Liiv summarize the features of public sector organisation in small states that earlier research has revealed and distilled: limited resources, pressure to prioritise, multi-functionalism at the individual and organisational level, flexible and informal structures. This synthesis of small state administrative features leads to a new argument:

Multi-functionality facilitates getting the ‘big picture’ on policy problems, but it comes with the cost of constraining the development of in-depth expertise and higher competition for attention and resources...” (p. 58).

This is a plausible point that should be tested empirically, for example by comparing actual policy-making processes in small and large states. A resulting question is: in which cases, and in which policy fields or issues, do the positive effects of multi-functionalism outweigh its negative effects, and vice versa. My hunch is that the positive effects may prevail in policy issues that require attention to broader developments and that receive such attention and prioritisation in the administration and government. On the other hand, negative effects may prevail for issues that either have a lower priority in small-state administrations or that need a lot of technical expertise. Thus, it may require less technical expertise to deliver basic education than to promote economic development, which may explain Anckar’s (p. 50) finding that several small states perform well in the field of education.

Secondly, Sarapuu and Randma-Liiv develop an argument about the potential effects of the structural features and limits of small state administrations on performance management. Again, multi-functionalism may have ambiguous effects. Moreover, the authors argue that informal and particularistic relationships in small state administrations make it difficult to apply formal control and evaluation tools. This discussion is relevant to ‘mainstream’ public management scholars as it takes the context (here: small size; structural limitations) seriously. This section illustrates how fruitful it can be to bring general insights about small states, perhaps framed as laboratories for scarce resources and particularism, into mainstream debates.

Third, Sarapuu and Randma-Liiv summarise arguments about public personnel management and its particularities in small states: shortage of qualified personnel, the relevance of individuals and personal relations instead of formal rules and positions, the lack of specialised training and advancement opportunities. These points have obvious implications for the experience and perspectives of administrators and policy makers, which could be teased out further. Fourth and finally, the authors discuss openness and transparency in public decision making, on which small size may, again, have adverse effects. In their conclusion, Sarapuu and Randma-Liiv highlight the role and discretion of individual political and administrative leaders in all steps of policy making, from initiation and design to implementation and evaluation. This central role in small states is linked to the structural limitations of public administration, as well as to the typically more centralised setup of the political system with fewer veto points. In sum, this chapter summarizes existing knowledge about public administrations in small states and develops new and testable arguments about policy making and performance management.

Outlook: conceptualizing and researching size

All three reviewed chapters open with the usual question: what is a small state? Anckar (p. 38) and Baldacchino (p. 70) opt for the threshold of 1 million population to define small states, which is a common choice in political science (for an international-relations perspective, see chapters 1 and 6 of the *Handbook*). Instead, Sarapuu and Randma-Liiv (p. 56) propose smallness as a matter of degree: the smaller a country (measured by its population size), the more likely it is to display small-state features. This is a plausible conceptual development compared to earlier contributions on small-state public administration. Although ubiquitous in small-state research, the question of definition remains relevant. Rather than simple definitions, these are conceptualisations. Concepts are the central building blocks of theory (how do we expect small states to behave?) and starting points for any research design (how can we analyse and infer small state behaviour?). In my view, moving from a binary understanding of size (small or not, according to a certain threshold) to a continuum, and from a question of category to one of degree, allows for more accurate theory building and empirical testing. Is it sound to expect small-state features in a state with 995,000 inhabitants but absent in one with 1,000,005? A dynamic grasp of size allows to theorise states to be more or less close to the ideal-typical small state and to consider different degrees of smallness empirically (e.g. small vs very small).

In terms of research design, the reviewed chapters offer innovative points. I welcome and underline Anckar's (p. 38) argument that small state research should become more systematic and move beyond 'small-states-only' studies and towards comparisons with large states. In a similar vein, Randma-Liiv and Sarapuu regret that existing research has been mostly descriptive and argue that more research is needed about the "impact of size" (p. 55) on domestic governance. These arguments reflect the small-state community's growing awareness that more ambitious research methods are called for. In order to isolate and truly identify the effect of (small) size, future studies should compare small to larger states; but they should also consider other factors, such as wealth or administrative cultures, systematically. For example, the fact that not all small states have the same policy productivity does not automatically mean that size plays no role (as argued by Anckar, p. 49); but size effects may depend on certain scope conditions, or be moderated by other factors. Comparative analysis can start here and seek answers to Anckar's puzzle. One can best build knowledge about small states and size effects by combining several comparative designs that complement each other: from comparative case studies of small, medium and large states to large-N studies based on multiple regression. A promising approach is Qualitative Comparative Analysis (QCA). QCA allows studying the configuration of features that leads to a certain outcome (such as good policy performance or democracy, see p. 46) based on a medium number of cases.

Besides being comparative, small state studies should also become more comparable: by applying and adapting state-of-the-art theoretical, conceptual and analytical tools, small state studies become more relevant to a mainstream audience and comparable to other studies in political science, public management and public policy. The authors in the reviewed chapters have done just that by relying on globally comparative policy indicators (Anckar), framing small states as policy labs (Baldacchino) or developing hypotheses about policy making and performance management in small states (Sarapuu & Randma-Liiv). Designing comparative and comparable studies will increase both rigour and relevance of small-state research. The reviewed chapters exemplify how small-state and mainstream research can be mutually useful.

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